AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER [ ], 2001

REGISTRATION NO. [ ]

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CORVETTEPORSCHE CORP.
(Exact name of Registrant as specified in its charter)

DELAWARE	2911	[ ]
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

---

600 NORTH DAIRY ASHFORD ROAD
HOUSTON, TEXAS 77079
(281) 293-1000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

RICK A. HARRINGTON, ESQ.
SENIOR VICE PRESIDENT AND GENERAL COUNSEL
CONOCO INC.
600 NORTH DAIRY ASHFORD ROAD
HOUSTON, TEXAS 77079
(281) 293-1000

J. BRYAN WHITWORTH, ESQ.
EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL AND
CHIEF ADMINISTRATIVE OFFICER
PHILLIPS PETROLEUM COMPANY
PHILLIPS BUILDING
BARTLESVILLE, OKLAHOMA 74004
(918) 661-6600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

RICHARD HALL, ESQ.
CRAVATH, SWAINE & MOORE
825 EIGHTH AVENUE
NEW YORK, NEW YORK 10019
(212) 474-1000

ANDREW R. BROWNSTEIN, ESQ.
WACHTELL, LIPTON, ROSEN & KATZ
51 WEST 52ND STREET
NEW YORK, NEW YORK 10019
(212) 403-1000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable after this registration statement becomes effective and the conditions to the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE

REGISTERED(1)	PER UNIT( ) PRICE(2)	REGISTRATION FEE(3)	
--- Common Stock, par value $0.01 per share.....	737,293,556	Not Applicable	$41,877,300,011	$10,008,675

(1) The maximum number of shares of common stock of CorvettePorsche Corp., a Delaware corporation, which will be renamed "ConocoPhillips" upon the completion of the merger described below and which we refer to as "New Parent," to be issued in the merger of a wholly owned subsidiary of New Parent with and into Conoco Inc., a Delaware corporation, and the merger of a wholly owned subsidiary of New Parent with and into Phillips Petroleum Company, a Delaware corporation, based on the exchange ratios of one share of Conoco common stock, par value $0.01 per share, to be exchanged for 0.4677 of a share of New Parent common stock, par value $0.01 per share, and one share of Phillips common stock, par value $1.25 per share, to be exchanged for one share of New Parent common stock.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended, and calculated pursuant to Rule 457(f) under the Securities Act. Pursuant to Rule 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price of New Parent common stock was calculated in accordance with Rule 457(c) under the Securities Act as the sum of (a)(i) $27.28, the average of the high and low prices per share of Conoco common stock as reported on the New York Stock Exchange on December 3, 2001, multiplied by (ii) 668,681,694, the aggregate number of shares of Conoco common stock to be converted into New Parent common stock in the merger or issuable pursuant to outstanding options or other equity-based awards prior to the date the merger is expected to be completed and (b)(i) $55.68, the average of the high and low prices per share of Phillips common stock as reported on the New York Stock Exchange on December 3, 2001, multiplied by (ii) 424,551,128, the aggregate number of shares of Phillips common stock to be exchanged for New Parent common stock in the merger or issuable pursuant to outstanding options or other equity-based awards prior to the date the merger is expected to be completed.

(3) Calculated by multiplying the proposed maximum aggregate offering price by 0.000239.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PRELIMINARY DRAFT DATED DECEMBER 7, 2001 -- SUBJECT TO COMPLETION

[LOGO OF CONOCO TO COME] [LOGO OF PHILLIPS TO COME]

To the stockholders of Conoco Inc. and Phillips Petroleum Company:

PROPOSED MERGER OF CONOCO AND PHILLIPS

The Boards of Directors of Conoco Inc. and Phillips Petroleum Company each have unanimously approved a combination of the two companies to form ConocoPhillips. ConocoPhillips will be the third largest integrated energy company in the United States based on market capitalization, oil and gas reserves and production. It will be the fifth largest refiner and the sixth largest non-governmentally owned energy company worldwide based on oil and gas reserves.

