

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 25, 2007

ConocoPhillips
(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| Delaware (State or other jurisdiction of incorporation) | 001-32395 (Commission File Number) | 01-0562944 (I.R.S. Employer Identification No.) |
|---|--|---|

600 North Dairy Ashford
Houston, Texas 77079
(Address of principal executive offices and zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

Item 2.02 Results of Operations and Financial Condition

On July 25, 2007, ConocoPhillips issued a press release announcing the company's financial and operating results for the quarter ended June 30, 2007. A copy of the press release is furnished as Exhibit 99.1 hereto and incorporated herein by reference. Additional financial and operating information about the quarter is furnished as Exhibits 99.2 and 99.3 hereto and incorporated herein by reference.

The press release contains the following measures that are not calculated in accordance with U.S. generally accepted accounting principles (GAAP):

- o Earnings adjusted for the Venezuela impairment.
- o Diluted earnings per share adjusted for the Venezuela impairment.
- o E&P earnings adjusted for the Venezuela impairment.
- o Effective tax rate adjusted for the Venezuela impairment.

We have included these non-GAAP financial measures because, in management's opinion, excluding the second-quarter 2007 charge associated with the complete impairment of our Venezuelan oil interests is a better indicator of the company's ongoing earnings, effective tax rate and earnings per share, and is therefore more useful in comparing the company's results with prior and future periods.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 99.1 -- Press release issued by ConocoPhillips on July 25, 2007.
- 99.2 -- Financial and operational tables.
- 99.3 -- Supplemental financial information.

SIGNATURES

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

CONOCOPHILLIPS

/s/ Rand C. Berney

Rand C. Berney
Vice President and Controller

July 25, 2007

EXHIBIT INDEX

| Exhibit No. ----- | Description ----- |
|-------------------------|--|
| 99.1 | Press release issued by ConocoPhillips on July 25, 2007. |
| 99.2 | Financial and operational tables. |
| 99.3 | Supplemental financial information. |

ConocoPhillips Reports Second-Quarter
Net Income of \$301 Million or \$0.18 Per Diluted Share

Earnings of \$4.8 billion or \$2.90 per share, adjusted for
Venezuela impairment of \$4.5 billion (\$2.72 per share)

HOUSTON--(BUSINESS WIRE)--July 25, 2007--ConocoPhillips
(NYSE:COP):

Earnings at a glance

| | Second Quarter | | Six Months | |
|---|--------------------|------------------|--------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Net income | \$301 million | 5,186 million | \$3,847 million | 8,477 million |
| Diluted income per share | \$0.18 | 3.09 | \$2.31 | 5.49 |
| Earnings adjusted for Venezuela impairment | \$4,813 million | 5,186 million | \$8,359 million | 8,477 million |
| Diluted earnings per share adjusted for Venezuela impairment | \$2.90 | 3.09 | \$5.02 | 5.49 |
| Revenues(a) | \$47.4 billion | 47.1 billion | \$88.7 billion | 94.1 billion |

(a) Effective April 1, 2006, revenues no longer include the sales portion of buy/sell contracts, reflecting the adoption of EITF No. 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty."

ConocoPhillips (NYSE:COP) today reported second-quarter net income of \$301 million, or \$0.18 per share. This compares with \$5,186 million, or \$3.09 per share, for the same quarter in 2006. Revenues were \$47.4 billion, versus \$47.1 billion a year ago.

Second-quarter net income included an after-tax impairment of \$4,512 million (\$2.72 per share) in the Exploration & Production segment related to expropriation of the company's Venezuela oil projects. Earnings adjusted for the Venezuela impairment were \$4,813 million, or \$2.90 per share.

"In our upstream business, we produced 2.4 million BOE per day, including an estimated 0.5 million BOE per day from our LUKOIL Investment segment, during the second quarter," said Jim Mulva, chairman and chief executive officer. "Our downstream business benefited from a strong market environment. During the second quarter our crude oil capacity utilization rate was 93 percent, despite planned downtime for maintenance and commissioning of a new coker at the Borger refinery.

"We ended the quarter with debt of \$22.8 billion, a debt-to-capital ratio of 21 percent and a cash balance of \$1.4 billion. During the quarter, we funded \$2.6 billion of our capital program, reduced debt by \$0.9 billion, increased cash balance by \$0.6 billion, repurchased an additional \$1 billion of ConocoPhillips common stock, and paid \$0.7 billion in dividends. This was accomplished using \$4.8 billion of cash generated from operations and \$0.9 billion in proceeds from asset dispositions."

The results for ConocoPhillips' business segments follow.

Exploration and Production (E&P)

Second-quarter financial results: E&P second-quarter net loss was \$2,404 million, reflecting the \$4,512 million after-tax Venezuela impairment. E&P earnings adjusted for the Venezuela impairment were \$2,108 million, down from \$2,329 million of net income in the first quarter of 2007 and \$3,304 million of net income in the second quarter of 2006. The decrease from the previous quarter primarily was due to the effect of the company's asset rationalization efforts and lower sales volumes. This decrease was offset partly by higher realized commodity prices. The decrease from the second quarter of 2006 primarily was due to higher taxes, lower sales volumes, the effect of the company's asset rationalization efforts, and lower crude oil prices. This decrease was offset partially by higher natural gas prices.

Daily production from the E&P segment, including Canadian Syncrude and excluding the LUKOIL Investment segment, averaged 1.9 million barrels of oil equivalent (BOE) per day, a decline from 2.0 million BOE per day in the previous quarter and 2.1 million BOE per day in the second quarter of 2006. The production decrease from the previous quarter primarily is due to scheduled maintenance in the North Sea, the company's exit from Dubai, and planned downtime and seasonality in Alaska.

The production decrease from the second quarter of 2006 primarily was due to normal field decline, planned maintenance in the North Sea, the effect of asset dispositions, the company's exit from Dubai, production sharing contract impacts, OPEC reductions, and pipeline sabotage impacts in Nigeria. This decrease was offset slightly by volumes from the upstream business venture with EnCana and new production from Alpine satellite fields in Alaska.

Before-tax exploration expenses were \$259 million in the second quarter of 2007, compared with \$262 million in the previous quarter and \$134 million in the second quarter of 2006.

Six months financial results: E&P net loss for the first six months of 2007 was \$75 million. E&P earnings adjusted for the Venezuela impairment were \$4,437 million over the same time frame, down from \$5,857 million of net income in 2006. This decrease was due to higher taxes, lower crude oil sales volumes, lower commodity prices, and higher operating costs and depreciation, depletion and amortization expense. The decrease was offset partially by the inclusion of Burlington Resources' results for the entire six-month period in the current year and the effect of the company's asset rationalization efforts.

Midstream

Second-quarter financial results: The Midstream segment includes the company's 50 percent interest in DCP Midstream, LLC. Midstream second-quarter net income was \$102 million, up from \$85 million in the previous quarter and down from \$108 million in the second quarter of 2006. The increase from the previous quarter primarily was due to higher realized natural gas liquids prices. The decrease from the second quarter of 2006 primarily was due to lower volumes partially offset by higher realized natural gas liquids prices.

Six months financial results: Midstream net income for the first six months of 2007 was \$187 million, down from \$218 million in 2006. The decrease primarily was due to lower volumes partially offset by higher realized natural gas liquids prices.

Refining and Marketing (R&M)

Second-quarter financial results: R&M net income was \$2,358 million in the second quarter, up from \$1,136 million in the previous quarter and \$1,708 million in the second quarter of 2006. The increase from the previous quarter was due to higher worldwide realized refining and marketing margins, including positive inventory impacts. The increase from the second quarter of 2006 primarily was due to higher worldwide realized refining and marketing margins, a net benefit associated with the company's asset rationalization efforts, and lower costs associated with turnarounds and Hurricane Katrina impacts in 2006. This increase was offset partially by lower volumes due to the contribution of assets to the downstream business venture with EnCana.

The domestic refining crude oil capacity utilization rate for the second quarter was 93 percent, compared with 95 percent in the previous quarter. The international crude oil capacity utilization rate was 93 percent, compared with 90 percent in the previous quarter.

Worldwide, R&M's refining crude oil capacity utilization rate was 93 percent, down slightly from 94 percent in the previous quarter, and up from 91 percent in the second quarter of 2006. Before-tax turnaround costs were \$58 million in the second quarter of 2007, versus \$75 million in the previous quarter and \$115 million in the second quarter of 2006.

Six months financial results: R&M net income for the first six months of 2007 was \$3,494 million, up from \$2,098 million in 2006. The increase was due primarily to higher worldwide realized refining and marketing margins, a net benefit associated with the company's asset rationalization efforts, and lower costs associated with turnarounds and Hurricane Katrina impacts in 2006. This increase was offset partially by lower volumes due to the contribution of assets to the downstream business venture with EnCana.

LUKOIL Investment

Second-quarter financial results: LUKOIL Investment segment net income was \$526 million, up from \$256 million in the previous quarter and \$387 million in the second quarter of 2006. The results include ConocoPhillips' estimated equity share of OAO LUKOIL's (LUKOIL) income for the second quarter based on market indicators and historical

production trends for LUKOIL. The company's equity ownership interest in LUKOIL at the end of the second quarter was 20 percent of LUKOIL's 851 million issued shares and 20.5 percent based on an estimated 831 million shares outstanding.

The increase in net income from the previous quarter primarily was due to higher estimated realized prices, slightly offset by the net impact from the alignment of estimated net income to LUKOIL's reported results. The increase from the second quarter of 2006 primarily was due to higher estimated volumes and realized prices, as well as ConocoPhillips' increased equity ownership. This increase was offset partially by the net impact from the alignment of estimated net income to LUKOIL's reported results and higher estimated operating costs.

For the second quarter of 2007, ConocoPhillips estimated its equity share of LUKOIL production was 473,000 BOE per day and its share of LUKOIL daily refining crude oil throughput was 184,000 barrels per day.

Six months financial results: Net income for the first six months of 2007 was \$782 million, up from \$636 million in 2006. The increase primarily was due to higher estimated volumes and realized prices, and ConocoPhillips' increased equity ownership. This increase was offset partially by the net impact from the alignment of estimated net income to LUKOIL's reported results and higher estimated operating costs.

Chemicals

Second-quarter financial results: The Chemicals segment, which includes the company's 50 percent interest in Chevron Phillips Chemical Company LLC, reported net income of \$68 million, down from \$82 million in the first quarter of 2007 and \$103 million in the second quarter of 2006. The decrease from the previous quarter primarily was due to a \$21 million after-tax asset retirement, partially offset by lower turnaround costs. The decrease from the second quarter of 2006 was due largely to lower olefins and polyolefins margins and the asset retirement.

Six months financial results: Net income for the first six months of 2007 was \$150 million, down from \$252 million in 2006. The decrease primarily was due to lower olefins and polyolefins margins, the asset retirement, and higher turnaround costs. This decrease was slightly offset by higher aromatics and styrenics margins.

Emerging Businesses

The Emerging Businesses segment second quarter net loss was \$12 million compared to a net loss of \$1 million in the first quarter of 2007, and a net loss of \$12 million in the second quarter of 2006. The decrease from the previous quarter primarily was due to lower power generation results.

Corporate and Other

Second-quarter Corporate expenses were \$337 million, after-tax, down slightly from \$341 million in the previous quarter and down from \$412 million in the second quarter of 2006. Compared to the previous quarter, lower net interest expense was offset by higher benefit-related charges. The decrease from the second quarter of 2006 primarily was due to lower net interest expense, lower acquisition-related charges and reduced foreign currency losses. This decrease was offset partially by higher benefit-related charges.

Total debt at the end of the second quarter was \$22.8 billion, a reduction of \$0.9 billion during the quarter. The company's debt-to-capital ratio was 21 percent, compared to 22 percent at the end of the first quarter of 2006. The cash balance at the end of the quarter was \$1.4 billion, an increase of \$0.6 billion.

ConocoPhillips' second-quarter effective tax rate was 91.4 percent. The effective tax rate adjusted for the Venezuela impairment was 40.6 percent, compared with an effective tax rate of 41.5 percent in the first quarter of 2007.

Outlook

Mr. Mulva concluded:

"We remain focused on increasing shareholder value through operating excellence, project execution, capital discipline, and by improving our financial strength. As part of this focus, we recently announced a new share repurchase program of up to \$15 billion through the end of 2008. We anticipate third-quarter 2007 share repurchases to be approximately \$2 billion to \$3 billion.

"We anticipate the company's third-quarter E&P segment production will be lower due to the expropriation of our Venezuela oil projects, unplanned downtime in the U.K. as a result of damage and repairs on a third-party pipeline, and planned downtime in the Timor Sea and Alaska.

"We continue negotiations with the Venezuela government concerning appropriate compensation for the expropriation of the company's oil projects and have preserved all legal rights, including international arbitration.

"In our downstream refining business, the third-quarter crude oil capacity utilization rate is expected to be similar to the second quarter. Turnaround costs are anticipated to be approximately \$40 million before-tax for the quarter.

"We recently announced an agreement with Peabody Energy to explore development of a commercial scale coal-to-substitute natural gas facility using proprietary ConocoPhillips "E-GAS(TM)" technology. The project, which would utilize a mine-mouth facility at a U.S. location where Peabody has access to large reserves and existing infrastructure, is anticipated to annually produce 50 billion to 70 billion cubic feet of pipeline quality substitute natural gas from more than 3.5 million tons of Midwest sourced coal. This is another example of the company's commitment to proactively find solutions for both near- and long-term energy challenges.

"Additionally in the U.S., we are urging American policymakers to outline a clear path to attain energy security and address climate change. A comprehensive, successful policy must achieve four major tenets: diversifying our energy sources, lowering the carbon intensity of our energy supplies, improving our energy efficiency, and encouraging investment in new technology. This will require a clear vision of the realities of the energy market with a commitment to act for the greater good."

ConocoPhillips is an integrated petroleum company with interests around the world. Headquartered in Houston, the company had approximately 37,900 employees, \$171 billion of assets, and \$177 billion of annualized revenues as of June 30, 2007. For more information, go to www.conocophillips.com.

ConocoPhillips' quarterly conference call is scheduled for 11 a.m. Eastern time today.

To listen to the conference call and to view related presentation materials, go to www.conocophillips.com and click on the "Investor Information" link.

For financial and operational tables and detailed supplemental information, go to www.conocophillips.com/investor/reports/index.htm

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

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, crude oil and natural gas prices; refining and marketing margins; potential failure to achieve, and potential delays in achieving expected reserves or production levels from existing and future oil and gas development projects due to operating hazards, drilling risks, and the inherent uncertainties in interpreting engineering data relating to underground accumulations of oil and gas; unsuccessful exploratory drilling activities; lack of exploration success; potential disruption or unexpected technical difficulties in developing new products and manufacturing processes; potential failure of new products to achieve acceptance in the market; unexpected cost increases or technical difficulties in constructing or modifying company manufacturing or refining facilities; unexpected difficulties in manufacturing, transporting or refining synthetic crude oil; international monetary conditions and exchange controls; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; general domestic and international economic and political conditions, as well as changes in tax and other laws applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission (SEC). Unless legally

required, ConocoPhillips undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Note to U.S. Investors -- The SEC 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. Production is distinguished from oil and gas production because SEC regulations define Syncrude as mining-related and not part of conventional oil and natural gas reserves. The company uses certain terms in this release, such as "including Canadian Syncrude," and "resources" that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosures in the company's periodic filings with the SEC, available from the company at 600 North Dairy Ashford Road, Houston, Texas 77079 and the company's Web site at www.conocophillips.com/investor/sec. This information also can be obtained from the SEC by calling 1-800-SEC-0330.

CONTACT: ConocoPhillips
Kristi DesJarlais, 281-293-4595 (media)
or
Gary Russell, 212-207-1996 (investors)

ConocoPhillips
Houston, Texas 77079

Preliminary
FINANCIAL HIGHLIGHTS

| | Millions of Dollars | | | |
|---|---------------------|--------------|------------------|--------------|
| | Three Months Ended | | Six Months Ended | |
| | June 30 | | June 30 | |
| | 2007 | 2006 | 2007 | 2006 |
| Revenues and Other Income | | | | |
| Sales and other operating revenues* | \$47,370 | 47,149 | \$88,690 | 94,055 |
| Equity in earnings of affiliates | 1,506 | 1,164 | 2,435 | 2,124 |
| Other income | 521 | 163 | 1,139 | 224 |
| | 49,397 | 48,476 | 92,264 | 96,403 |
| Costs and Expenses | | | | |
| Purchased crude oil, natural gas and products | 30,820 | 29,448 | 57,535 | 62,903 |
| Production and operating expenses | 2,557 | 2,694 | 5,049 | 4,909 |
| Selling, general and administrative expenses | 604 | 610 | 1,131 | 1,176 |
| Exploration expenses | 259 | 134 | 521 | 246 |
| Depreciation, depletion and amortization | 2,016 | 1,965 | 4,040 | 3,145 |
| Impairment - expropriated assets | 4,588 | - | 4,588 | - |
| Impairments | 98 | 50 | 97 | 50 |
| Taxes other than income taxes* | 4,697 | 4,421 | 9,071 | 8,808 |
| Accretion on discounted liabilities | 81 | 73 | 160 | 133 |
| Interest and debt expense | 319 | 360 | 626 | 475 |
| Foreign currency transaction (gains) losses | (179) | 18 | (178) | 40 |
| Minority interests | 19 | 21 | 40 | 39 |
| | 45,879 | 39,794 | 82,680 | 81,924 |
| Income before income taxes | 3,518 | 8,682 | 9,584 | 14,479 |
| Provision for income taxes | 3,217 | 3,496 | 5,737 | 6,002 |
| Net Income | 301 | 5,186 | 3,847 | 8,477 |
| Net Income per share of common stock (dollars) | | | | |
| Basic | \$0.18 | 3.13 | \$2.34 | 5.58 |
| Diluted | \$0.18 | 3.09 | \$2.31 | 5.49 |
| Average common shares outstanding (in thousands) | | | | |
| Basic | 1,635,848 | 1,654,758 | 1,641,569 | 1,519,593 |
| Diluted | 1,657,999 | 1,678,445 | 1,663,618 | 1,542,752 |
| *Includes excise taxes on petroleum products sales: | \$4,069 | 3,922 | \$7,910 | 7,912 |

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ConocoPhillips
Houston, Texas 77079

Preliminary
SELECTED FINANCIAL DATA

| | Millions of Dollars | | | |
|-------------------------------------|---------------------|--------------|--------------|--------------|
| | Three Months | | Six Months | |
| | Ended | | Ended | |
| | June 30 | June 30 | June 30 | June 30 |
| | 2007 | 2006 | 2007 | 2006 |
| SUMMARY OF NET INCOME (LOSS) | | | | |
| E&P | | | | |
| United States | \$ 1,055 | 1,300 | \$ 1,971 | 2,481 |
| International | (3,459) | 2,004 | (2,046) | 3,376 |
| Total E&P | (2,404) | 3,304 | (75) | 5,857 |
| Midstream | 102 | 108 | 187 | 218 |
| R&M | | | | |
| United States | 1,879 | 1,433 | 2,775 | 1,730 |
| International | 479 | 275 | 719 | 368 |
| Total R&M | 2,358 | 1,708 | 3,494 | 2,098 |
| LUKOIL Investment | 526 | 387 | 782 | 636 |

| | | | | |
|---------------------|--------|-------|----------|-------|
| Chemicals | 68 | 103 | 150 | 252 |
| Emerging Businesses | (12) | (12) | (13) | (4) |
| Corporate and other | (337) | (412) | (678) | (580) |
| | ----- | ----- | ----- | ----- |
| Consolidated | \$ 301 | 5,186 | \$ 3,847 | 8,477 |
| | ===== | ===== | ===== | ===== |

ConocoPhillips
Houston, Texas 77079

Preliminary
SELECTED FINANCIAL DATA

| | Three Months | | Six Months | |
|----------------------|--------------|------|------------|------|
| | Ended | | Ended | |
| | June 30 | | June 30 | |
| | 2007 | 2006 | 2007 | 2006 |
| Effective tax rate % | 91.4 % | 40.3 | 59.9 % | 41.5 |

Millions of Dollars

FOREIGN CURRENCY GAINS (LOSSES)

| AFTER-TAX | | | | |
|---------------------|--------|------|--------|------|
| E&P | \$ 152 | (34) | \$ 169 | (27) |
| Midstream | (1) | - | (1) | - |
| R&M | (2) | 25 | (2) | 31 |
| LUKOIL Investment | - | 1 | - | 1 |
| Chemicals | - | - | - | - |
| Emerging Businesses | - | - | - | - |
| Corporate and other | (16) | (36) | (30) | (44) |
| | \$ 133 | (44) | \$ 136 | (39) |

CASH FLOWS FROM OPERATING ACTIVITIES

| | | | | |
|---|----------|---------|----------|---------|
| Net Income | \$ 301 | 5,186 | \$ 3,847 | 8,477 |
| Depreciation, depletion and amortization | 2,016 | 1,965 | 4,040 | 3,145 |
| Impairment - expropriated assets | 4,588 | | 4,588 | |
| Impairments | 98 | 50 | 97 | 50 |
| Dry hole costs and leasehold impairments | 133 | 47 | 281 | 85 |
| Accretion on discounted liabilities | 81 | 73 | 160 | 133 |
| Deferred taxes | 103 | (390) | 180 | (222) |
| Undistributed equity earnings | (678) | (687) | (1,235) | (754) |
| Gain on asset dispositions | (428) | (53) | (927) | (56) |
| Other | 182 | 189 | 88 | (14) |
| Working capital adjustments | (1,630) | (1,536) | 520 | (1,200) |
| Net cash provided by operating activities | \$ 4,766 | 4,844 | \$11,639 | 9,644 |

CAPITAL EXPENDITURES AND INVESTMENTS

| | | | | |
|---------------------|----------|-------|----------|-------|
| E&P | | | | |
| United States | \$ 873 | 756 | \$ 1,716 | 1,175 |
| International | 1,275 | 1,416 | 3,002 | 3,203 |
| | 2,148 | 2,172 | 4,718 | 4,378 |
| Midstream | 2 | 1 | 2 | 2 |
| R&M | 271 | 475 | 476 | 2,110 |
| LUKOIL Investment | - | 648 | - | 1,260 |
| Chemicals | - | - | - | - |
| Emerging Businesses | 34 | 28 | 65 | 40 |
| Corporate and other | 45 | 78 | 86 | 126 |
| | \$ 2,500 | 3,402 | \$ 5,347 | 7,916 |

OTHER

| | At June 30, 2007 | At December 31, 2006 |
|-----------------------------|---------------------|-------------------------|
| Total debt | \$22,812 | 27,134 |
| Common stockholders' equity | \$84,928 | 82,646 |

ConocoPhillips
Houston, Texas 77079

Preliminary
OPERATING HIGHLIGHTS

BY SEGMENT

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|--|-------------------------------|-------|-----------------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| ----- Thousands of Barrels Daily | | | | |
| E&P | | | | |
| Crude oil produced | | | | |
| United States | | | | |
| Alaska | 267 | 279 | 272 | 281 |
| Lower 48 | 105 | 120 | 104 | 92 |
| | ----- | ----- | ----- | ----- |
| | 372 | 399 | 376 | 373 |
| Norway | 145 | 192 | 162 | 190 |
| United Kingdom | 48 | 57 | 52 | 59 |
| Canada | 19 | 27 | 20 | 25 |
| China | 32 | 34 | 35 | 30 |
| Indonesia | 13 | 14 | 13 | 14 |
| Vietnam | 22 | 22 | 22 | 26 |
| Timor Sea | 26 | 39 | 25 | 39 |
| Libya | 47 | 74 | 46 | 37 |
| Other | 36 | 66 | 48 | 58 |
| | ----- | ----- | ----- | ----- |
| Total consolidated | 760 | 924 | 799 | 851 |
| Equity affiliates | | | | |
| Canada | 28 | - | 26 | - |
| Russia | 15 | 15 | 15 | 15 |
| Venezuela | 85 | 106 | 83 | 108 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 888 | 1,045 | 923 | 974 |
| | ===== | ===== | ===== | ===== |
| Syncrude | 21 | 19 | 22 | 18 |
| | ===== | ===== | ===== | ===== |
| Natural gas liquids produced | | | | |
| United States | | | | |
| Alaska* | 18 | 20 | 20 | 21 |
| Lower 48 | 71 | 70 | 70 | 50 |
| | ----- | ----- | ----- | ----- |
| | 89 | 90 | 90 | 71 |
| Norway | 5 | 8 | 7 | 9 |
| United Kingdom | 6 | 4 | 5 | 4 |
| Canada | 28 | 30 | 30 | 20 |
| Timor Sea | 14 | 20 | 13 | 20 |
| Other | 3 | - | 2 | 1 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 145 | 152 | 147 | 125 |
| | ===== | ===== | ===== | ===== |
| *Includes reinjected volumes sold lease-to-lease. | 15 | 14 | 16 | 14 |
| Millions of Cubic Feet Daily | | | | |
| Natural gas produced* | | | | |
| United States | | | | |
| Alaska | 100 | 163 | 111 | 163 |
| Lower 48 | 2,219 | 2,265 | 2,205 | 1,767 |
| | ----- | ----- | ----- | ----- |
| | 2,319 | 2,428 | 2,316 | 1,930 |
| Norway | 202 | 260 | 225 | 265 |
| United Kingdom | 668 | 796 | 726 | 823 |
| Canada | 1,133 | 1,204 | 1,142 | 816 |
| China | 12 | 10 | 11 | 5 |
| Timor Sea | 250 | 251 | 247 | 198 |
| Indonesia | 329 | 323 | 330 | 309 |
| Vietnam | 12 | 19 | 13 | 22 |
| Libya | 9 | - | 7 | - |
| Other | 190 | 207 | 201 | 164 |
| | ----- | ----- | ----- | ----- |
| Total consolidated | 5,124 | 5,498 | 5,218 | 4,532 |
| Equity affiliates | | | | |
| Venezuela | 9 | 10 | 9 | 10 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 5,133 | 5,508 | 5,227 | 4,542 |
| | ===== | ===== | ===== | ===== |
| *Represents quantities available for sale. Excludes gas equivalent of NGL shown above. | | | | |
| Liquefied natural gas sales | 521 | 432 | 506 | 349 |

| | | | | |
|---------------------------------------|-----|-----|-----|-----|
| LUKOIL Investment | | | | |
| Production (MBOE/D)* | 473 | 403 | 460 | 363 |
| Refinery crude oil throughput (MB/D)* | 184 | 168 | 202 | 165 |

*Represents our estimated net share of LUKOIL.

ConocoPhillips
Houston, Texas 77079

Preliminary
OPERATING HIGHLIGHTS

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|------------------------|-------------------------------|-------|-----------------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| E&P | | | | |
| | Per Unit | | | |
| Average sales prices | | | | |
| Crude oil (per barrel) | | | | |
| United States | | | | |
| Alaska | \$ 63.26 | 66.02 | \$ 59.38 | 62.33 |
| Lower 48 | 58.50 | 59.63 | 53.95 | 57.08 |
| Total U.S. | 61.91 | 64.09 | 57.86 | 61.06 |
| International | 67.16 | 67.27 | 61.16 | 64.12 |
| Total consolidated | 64.55 | 65.89 | 59.61 | 62.75 |
| Equity affiliates* | 47.74 | 52.28 | 44.24 | 47.53 |
| Total Worldwide | 61.97 | 64.34 | 57.53 | 60.76 |
| Natural gas (per MCF) | | | | |
| United States | | | | |
| Alaska | 4.04 | 3.42 | 4.12 | 3.50 |
| Lower 48 | 6.51 | 5.81 | 6.36 | 6.41 |
| Total U.S. | 6.49 | 5.78 | 6.34 | 6.37 |
| International | 6.42 | 5.92 | 6.46 | 6.43 |
| Total consolidated | 6.45 | 5.86 | 6.41 | 6.40 |
| Equity affiliates* | 0.37 | 0.36 | 0.42 | 0.29 |
| Total Worldwide | 6.44 | 5.85 | 6.40 | 6.39 |

*Excludes our equity share of LUKOIL reported in the LUKOIL Investment segment.

Midstream

| | Thousands of Barrels Daily | | | |
|-------------------------------|----------------------------|-------|-------|-------|
| Natural gas liquids extracted | | | | |
| Consolidated | | | | |
| United States | 23 | 22 | 19 | 22 |
| International | - | - | - | - |
| Equity affiliates | | | | |
| United States | 181 | 183 | 177 | 181 |
| International | 7 | 6 | 8 | 6 |
| | 211 | 211 | 204 | 209 |
| | ===== | ===== | ===== | ===== |

| | Per Barrel | | | |
|------------------------|------------|-------|----------|-------|
| U.S. product prices | | | | |
| Weighted average NGL** | | | | |
| Consolidated | \$ 45.19 | 41.73 | \$ 41.46 | 39.69 |
| DCP | 44.30 | 41.18 | 40.43 | 39.24 |

**Prices are based on index prices from the Mont Belvieu and Conway market hubs that are weighted by natural gas liquids component and location mix.

ConocoPhillips
Houston, Texas 77079

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---------------------------------------|--|-------|--|-------|
| | 2007 | 2006 | 2007 | 2006 |
| | ----- Thousands of Barrels Daily | | ----- Thousands of Barrels Daily | |
| R&M | | | | |
| United States | | | | |
| Crude oil capacity | 2,033 | 2,208 | 2,033 | 2,208 |
| Crude oil runs | 1,896 | 2,000 | 1,917 | 1,921 |
| Refinery production | 2,087 | 2,198 | 2,119 | 2,093 |
| International* | | | | |
| Crude oil capacity | 696 | 693 | 696 | 608 |
| Crude oil runs | 650 | 649 | 637 | 570 |
| Refinery production | 664 | 695 | 654 | 599 |
| U.S. petroleum products sales volumes | | | | |
| Gasoline | 1,300 | 1,300 | 1,279 | 1,279 |
| Distillates | 827 | 820 | 845 | 817 |
| Other products | 503 | 555 | 491 | 536 |
| | ----- | ----- | ----- | ----- |
| | 2,630 | 2,675 | 2,615 | 2,632 |
| International | 739 | 871 | 726 | 784 |
| | ----- | ----- | ----- | ----- |
| | 3,369 | 3,546 | 3,341 | 3,416 |
| | ===== | ===== | ===== | ===== |
| | | | | |
| | | | | |
| U.S. average sales prices** | | | | |
| Gasoline-wholesale | \$ 2.50 | 2.32 | \$ 2.19 | 2.06 |
| Gasoline-retail | 2.68 | 2.47 | 2.36 | 2.19 |
| Distillates-wholesale | 2.24 | 2.24 | 2.09 | 2.08 |

*Includes ConocoPhillips' share of equity affiliates, except for our share of LUKOIL, which is reported in the LUKOIL Investment segment.

**Excludes excise taxes.

ConocoPhillips

SUMMARY OF NET INCOME (LOSS) BY SEGMENT

Millions of Dollars

| | 2006 | | | | | 2007 | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Income (Loss) from Continuing Operations | | | | | | | | | | |
| U.S. E&P | 1,181 | 1,300 | 995 | 872 | 4,348 | 916 | 1,055 | | | 1,971 |
| International E&P | 1,372 | 2,004 | 909 | 1,215 | 5,500 | 1,413 | (3,459) | | | (2,046) |
| Total E&P | 2,553 | 3,304 | 1,904 | 2,087 | 9,848 | 2,329 | (2,404) | | | (75) |
| Midstream | 110 | 108 | 169 | 89 | 476 | 85 | 102 | | | 187 |
| U.S. R&M | 297 | 1,433 | 1,444 | 741 | 3,915 | 896 | 1,879 | | | 2,775 |
| International R&M | 93 | 275 | 20 | 178 | 566 | 240 | 479 | | | 719 |
| Total R&M | 390 | 1,708 | 1,464 | 919 | 4,481 | 1,136 | 2,358 | | | 3,494 |
| LUKOIL Investment | 249 | 387 | 487 | 302 | 1,425 | 256 | 526 | | | 782 |
| Chemicals | 149 | 103 | 142 | 98 | 492 | 82 | 68 | | | 150 |
| Emerging Businesses | 8 | (12) | 11 | 8 | 15 | (1) | (12) | | | (13) |
| Corporate and Other | (168) | (412) | (301) | (306) | (1,187) | (341) | (337) | | | (678) |
| Consolidated | 3,291 | 5,186 | 3,876 | 3,197 | 15,550 | 3,546 | 301 | | | 3,847 |
| Cumulative Effect of Accounting Changes | | | | | | | | | | |
| U.S. E&P | - | - | - | - | - | - | - | | | - |
| International E&P | - | - | - | - | - | - | - | | | - |
| Total E&P | - | - | - | - | - | - | - | | | - |
| Midstream | - | - | - | - | - | - | - | | | - |
| U.S. R&M | - | - | - | - | - | - | - | | | - |
| International R&M | - | - | - | - | - | - | - | | | - |
| Total R&M | - | - | - | - | - | - | - | | | - |
| LUKOIL Investment | - | - | - | - | - | - | - | | | - |
| Chemicals | - | - | - | - | - | - | - | | | - |
| Emerging Businesses | - | - | - | - | - | - | - | | | - |
| Corporate and Other | - | - | - | - | - | - | - | | | - |
| Consolidated | - | - | - | - | - | - | - | | | - |
| Income (Loss) from Discontinued Operations Corporate and Other | | | | | | | | | | |
| | - | - | - | - | - | - | - | | | - |
| Net Income (Loss) | | | | | | | | | | |
| U.S. E&P | 1,181 | 1,300 | 995 | 872 | 4,348 | 916 | 1,055 | | | 1,971 |
| International E&P | 1,372 | 2,004 | 909 | 1,215 | 5,500 | 1,413 | (3,459) | | | (2,046) |
| Total E&P | 2,553 | 3,304 | 1,904 | 2,087 | 9,848 | 2,329 | (2,404) | | | (75) |
| Midstream | 110 | 108 | 169 | 89 | 476 | 85 | 102 | | | 187 |
| U.S. R&M | 297 | 1,433 | 1,444 | 741 | 3,915 | 896 | 1,879 | | | 2,775 |
| International R&M | 93 | 275 | 20 | 178 | 566 | 240 | 479 | | | 719 |

| | | | | | | | | |
|---------------------|-------|-------|-------|-------|---------|-------|-------|-------|
| Total R&M | 390 | 1,708 | 1,464 | 919 | 4,481 | 1,136 | 2,358 | 3,494 |
| LUKOIL Investment | 249 | 387 | 487 | 302 | 1,425 | 256 | 526 | 782 |
| Chemicals | 149 | 103 | 142 | 98 | 492 | 82 | 68 | 150 |
| Emerging Businesses | 8 | (12) | 11 | 8 | 15 | (1) | (12) | (13) |
| Corporate and Other | (168) | (412) | (301) | (306) | (1,187) | (341) | (337) | (678) |
| Consolidated | 3,291 | 5,186 | 3,876 | 3,197 | 15,550 | 3,546 | 301 | 3,847 |

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ConocoPhillips

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

Millions of Dollars

| | 2006 | | | | | 2007 | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Income from Continuing Operations Before Income Taxes | | | | | | | | | | |
| U.S. E&P | 1,853 | 2,062 | 1,598 | 1,380 | 6,893 | 1,425 | 1,627 | | | 3,052 |
| International E&P | 2,862 | 3,814 | 3,460 | 2,948 | 13,084 | 2,894 | (1,976) | | | 918 |
| Total E&P | 4,715 | 5,876 | 5,058 | 4,328 | 19,977 | 4,319 | (349) | | | 3,970 |
| Midstream | 173 | 187 | 214 | 150 | 724 | 132 | 156 | | | 288 |
| U.S. R&M | 512 | 2,260 | 2,282 | 1,195 | 6,249 | 1,400 | 2,891 | | | 4,291 |
| International R&M | 112 | 343 | 107 | 222 | 784 | 218 | 633 | | | 851 |
| Total R&M | 624 | 2,603 | 2,389 | 1,417 | 7,033 | 1,618 | 3,524 | | | 5,142 |
| LUKOIL Investment | 257 | 398 | 496 | 311 | 1,462 | 262 | 542 | | | 804 |
| Chemicals | 209 | 134 | 191 | 128 | 662 | 107 | 80 | | | 187 |
| Emerging Businesses | 9 | (20) | 14 | 11 | 14 | (3) | (20) | | | (23) |
| Corporate and Other | (190) | (496) | (425) | (428) | (1,539) | (369) | (415) | | | (784) |
| Consolidated | 5,797 | 8,682 | 7,937 | 5,917 | 28,333 | 6,066 | 3,518 | | | 9,584 |

Income from Continuing Operations

| | Effective Tax Rates | | | | | | | | | |
|---------------------|---------------------|-------|-------|-------|-------|--------|-------|--|--|-------|
| U.S. E&P | 36.3% | 37.0% | 37.7% | 36.8% | 36.9% | 35.7% | 35.2% | | | 35.4% |
| International E&P | 52.1% | 47.5% | 73.7% | 58.8% | 58.0% | 51.2% | - | | | - |
| Total E&P | 45.9% | 43.8% | 62.4% | 51.8% | 50.7% | 46.1% | - | | | - |
| Midstream | 36.4% | 42.2% | 21.0% | 40.7% | 34.3% | 35.6% | 34.6% | | | 35.1% |
| U.S. R&M | 42.0% | 36.6% | 36.7% | 38.0% | 37.3% | 36.0% | 35.0% | | | 35.3% |
| International R&M | 17.0% | 19.8% | 81.3% | 19.8% | 27.8% | -10.1% | 24.3% | | | 15.5% |
| Total R&M | 37.5% | 34.4% | 38.7% | 35.1% | 36.3% | 29.8% | 33.1% | | | 32.0% |
| LUKOIL Investment | 3.1% | 2.8% | 1.8% | 2.9% | 2.5% | 2.3% | 3.0% | | | 2.7% |
| Chemicals | 28.7% | 23.1% | 25.7% | 23.4% | 25.7% | 23.4% | 15.0% | | | 19.8% |
| Emerging Businesses | 11.1% | 40.0% | 21.4% | 27.3% | -7.1% | 66.7% | 40.0% | | | 43.5% |
| Corporate and Other | 11.6% | 16.9% | 29.2% | 28.5% | 22.9% | 7.6% | 18.8% | | | 13.5% |
| Consolidated | 43.2% | 40.3% | 51.2% | 46.0% | 45.1% | 41.5% | 91.4% | | | 59.9% |

CERTAIN ITEMS INCLUDED IN INCOME FROM CONTINUING OPERATIONS (AFTER-TAX)

Millions of Dollars

| | 2006 | | | | | 2007 | | | | |
|---|-------------|------------|--------------|--------------|--------------|-------------|----------------|---------|---------|----------------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| U.S. E&P | | | | | | | | | | |
| Gain (loss) on asset sales | - | 15 | - | 33 | 48 | 36 | 11 | - | - | 47 |
| Impairments | - | (26) | - | (10) | (36) | - | - | - | - | - |
| Insurance premium adjustments | (2) | - | (5) | (4) | (11) | - | - | - | - | - |
| Pending claims and settlements | - | - | 18 | - | 18 | - | - | - | - | - |
| Business interruption insurance claims recovery | - | - | 15 | - | 15 | - | - | - | - | - |
| Enacted tax legislation | - | 2 | - | - | 2 | - | - | - | - | - |
| Total | (2) | (9) | 28 | 19 | 36 | 36 | 11 | | | 47 |
| International E&P | | | | | | | | | | |
| Gain (loss) on asset sales | - | 25 | - | - | 25 | 407 | (82) | - | - | 325 |
| Insurance premium adjustments | (10) | - | (10) | (8) | (28) | - | - | - | - | - |
| International tax law changes | - | 401 | (270) | (31) | 100 | 38 | - | - | - | 38 |
| Impairment - expropriated assets | - | - | - | - | - | - | (4,512) | - | - | (4,512) |
| Impairments | - | - | (4) | (104) | (108) | (88) | (33) | - | - | (121) |
| Business interruption insurance claims recovery | - | - | 11 | 3 | 14 | - | - | - | - | - |
| Pending claims and settlements | - | - | - | 25 | 25 | - | - | - | - | - |
| Total | (10) | 426 | (273) | (115) | 28 | 357 | (4,627) | | | (4,270) |
| Total E&P | (12) | 417 | (245) | (96) | 64 | 393 | (4,616) | | | (4,223) |
| Midstream | | | | | | | | | | |
| Business interruption insurance claims recovery | - | - | - | 5 | 5 | - | - | - | - | - |
| DCP Midstream's sale of TEPPCO general ptr | - | - | 30 | - | 30 | - | - | - | - | - |
| Enacted tax legislation | - | (6) | - | - | (6) | - | - | - | - | - |
| Total | - | (6) | 30 | 5 | 29 | - | - | | | - |
| U.S. R&M | | | | | | | | | | |
| Gain (loss) on asset sales | - | - | - | - | - | - | - | - | - | - |
| Impairments | - | - | (35) | (192) | (227) | (13) | - | - | - | (13) |
| Insurance premium adjustments | (6) | - | (7) | (6) | (19) | - | - | - | - | - |
| Business interruption insurance claims recovery | - | - | 111 | - | 111 | - | - | - | - | - |
| Enacted tax legislation | - | 34 | - | - | 34 | - | - | - | - | - |
| Total | (6) | 34 | 69 | (198) | (101) | (13) | - | | | (13) |
| International R&M | | | | | | | | | | |
| Gain (loss) on asset sales | - | - | - | - | - | - | 163 | - | - | 163 |
| Impairments | - | - | (214) | - | (214) | 148 | (5) | - | - | 143 |
| Insurance premium adjustments | (1) | - | (1) | (1) | (3) | - | - | - | - | - |
| Total | (1) | - | (215) | (1) | (217) | 148 | 158 | | | 306 |
| Total R&M | (7) | 34 | (146) | (199) | (318) | 135 | 158 | | | 293 |
| LUKOIL Investment | | | | | | | | | | |
| Ownership interest adjustment | - | - | 23 | - | 23 | - | - | - | - | - |
| Total | - | - | 23 | - | 23 | - | - | | | - |
| Chemicals | | | | | | | | | | |
| Business interruption insurance claims recovery | - | - | 7 | 13 | 20 | - | - | - | - | - |
| Asset retirements recorded by CPChem | - | - | - | (16) | (16) | - | (21) | - | - | (21) |
| Enacted tax legislation | - | (5) | - | - | (5) | - | - | - | - | - |
| Total | - | (5) | 7 | (3) | (1) | - | (21) | | | (21) |

| | | | | | | | | |
|----------------------------------|------|------|-------|-------|-------|------|---------|---------|
| Emerging Businesses | | | | | | | | |
| Property write-down | - | (14) | - | - | (14) | - | - | - |
| ----- | | | | | | | | |
| Total | - | (14) | - | - | (14) | - | - | - |
| ----- | | | | | | | | |
| Corporate and Other | | | | | | | | |
| Acquisition-related expenses | (5) | (39) | (32) | (22) | (98) | (13) | (16) | (29) |
| Premium on early debt retirement | - | - | - | - | - | (14) | - | (14) |
| Pending claims and settlements | (15) | - | - | - | (15) | - | - | - |
| Canada tax law change | - | (10) | - | - | (10) | - | - | - |
| ----- | | | | | | | | |
| Total | (20) | (49) | (32) | (22) | (123) | (27) | (16) | (43) |
| ----- | | | | | | | | |
| Total Company | (39) | 377 | (363) | (315) | (340) | 501 | (4,495) | (3,994) |
| ===== | | | | | | | | |

CASH FLOW INFORMATION

Millions of Dollars

| | 2006 | | | | | 2007 | | | | |
|---|-----------------|----------------|----------------|----------------|-----------------|----------------|----------------|---------|---------|----------------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Cash Flows from Operating Activities | | | | | | | | | | |
| Net income | 3,291 | 5,186 | 3,876 | 3,197 | 15,550 | 3,546 | 301 | | | 3,847 |
| DD&A and impairments | 1,180 | 2,015 | 2,404 | 2,368 | 7,967 | 2,023 | 2,114 | | | 4,137 |
| Impairment - expropriated assets | - | - | - | - | - | - | 4,588 | | | 4,588 |
| Dry hole costs and leasehold impairments | 38 | 47 | 56 | 210 | 351 | 148 | 133 | | | 281 |
| Accretion on discounted liabilities | 60 | 73 | 74 | 74 | 281 | 79 | 81 | | | 160 |
| Deferred income taxes | 168 | (390) | 495 | (56) | 217 | 77 | 103 | | | 180 |
| Undistributed equity earnings | (67) | (687) | (253) | 62 | (945) | (557) | (678) | | | (1,235) |
| Net gain on asset dispositions | (3) | (53) | (8) | (52) | (116) | (499) | (428) | | | (927) |
| Other | (203) | 189 | (282) | 95 | (201) | (94) | 182 | | | 88 |
| Net working capital changes | 336 | (1,536) | (127) | (261) | (1,588) | 2,150 | (1,630) | | | 520 |
| Net Cash Provided by Operating Activities | 4,800 | 4,844 | 6,235 | 5,637 | 21,516 | 6,873 | 4,766 | | | 11,639 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| Capital expenditures and investments*: | | | | | | | | | | |
| E&P | (2,206) | (2,172) | (2,454) | (2,681) | (9,513) | (2,570) | (2,148) | | | (4,718) |
| Midstream | (1) | (1) | - | (2) | (4) | - | (2) | | | (2) |
| R&M | (1,635) | (475) | (374) | (532) | (3,016) | (205) | (271) | | | (476) |
| LUKOIL Investment | (612) | (648) | (702) | (753) | (2,715) | - | - | | | - |
| Chemicals | - | - | - | - | - | - | - | | | - |
| Emerging Businesses | (12) | (28) | (6) | (37) | (83) | (31) | (34) | | | (65) |
| Corporate and Other | (48) | (78) | (61) | (78) | (265) | (41) | (45) | | | (86) |
| Total capital expend. & investments | (4,514) | (3,402) | (3,597) | (4,083) | (15,596) | (2,847) | (2,500) | | | (5,347) |
| Acquisition of Burlington Resources Inc.* | (14,190) | (94) | (1) | - | (14,285) | - | - | | | - |
| Proceeds from asset dispositions | 5 | 68 | 173 | 299 | 545 | 1,343 | 872 | | | 2,215 |
| Long-term advances to/collections from affiliates and other investments | (115) | (151) | (251) | (140) | (657) | (144) | (97) | | | (241) |
| Net Cash Used for Investing Activities | (18,814) | (3,579) | (3,676) | (3,924) | (29,993) | (1,648) | (1,725) | | | (3,373) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| Net issuance (repayment) of debt | 15,324 | (2,756) | (1,630) | (706) | 10,232 | (3,491) | (865) | | | (4,356) |
| Issuance of stock | 40 | 64 | 41 | 75 | 220 | 40 | 141 | | | 181 |
| Repurchase of stock | - | (425) | (250) | (250) | (925) | (1,000) | (1,000) | | | (2,000) |
| Dividends | (496) | (595) | (593) | (593) | (2,277) | (674) | (668) | | | (1,342) |
| Other | (27) | (20) | (76) | (62) | (185) | (49) | (104) | | | (153) |
| Net Cash Provided by (Used for) Financing Activities | 14,841 | (3,732) | (2,508) | (1,536) | 7,065 | (5,174) | (2,496) | | | (7,670) |
| Effect of Exchange Rate Changes | (33) | 113 | (9) | (56) | 15 | (8) | 6 | | | (2) |
| Net Change in Cash and Cash Equivalents | 794 | (2,354) | 42 | 121 | (1,397) | 43 | 551 | | | 594 |
| Cash and cash equivalents at beginning of period | 2,214 | 3,008 | 654 | 696 | 2,214 | 817 | 860 | | | 817 |
| Cash and Cash Equivalents at End of Period | 3,008 | 654 | 696 | 817 | 817 | 860 | 1,411 | | | 1,411 |

* Net of cash acquired.

TOTAL E&P

| | 2006 | | | | | 2007 | | | | |
|---|---------|---------|---------|---------|-------|---------|---------|---------|---------|-------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| E&P Net Income (\$ Millions) | 2,553 | 3,304 | 1,904 | 2,087 | 9,848 | 2,329 | (2,404) | | | (75) |
| Production | | | | | | | | | | |
| Total, Including Equity Affiliates and Canadian Syncrude (MBOE/D) | 1,610 | 2,134 | 2,036 | 2,047 | 1,957 | 2,020 | 1,910 | | | 1,963 |
| E&P segment plus LUKOIL Investment segment: | 1,932 | 2,537 | 2,472 | 2,485 | 2,358 | 2,465 | 2,383 | | | 2,423 |
| Crude Oil and Condensate (MB/D) | | | | | | | | | | |
| Consolidated | 777 | 924 | 865 | 859 | 856 | 840 | 760 | | | 799 |
| Equity affiliates | 126 | 121 | 104 | 113 | 116 | 120 | 128 | | | 124 |
| Total | 903 | 1,045 | 969 | 972 | 972 | 960 | 888 | | | 923 |
| Sales of crude oil produced (MB/D) | | | | | | | | | | |
| | 913 | 1,040 | 953 | 988 | 973 | 949 | 876 | | | 912 |
| Natural Gas Liquids (MB/D) | | | | | | | | | | |
| | 97 | 152 | 146 | 150 | 136 | 150 | 145 | | | 147 |
| Natural Gas (MMCF/D) | | | | | | | | | | |
| Consolidated | 3,554 | 5,498 | 5,379 | 5,387 | 4,961 | 5,313 | 5,124 | | | 5,218 |
| Equity affiliates | 11 | 10 | 8 | 7 | 9 | 9 | 9 | | | 9 |
| Total | 3,565 | 5,508 | 5,387 | 5,394 | 4,970 | 5,322 | 5,133 | | | 5,227 |
| Canadian Syncrude (MB/D) | | | | | | | | | | |
| | 16 | 19 | 23 | 26 | 21 | 23 | 21 | | | 22 |
| Industry Prices (Platt's) | | | | | | | | | | |
| Crude Oil (\$/bbl) | | | | | | | | | | |
| WTI spot | 63.28 | 70.40 | 70.38 | 59.94 | 66.00 | 57.99 | 64.89 | | | 61.44 |
| Brent dated | 61.75 | 69.62 | 69.49 | 59.68 | 65.14 | 57.76 | 68.76 | | | 63.26 |
| Natural Gas (\$/mmbtu) | | | | | | | | | | |
| Henry Hub -- First of Month | 9.01 | 6.80 | 6.58 | 6.56 | 7.24 | 6.77 | 7.55 | | | 7.16 |
| Average Realized Prices | | | | | | | | | | |
| Crude Oil and Condensate (\$/bbl) | | | | | | | | | | |
| Consolidated | 58.97 | 65.89 | 67.37 | 56.87 | 62.39 | 55.17 | 64.55 | | | 59.61 |
| Equity affiliates | 43.38 | 52.28 | 46.98 | 41.79 | 46.01 | 40.02 | 47.74 | | | 44.24 |
| Total | 56.63 | 64.34 | 65.04 | 55.10 | 60.37 | 53.38 | 61.97 | | | 57.53 |
| Natural Gas Liquids (\$/bbl) | | | | | | | | | | |
| | 43.13 | 41.75 | 43.62 | 38.23 | 41.50 | 38.56 | 44.80 | | | 41.60 |
| Natural Gas (\$/mcf) | | | | | | | | | | |
| Consolidated | 7.26 | 5.86 | 5.92 | 6.13 | 6.20 | 6.36 | 6.45 | | | 6.41 |
| Equity affiliates | 0.23 | 0.36 | 0.32 | 0.32 | 0.30 | 0.48 | 0.37 | | | 0.42 |
| Total | 7.24 | 5.85 | 5.91 | 6.12 | 6.19 | 6.35 | 6.44 | | | 6.40 |
| Exploration Charges (\$ Millions) | | | | | | | | | | |
| Dry Holes | 19 | 15 | 18 | 142 | 194 | 62 | 74 | | | 136 |
| Lease Impairments | 19 | 33 | 37 | 68 | 157 | 86 | 59 | | | 145 |
| Total Non-Cash Charges | 38 | 48 | 55 | 210 | 351 | 148 | 133 | | | 281 |
| Other (G&G and Lease Rentals) | 74 | 86 | 142 | 181 | 483 | 114 | 126 | | | 240 |
| Total Exploration Charges | 112 | 134 | 197 | 391 | 834 | 262 | 259 | | | 521 |
| Depreciation, Depletion and Amortization (DD&A) (\$ Millions) | | | | | | | | | | |
| | 910 | 1,659 | 1,860 | 1,703 | 6,132 | 1,802 | 1,790 | | | 3,592 |

| | | | | | | | | |
|--------------------------------|-----|-----|-----|-----|-------|-----|-----|-------|
| Dry Holes | 8 | 3 | 8 | 67 | 86 | 13 | 36 | 49 |
| Lease Impairments | 8 | 15 | 13 | 46 | 82 | 43 | 43 | 86 |
| ----- | | | | | | | | |
| Total Non-Cash Charges | 16 | 18 | 21 | 113 | 168 | 56 | 79 | 135 |
| Other (G&G and Lease Rentals) | 14 | 1 | 66 | 55 | 136 | 26 | 40 | 66 |
| ----- | | | | | | | | |
| Total U.S. Exploration Charges | 30 | 19 | 87 | 168 | 304 | 82 | 119 | 201 |
| ===== | | | | | | | | |
| Alaska Only | 18 | (7) | 50 | 21 | 82 | 17 | 32 | 49 |
| ----- | | | | | | | | |
| DD&A (\$ Millions) | | | | | | | | |
| Alaska | 132 | 135 | 137 | 151 | 555 | 168 | 167 | 335 |
| Lower 48 | 251 | 634 | 784 | 623 | 2,292 | 618 | 661 | 1,279 |
| ----- | | | | | | | | |
| Total U.S. | 383 | 769 | 921 | 774 | 2,847 | 786 | 828 | 1,614 |
| ===== | | | | | | | | |

INTERNATIONAL E&P

| | 2006 | | | | | 2007 | | | | |
|---|---------|---------|---------|---------|-------|---------|---------|---------|---------|---------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| International E&P | | | | | | | | | | |
| Net Income (\$ Millions) | 1,372 | 2,004 | 909 | 1,215 | 5,500 | 1,413 | (3,459) | | | (2,046) |
| Production | | | | | | | | | | |
| Total, Including Equity Affiliates and Canadian Syncrude (MBOE/D) | 974 | 1,240 | 1,190 | 1,191 | 1,149 | 1,165 | 1,062 | | | 1,111 |
| Crude Oil and Condensate (MB/D) | | | | | | | | | | |
| Consolidated | | | | | | | | | | |
| Norway | 188 | 192 | 190 | 185 | 189 | 179 | 145 | | | 162 |
| United Kingdom | 62 | 57 | 50 | 56 | 56 | 55 | 48 | | | 52 |
| Canada | 22 | 27 | 26 | 27 | 25 | 21 | 19 | | | 20 |
| China | 25 | 34 | 36 | 36 | 33 | 38 | 32 | | | 35 |
| Indonesia | 14 | 14 | 11 | 10 | 12 | 13 | 13 | | | 13 |
| Vietnam | 31 | 22 | 24 | 23 | 25 | 23 | 22 | | | 22 |
| Timor Sea | 39 | 39 | 40 | 27 | 36 | 24 | 26 | | | 25 |
| Libya | - | 74 | 71 | 56 | 50 | 45 | 47 | | | 46 |
| Other | 49 | 66 | 64 | 69 | 63 | 62 | 36 | | | 48 |
| Equity affiliates | | | | | | | | | | |
| Canada | - | - | - | - | - | 23 | 28 | | | 26 |
| Russia | 16 | 15 | 15 | 14 | 15 | 15 | 15 | | | 15 |
| Venezuela | 110 | 106 | 89 | 99 | 101 | 82 | 85 | | | 83 |
| Total | 556 | 646 | 616 | 602 | 605 | 580 | 516 | | | 547 |
| Sales of crude oil produced (MB/D) | | | | | | | | | | |
| | 550 | 642 | 598 | 617 | 602 | 577 | 506 | | | 541 |
| Natural Gas Liquids (MB/D) | | | | | | | | | | |
| Norway | 11 | 8 | 9 | 8 | 9 | 8 | 5 | | | 7 |
| United Kingdom | 4 | 4 | 2 | 6 | 4 | 6 | 6 | | | 5 |
| Canada | 9 | 30 | 28 | 31 | 25 | 31 | 28 | | | 30 |
| Timor Sea | 20 | 20 | 20 | 15 | 18 | 12 | 14 | | | 13 |
| Other | 2 | - | 1 | 1 | 1 | 3 | 3 | | | 2 |
| Total | 46 | 62 | 60 | 61 | 57 | 60 | 56 | | | 57 |
| Natural Gas (MMCF/D) | | | | | | | | | | |
| Consolidated | | | | | | | | | | |
| Norway | 269 | 260 | 260 | 291 | 270 | 247 | 202 | | | 225 |
| United Kingdom | 851 | 796 | 665 | 734 | 761 | 785 | 668 | | | 726 |
| Canada | 424 | 1,204 | 1,154 | 1,140 | 983 | 1,152 | 1,133 | | | 1,142 |
| China | - | 10 | 8 | 9 | 7 | 11 | 12 | | | 11 |
| Timor Sea | 144 | 251 | 300 | 243 | 235 | 243 | 250 | | | 247 |
| Indonesia | 294 | 323 | 342 | 315 | 319 | 331 | 329 | | | 330 |
| Vietnam | 24 | 19 | 20 | 20 | 21 | 15 | 12 | | | 13 |
| Libya | - | - | - | 17 | 4 | 5 | 9 | | | 7 |
| Other | 121 | 207 | 187 | 237 | 188 | 212 | 190 | | | 201 |
| Equity affiliates | | | | | | | | | | |
| Canada | - | - | - | - | - | - | - | | | - |
| Russia | - | - | - | - | - | - | - | | | - |
| Venezuela | 11 | 10 | 8 | 7 | 9 | 9 | 9 | | | 9 |
| Total | 2,138 | 3,080 | 2,944 | 3,013 | 2,797 | 3,010 | 2,814 | | | 2,911 |
| Canadian Syncrude (MB/D) | | | | | | | | | | |
| | 16 | 19 | 23 | 26 | 21 | 23 | 21 | | | 22 |
| Darwin, Australia LNG Sales (MMCF/D) | | | | | | | | | | |
| | 136 | 305 | 411 | 382 | 310 | 388 | 449 | | | 419 |

INTERNATIONAL E&P (continued)

| | 2006 | | | | | 2007 | | | | |
|---|---------|---------|---------|---------|-------|---------|---------|---------|---------|-------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Average Realized Prices | | | | | | | | | | |
| Crude Oil and Condensate | | | | | | | | | | |
| (\$/bbl) | | | | | | | | | | |
| Consolidated | | | | | | | | | | |
| Norway | 61.36 | 68.64 | 68.48 | 60.07 | 64.61 | 57.36 | 67.50 | | | 61.32 |
| United Kingdom | 59.13 | 65.32 | 64.67 | 58.71 | 62.08 | 55.52 | 66.99 | | | 62.30 |
| Canada | 44.28 | 60.86 | 61.00 | 49.28 | 54.25 | 48.70 | 58.42 | | | 53.36 |
| China | 57.90 | 66.68 | 64.68 | 51.06 | 60.00 | 54.93 | 66.39 | | | 59.69 |
| Indonesia | 57.94 | 58.15 | 62.69 | 52.21 | 57.80 | 54.66 | 65.46 | | | 60.06 |
| Vietnam | 62.34 | 68.53 | 71.35 | 56.77 | 64.75 | 57.88 | 67.03 | | | 62.23 |
| Timor Sea | 60.37 | 66.98 | 66.84 | 57.27 | 63.21 | 59.15 | 73.51 | | | 66.43 |
| Libya | - | 68.07 | 67.75 | 58.19 | 65.11 | 56.19 | 67.39 | | | 61.76 |
| Other | 62.95 | 69.20 | 70.39 | 60.92 | 65.85 | 55.73 | 67.71 | | | 60.37 |
| Equity affiliates | | | | | | | | | | |
| Canada | - | - | - | - | - | 32.46 | 32.46 | | | 32.46 |
| Russia | 40.86 | 46.87 | 48.29 | 36.86 | 43.20 | 37.92 | 50.25 | | | 44.78 |
| Venezuela | 43.71 | 53.03 | 46.78 | 42.48 | 46.40 | 42.54 | 51.54 | | | 47.46 |
| Total | 55.92 | 64.50 | 63.73 | 55.00 | 59.92 | 53.12 | 62.02 | | | 57.31 |
| Natural Gas Liquids | | | | | | | | | | |
| (\$/bbl) | | | | | | | | | | |
| Norway | 42.55 | 40.99 | 43.91 | 39.46 | 41.61 | 38.82 | 45.72 | | | 41.61 |
| United Kingdom | 35.39 | 34.87 | 38.51 | 22.38 | 31.29 | 34.93 | 39.34 | | | 36.92 |
| Canada | 46.21 | 46.73 | 46.16 | 43.87 | 45.62 | 41.15 | 46.82 | | | 43.87 |
| Timor Sea | 46.68 | 41.35 | 45.63 | 41.62 | 43.95 | 44.13 | 49.43 | | | 46.60 |
| Other | 8.11 | 8.09 | 8.11 | 8.25 | 8.15 | 8.32 | 29.42 | | | 18.86 |
| Total | 43.25 | 43.28 | 44.89 | 40.25 | 42.89 | 39.38 | 45.64 | | | 42.30 |
| Natural Gas (\$/mcf) | | | | | | | | | | |
| Consolidated | | | | | | | | | | |
| Norway | 7.28 | 7.09 | 7.48 | 8.58 | 7.61 | 7.00 | 7.10 | | | 7.04 |
| United Kingdom | 8.81 | 6.84 | 7.08 | 8.52 | 7.85 | 8.14 | 7.23 | | | 7.72 |
| Canada | 6.28 | 5.47 | 5.43 | 5.91 | 5.67 | 6.38 | 6.60 | | | 6.49 |
| China | - | 1.90 | 4.11 | 2.80 | 2.87 | 2.64 | 2.74 | | | 2.69 |
| Timor Sea | 0.67 | 0.65 | 0.69 | 0.74 | 0.69 | 0.76 | 0.68 | | | 0.72 |
| Indonesia | 7.45 | 7.53 | 6.71 | 5.78 | 6.86 | 6.04 | 6.99 | | | 6.52 |
| Vietnam | 1.07 | 1.07 | 1.07 | 1.05 | 1.06 | 1.10 | 1.09 | | | 1.09 |
| Libya | - | - | - | 0.09 | 0.09 | 0.07 | 0.09 | | | 0.08 |
| Other | 0.82 | 2.57 | 2.04 | 2.02 | 1.98 | 2.71 | 2.53 | | | 2.62 |
| Equity affiliates | | | | | | | | | | |
| Canada | - | - | - | - | - | - | - | | | - |
| Russia | - | - | - | - | - | - | - | | | - |
| Venezuela | 0.23 | 0.36 | 0.32 | 0.32 | 0.30 | 0.29 | 0.30 | | | 0.30 |
| Total | 7.13 | 5.90 | 5.85 | 6.36 | 6.25 | 6.47 | 6.40 | | | 6.44 |
| International Exploration | | | | | | | | | | |
| Charges (\$ Millions) | | | | | | | | | | |
| Dry Holes | 11 | 12 | 10 | 75 | 108 | 49 | 38 | | | 87 |
| Lease Impairments | 11 | 18 | 24 | 22 | 75 | 43 | 16 | | | 59 |
| Total Non-Cash Charges | 22 | 30 | 34 | 97 | 183 | 92 | 54 | | | 146 |
| Other (G&G and Lease Rentals) | 60 | 85 | 76 | 126 | 347 | 88 | 86 | | | 174 |
| Total International Exploration Charges | 82 | 115 | 110 | 223 | 530 | 180 | 140 | | | 320 |
| DD&A (\$ Millions) | 527 | 890 | 939 | 929 | 3,285 | 1,016 | 962 | | | 1,978 |

R&M

| | 2006 | | | | | | 2007 | | | | | |
|--|---------|---------|---------|---------|-------|---------|---------|---------|---------|-----|-------|--|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | | |
| | ===== | | | | | | | | | | | |
| R&M Net Income (\$ Millions) | 390 | 1,708 | 1,464 | 919 | 4,481 | 1,136 | 2,358 | | | | 3,494 | |
| United States (\$ Millions) | 297 | 1,433 | 1,444 | 741 | 3,915 | 896 | 1,879 | | | | 2,775 | |
| International (\$ Millions) | 93 | 275 | 20 | 178 | 566 | 240 | 479 | | | | 719 | |
| ----- | | | | | | | | | | | | |
| Market Indicators | | | | | | | | | | | | |
| U.S. East Coast Crack Spread (\$/bbl) | 7.52 | 15.21 | 10.54 | 7.86 | 10.28 | 11.81 | 22.57 | | | | 17.19 | |
| U.S. Gulf Coast Crack Spread (\$/bbl) | 8.28 | 17.26 | 11.00 | 6.77 | 10.83 | 10.06 | 24.28 | | | | 17.17 | |
| U.S. Group Central Crack Spread (\$/bbl) | 9.81 | 19.60 | 17.75 | 10.11 | 14.32 | 14.84 | 31.26 | | | | 23.05 | |
| U.S. West Coast Crack Spread (\$/bbl) | 18.87 | 32.47 | 21.70 | 20.36 | 23.35 | 28.68 | 34.32 | | | | 31.50 | |
| U.S. Weighted 3:2:1 Crack Spread (\$/bbl) | 10.56 | 20.39 | 14.86 | 10.49 | 14.07 | 15.30 | 27.56 | | | | 21.43 | |
| NW Europe Crack Spread (\$/bbl) | 10.18 | 15.20 | 14.18 | 11.46 | 12.75 | 12.06 | 15.56 | | | | 13.81 | |
| Singapore 3:1:2 Crack Spread (\$/bbl) | 10.58 | 19.30 | 15.13 | 11.03 | 14.01 | 14.06 | 17.94 | | | | 16.00 | |
| U.S. Wholesale Gasoline Mktg Mrgn (\$/bbl) | 0.71 | 1.83 | 5.75 | 1.81 | 2.52 | 1.15 | 2.09 | | | | 1.62 | |
| ----- | | | | | | | | | | | | |
| Realized Margins | | | | | | | | | | | | |
| Refining Margin (\$/bbl) | | | | | | | | | | | | |
| U.S. | 10.18 | 17.23 | 14.10 | 11.39 | 13.29 | 11.87 | 19.59 | | | | 15.70 | |
| International | 5.30 | 7.64 | 6.46 | 6.22 | 6.50 | 5.06 | 9.68 | | | | 7.42 | |
| ----- | | | | | | | | | | | | |
| Marketing Margin (\$/bbl)* | | | | | | | | | | | | |
| U.S. | 0.12 | 0.48 | 2.92 | 1.34 | 1.23 | 1.31 | 2.36 | | | | 1.84 | |
| International | 6.07 | 6.67 | 11.17 | 9.50 | 8.38 | 7.08 | 7.68 | | | | 7.39 | |
| ----- | | | | | | | | | | | | |
| DD&A (\$ Millions) | 239 | 253 | 246 | 266 | 1,004 | 191 | 196 | | | | 387 | |
| ----- | | | | | | | | | | | | |
| Turnaround Expense (\$ Millions) | 163 | 115 | 42 | 94 | 414 | 75 | 58 | | | | 133 | |
| ----- | | | | | | | | | | | | |
| Eastern U.S. | | | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 354 | 281 | 377 | 411 | 356 | 411 | 404 | | | | 407 | |
| Total Charge Input (MB/D) | 359 | 309 | 418 | 457 | 386 | 460 | 447 | | | | 453 | |
| Crude Oil Capacity Utilization (%) | 84% | 66% | 89% | 97% | 84% | 97% | 96% | | | | 96% | |
| Clean Product Yield (%) | 90% | 87% | 88% | 90% | 89% | 89% | 86% | | | | 87% | |
| ----- | | | | | | | | | | | | |
| U.S. Gulf Coast | | | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 529 | 681 | 730 | 737 | 670 | 744 | 709 | | | | 726 | |
| Total Charge Input (MB/D) | 587 | 777 | 822 | 812 | 750 | 823 | 790 | | | | 807 | |
| Crude Oil Capacity Utilization (%) | 72% | 93% | 100% | 101% | 91% | 102% | 97% | | | | 99% | |
| Clean Product Yield (%) | 74% | 81% | 83% | 80% | 80% | 81% | 81% | | | | 81% | |
| ----- | | | | | | | | | | | | |
| Western U.S. | | | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 386 | 419 | 420 | 397 | 406 | 333 | 388 | | | | 361 | |
| Total Charge Input (MB/D) | 419 | 443 | 446 | 426 | 433 | 375 | 420 | | | | 398 | |
| Crude Oil Capacity Utilization (%) | 94% | 101% | 102% | 96% | 98% | 81% | 94% | | | | 87% | |
| Clean Product Yield (%) | 79% | 81% | 80% | 79% | 80% | 79% | 79% | | | | 79% | |
| ----- | | | | | | | | | | | | |
| Central U.S. - Consolidated | | | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 571 | 619 | 600 | 583 | 593 | 185 | 170 | | | | 178 | |
| Total Charge Input (MB/D) | 613 | 663 | 638 | 621 | 634 | 188 | 175 | | | | 182 | |
| Crude Oil Capacity Utilization (%) | 89% | 97% | 94% | 91% | 93% | 99% | 91% | | | | 95% | |
| Clean Product Yield (%) | 84% | 86% | 85% | 85% | 85% | 88% | 93% | | | | 91% | |
| ----- | | | | | | | | | | | | |
| Central U.S. - Equity Affiliates - Net Share** | | | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | - | - | - | - | - | 265 | 225 | | | | 245 | |
| Total Charge Input (MB/D) | - | - | - | - | - | 288 | 250 | | | | 269 | |
| Crude Oil Capacity Utilization (%) | - | - | - | - | - | 96% | 81% | | | | 88% | |
| Clean Product Yield (%) | - | - | - | - | - | 82% | 85% | | | | 83% | |
| ----- | | | | | | | | | | | | |
| TOTAL UNITED STATES | | | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 1,840 | 2,000 | 2,127 | 2,128 | 2,025 | 1,938 | 1,896 | | | | 1,917 | |
| Total Charge Input (MB/D) | 1,978 | 2,192 | 2,324 | 2,316 | 2,203 | 2,134 | 2,082 | | | | 2,109 | |
| Crude Oil Capacity Utilization (%) | 83% | 91% | 96% | 96% | 92% | 95% | 93% | | | | 94% | |
| Clean Product Yield (%) | 81% | 83% | 84% | 83% | 83% | 83% | 83% | | | | 83% | |

| Refined Products Production (MB/D) | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Gasoline | 890 | 1,031 | 1,084 | 1,061 | 1,017 | 962 | 957 | 959 |
| Distillates | 684 | 764 | 821 | 824 | 774 | 762 | 736 | 749 |
| Other | 414 | 403 | 429 | 440 | 422 | 428 | 394 | 411 |
| Total | 1,988 | 2,198 | 2,334 | 2,325 | 2,213 | 2,152 | 2,087 | 2,119 |

| Petroleum Products Sales (MB/D) | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Gasoline | 1,258 | 1,300 | 1,369 | 1,416 | 1,336 | 1,258 | 1,300 | 1,279 |
| Distillates | 813 | 820 | 848 | 921 | 850 | 862 | 827 | 845 |
| Other | 517 | 555 | 519 | 535 | 531 | 480 | 503 | 491 |
| Total | 2,588 | 2,675 | 2,736 | 2,872 | 2,717 | 2,600 | 2,630 | 2,615 |

* Represents marketing sales price less product costs for all distribution channels other than commercial product supply.

** Represents a 50 percent and 85 percent interest in the Wood River and Borger refineries, respectively. These refineries were contributed to a business venture with EnCana, effective January 1, 2007.

R&M (continued)

| | 2006 | | | | | 2007 | | | | |
|--|---------|---------|---------|---------|-------|---------|---------|---------|---------|-------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| International - Consolidated* | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 357 | 505 | 474 | 461 | 450 | 503 | 505 | | | 504 |
| Total Charge Input (MB/D) | 369 | 550 | 503 | 494 | 479 | 532 | 528 | | | 530 |
| Crude Oil Capacity Utilization (%) | 94% | 92% | 86% | 83% | 88% | 91% | 92% | | | 91% |
| Clean Product Yield (%) | 71% | 64% | 69% | 72% | 69% | 68% | 67% | | | 67% |
| International - Equity Affiliates - Net Share** | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 133 | 144 | 143 | 144 | 141 | 120 | 145 | | | 133 |
| Total Charge Input (MB/D) | 137 | 149 | 149 | 147 | 145 | 121 | 146 | | | 134 |
| Crude Oil Capacity Utilization (%) | 94% | 102% | 102% | 102% | 100% | 83% | 101% | | | 92% |
| Clean Product Yield (%) | 82% | 82% | 81% | 80% | 81% | 77% | 79% | | | 78% |
| TOTAL INTERNATIONAL | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 490 | 649 | 617 | 605 | 591 | 623 | 650 | | | 637 |
| Total Charge Input (MB/D) | 506 | 699 | 652 | 641 | 624 | 653 | 674 | | | 664 |
| Crude Oil Capacity Utilization (%) | 94% | 94% | 89% | 87% | 91% | 90% | 93% | | | 92% |
| Clean Product Yield (%) | 74% | 68% | 72% | 74% | 72% | 70% | 69% | | | 69% |
| Refined Products Production (MB/D) | | | | | | | | | | |
| Gasoline | 142 | 165 | 165 | 172 | 161 | 160 | 159 | | | 159 |
| Distillates | 228 | 297 | 288 | 291 | 276 | 289 | 302 | | | 296 |
| Other | 130 | 233 | 190 | 170 | 181 | 195 | 203 | | | 199 |
| Total | 500 | 695 | 643 | 633 | 618 | 644 | 664 | | | 654 |
| Petroleum Products Sales (MB/D) | | | | | | | | | | |
| Gasoline | 197 | 225 | 204 | 186 | 203 | 176 | 186 | | | 181 |
| Distillates | 339 | 397 | 374 | 399 | 377 | 381 | 379 | | | 380 |
| Other | 159 | 249 | 171 | 135 | 179 | 156 | 174 | | | 165 |
| Total | 695 | 871 | 749 | 720 | 759 | 713 | 739 | | | 726 |
| Worldwide - Including Net Share of Equity Affiliates | | | | | | | | | | |
| Crude Oil Charge Input (MB/D) | 2,330 | 2,649 | 2,744 | 2,733 | 2,616 | 2,561 | 2,546 | | | 2,554 |
| Total Charge Input (MB/D) | 2,484 | 2,891 | 2,976 | 2,957 | 2,827 | 2,787 | 2,756 | | | 2,773 |
| Crude Oil Capacity Utilization (%) | 85% | 91% | 95% | 94% | 92% | 94% | 93% | | | 94% |
| Clean Product Yield (%) | 79% | 80% | 81% | 81% | 80% | 80% | 80% | | | 80% |
| Refined Products Production (MB/D) | | | | | | | | | | |
| Gasoline | 1,032 | 1,196 | 1,249 | 1,233 | 1,178 | 1,122 | 1,116 | | | 1,118 |
| Distillates | 912 | 1,061 | 1,109 | 1,115 | 1,050 | 1,051 | 1,038 | | | 1,045 |
| Other | 544 | 636 | 619 | 610 | 603 | 623 | 597 | | | 610 |
| Total | 2,488 | 2,893 | 2,977 | 2,958 | 2,831 | 2,796 | 2,751 | | | 2,773 |
| Petroleum Products Sales (MB/D) | | | | | | | | | | |
| Gasoline | 1,455 | 1,525 | 1,573 | 1,602 | 1,539 | 1,434 | 1,486 | | | 1,460 |
| Distillates | 1,152 | 1,217 | 1,222 | 1,320 | 1,227 | 1,243 | 1,206 | | | 1,225 |
| Other | 676 | 804 | 690 | 670 | 710 | 636 | 677 | | | 656 |
| Total | 3,283 | 3,546 | 3,485 | 3,592 | 3,476 | 3,313 | 3,369 | | | 3,341 |

* Represents our Humber refinery in the United Kingdom, the Whitegate refinery in Ireland, and, effective March 1, 2006, our Wilhelmshaven refinery in Germany.

** Represents 18.75 percent interest in a refinery complex in Karlsruhe, Germany; 16.33 percent interest in two refineries in Kralupy and Litvinov, Czech Republic; and 47 percent interest in a refinery in Melaka, Malaysia.

LUKOIL INVESTMENT

| | 2006 | | | | | 2007 | | | | |
|--------------------------|---------|---------|---------|---------|-------|---------|---------|---------|---------|-----|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| LUKOIL Investment | | | | | | | | | | |
| Net Income (\$ Millions) | 249 | 387 | 487 | 302 | 1,425 | 256 | 526 | | | 782 |

| | | | | | | | | | | |
|-------------------------------------|-----|-----|-----|-----|-----|-----|-----|--|--|-----|
| Upstream | | | | | | | | | | |
| Production* | | | | | | | | | | |
| Net crude oil production (MB/D) | 306 | 346 | 388 | 397 | 360 | 393 | 427 | | | 411 |
| Net natural gas production (MMCF/D) | 98 | 343 | 288 | 247 | 244 | 309 | 278 | | | 293 |
| BOE Total (MBOE/D) | 322 | 403 | 436 | 438 | 401 | 445 | 473 | | | 460 |

* Represents our estimated net share of LUKOIL's production.

| | | | | | | | | | | |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|--|--|-------|
| Industry Prices | | | | | | | | | | |
| Crude Oil (\$/bbl) | | | | | | | | | | |
| Urals crude (CIF Mediterranean) | 58.25 | 64.85 | 65.81 | 56.48 | 61.35 | 53.96 | 65.30 | | | 59.72 |

| | | | | | | | | | | |
|------------------------|-----|-----|-----|-----|-----|-----|-----|--|--|-----|
| Downstream | | | | | | | | | | |
| Refinery Throughput* | | | | | | | | | | |
| Crude Processed (MB/D) | 163 | 168 | 164 | 220 | 179 | 219 | 184 | | | 202 |

* Represents our estimated net share of LUKOIL's crude processed.

MIDSTREAM

| | 2006 | | | | | 2007 | | | | |
|------------------------------------|---------|---------|---------|---------|-----|---------|---------|---------|---------|-----|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Midstream Net Income (\$ Millions) | 110 | 108 | 169 | 89 | 476 | 85 | 102 | | | 187 |

| | | | | | | | | | | |
|--------------------------------------|----|----|-----|----|-----|----|----|--|--|-----|
| U.S. Equity Affiliate (\$ Millions)* | 93 | 91 | 128 | 73 | 385 | 50 | 76 | | | 126 |
|--------------------------------------|----|----|-----|----|-----|----|----|--|--|-----|

| | | | | | | | | | | |
|--------------------------------------|-----|-----|-----|-----|-----|-----|-----|--|--|-----|
| Natural Gas Liquids Extracted (MB/D) | | | | | | | | | | |
| Consolidated | | | | | | | | | | |
| United States | 23 | 22 | 23 | 21 | 22 | 15 | 23 | | | 19 |
| International | - | - | - | - | - | - | - | | | - |
| Equity Affiliates | | | | | | | | | | |
| United States* | 178 | 183 | 180 | 181 | 181 | 174 | 181 | | | 177 |
| International | 6 | 6 | 7 | 7 | 6 | 8 | 7 | | | 8 |
| Total | 207 | 211 | 210 | 209 | 209 | 197 | 211 | | | 204 |

* Represents 50 percent interest in DCP Midstream.

| | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|--|--|-----|
| Natural Gas Liquids Fractionated (MB/D) | | | | | | | | | | |
| United States* | 141 | 125 | 124 | 136 | 131 | 161 | 163 | | | 162 |
| International | 11 | 14 | 14 | 12 | 13 | 13 | 13 | | | 13 |
| Total | 152 | 139 | 138 | 148 | 144 | 174 | 176 | | | 175 |

* Excludes DCP Midstream.

| | | | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|--|--|-------|
| Product Prices | | | | | | | | | | |
| Weighted Average NGL (\$/bbl)* | | | | | | | | | | |
| Consolidated | 37.64 | 41.73 | 44.10 | 37.41 | 40.22 | 37.73 | 45.19 | | | 41.46 |
| DCP Midstream | 37.29 | 41.18 | 43.00 | 36.34 | 39.45 | 36.55 | 44.30 | | | 40.43 |

* Prices are based on index prices from the Mont Belvieu and Conway market hubs that are weighted by natural gas liquids component and location mix.

| | | | | | | | | | | |
|--------------------|---|---|---|---|----|---|---|--|--|---|
| DD&A (\$ Millions) | 7 | 8 | 7 | 7 | 29 | 4 | 3 | | | 7 |
|--------------------|---|---|---|---|----|---|---|--|--|---|

CHEMICALS

| | 2006 | | | | | 2007 | | | | |
|--|---------|---------|---------|---------|------|---------|---------|---------|---------|------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Chemicals | | | | | | | | | | |
| Net Income (Loss) (\$ Millions) | 149 | 103 | 142 | 98 | 492 | 82 | 68 | | | 150 |
| Industry Margins (Cents/Lb)* | | | | | | | | | | |
| Ethylene industry cash margin | 20.5 | 14.3 | 17.0 | 16.0 | 17.0 | 11.1 | 10.8 | | | 11.0 |
| HDPE industry contract sales margin | 15.9 | 14.0 | 13.9 | 11.9 | 13.9 | 13.5 | 14.6 | | | 14.1 |
| Styrene industry contract sales margin | 12.5 | 11.9 | 11.3 | 11.5 | 11.8 | 11.1 | 11.6 | | | 11.4 |

* Prices, economics and views expressed by CMAI are strictly the opinion of CMAI and Purvin & Gertz and are based on information collected within the public sector and on assessments by CMAI and Purvin & Gertz staff utilizing reasonable care consistent with normal industry practice. CMAI and Purvin & Gertz make no guarantee or warranty and assume no liability as to their use.

EMERGING BUSINESSES

| | 2006 | | | | | 2007 | | | | |
|---|---------|---------|---------|---------|------|---------|---------|---------|---------|------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Emerging Businesses | | | | | | | | | | |
| Net Income (Loss) (\$ Millions) | 8 | (12) | 11 | 8 | 15 | (1) | (12) | | | (13) |
| Detail of Net Income (Loss) (\$ Millions) | | | | | | | | | | |
| Power | 31 | 3 | 26 | 22 | 82 | 13 | (1) | | | 12 |
| Other | (23) | (15) | (15) | (14) | (67) | (14) | (11) | | | (25) |
| Total | 8 | (12) | 11 | 8 | 15 | (1) | (12) | | | (13) |

CORPORATE AND OTHER

| | 2006 | | | | | 2007 | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Corporate and Other | | | | | | | | | | |
| Net Income (Loss) (\$ Millions) | (168) | (412) | (301) | (306) | (1,187) | (341) | (337) | | | (678) |
| Detail of Net Income (Loss) (\$ Millions) | | | | | | | | | | |
| Net interest expense | (93) | (267) | (242) | (268) | (870) | (244) | (224) | | | (468) |
| Corporate overhead | (26) | (39) | (35) | (33) | (133) | (23) | (54) | | | (77) |
| Acquisition-related expenses | (5) | (39) | (32) | (22) | (98) | (13) | (16) | | | (29) |
| Other | (44) | (67) | 8 | 17 | (86) | (61) | (43) | | | (104) |
| Total | (168) | (412) | (301) | (306) | (1,187) | (341) | (337) | | | (678) |

Before-Tax Net Interest Expense
(\$ Millions)

| | | | | | | | | | | |
|----------------------------------|-------|-------|-------|-------|---------|-------|-------|--|--|-------|
| Interest expense | (226) | (468) | (417) | (434) | (1,545) | (395) | (411) | | | (806) |
| Capitalized interest | 111 | 107 | 110 | 130 | 458 | 135 | 139 | | | 274 |
| Interest revenue | 30 | 35 | 38 | 2 | 105 | 31 | 24 | | | 55 |
| Premium on early debt retirement | - | - | - | - | - | (17) | - | | | (17) |
| Total | (85) | (326) | (269) | (302) | (982) | (246) | (248) | | | (494) |

Debt

| | | | | | | | | | | |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--|--|--------|
| Total Debt (\$ Millions) | 32,193 | 29,510 | 27,807 | 27,134 | 27,134 | 23,668 | 22,812 | | | 22,812 |
| Debt-to-Capital Ratio | 30% | 27% | 25% | 24% | 24% | 22% | 21% | | | 21% |