Upon completion of the merger, Conoco stockholders will receive 0.4677 of a share of ConocoPhillips common stock, par value $0.01 per share, for each share of Conoco common stock and Phillips stockholders will receive one share of ConocoPhillips common stock for each share of Phillips common stock. As a result, former Conoco stockholders will hold approximately 43.4%, and former Phillips stockholders will hold approximately 56.6%, of the outstanding shares of ConocoPhillips common stock. We expect that ConocoPhillips common stock will be listed on the New York Stock Exchange under the symbol "COP."

Conoco and Phillips each will hold a special meeting of stockholders to consider and vote on this proposal. Whether or not you plan to attend your company's special meeting, please take the time to submit a proxy by following the instructions on your proxy card.

The places, dates and times of the special meetings are as follows:

FOR CONOCO STOCKHOLDERS:
[ ], 2002, at [ ] [a.m.] [p.m.]
[address]

FOR PHILLIPS STOCKHOLDERS:
[ ], 2002, at [ ] [a.m.] [p.m.]
The Adams Building
4th Street and Keeler Avenue
Bartlesville, Oklahoma 74004

WE ENTHUSIASTICALLY SUPPORT THIS COMBINATION OF OUR COMPANIES AND JOIN WITH OUR BOARDS OF DIRECTORS IN RECOMMENDING THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

Sincerely,

Archie W. Dunham
Chairman and Chief Executive Officer
Conoco Inc.

Sincerely,

J.J. Mulva
Chairman and Chief Executive Officer
Phillips Petroleum Company

FOR A DISCUSSION OF RISK FACTORS THAT YOU SHOULD CONSIDER IN EVALUATING THE MERGER, SEE "RISK FACTORS RELATING TO THE MERGER" BEGINNING ON PAGE [12].

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger and other transactions described in this joint proxy statement/prospectus or the ConocoPhillips common stock to be issued in connection with the merger, or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [ ]
and is first being mailed to stockholders on or about [ ].

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Conoco and Phillips from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone or over the Internet from the appropriate company at the following addresses:

CONOCO INC.
600 NORTH DAIRY ASHFORD ROAD
HOUSTON, TEXAS 77079
(281) 293-6800
ATTENTION: SHAREHOLDER RELATIONS
E-MAIL: SHAREHOLDER.RELATIONS@CONOCO.COM

OR

INNISFREE M&A INCORPORATED
501 MADISON AVENUE
NEW YORK, NEW YORK 10022
TOLL FREE: (800) [ ]
[E-MAIL:]

PHILLIPS PETROLEUM COMPANY
1234 ADAMS BUILDING
BARTLESVILLE, OKLAHOMA 74004
(918) 661-[ ]
ATTENTION: DALE J. BILLAM, SECRETARY
AND SENIOR COUNSEL
[E-MAIL:]

OR

GEORGESON SHAREHOLDER COMMUNICATIONS, INC.
17 STATE STREET
NEW YORK, NEW YORK 10004
TOLL FREE: (800) [ ]
[E-MAIL:]

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY [ ], 2002, IN ORDER TO RECEIVE THEM BEFORE YOUR SPECIAL MEETING.

See "Where You Can Find More Information" on page [ ].

[LOGO OF CONOCO TO COME]

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD [DATE], 2002

To the Stockholders of Conoco Inc.:

We will hold a special meeting of the stockholders of Conoco Inc. on [date], 2002, at [time], local time, at [address] to consider and vote on the following proposal:

> Adopt the Agreement and Plan of Merger, dated as of November 18, 2001, by and among Conoco, Phillips Petroleum Company, a Delaware corporation, CorvettePorsche Corp., a Delaware corporation, which will be renamed "ConocoPhillips" upon completion of the merger and which we refer to as "New Parent," Corvette Merger Corp., a Delaware corporation and a wholly owned subsidiary of New Parent, and Porsche Merger Corp., a Delaware corporation and a wholly owned subsidiary of New Parent.

Pursuant to the merger agreement, Porsche Merger Corp. will merge with and into Phillips and Corvette Merger Corp. will merge with and into Conoco, with each of Phillips and Conoco becoming wholly owned subsidiaries of New Parent. At the time of the merger, each outstanding share of Conoco common stock, par value $0.01 per share, will be converted into the right to receive 0.4677 of a share of New Parent common stock, par value $0.01 per share, and each outstanding share of Phillips common stock, par value $1.25 per share, will be converted into the right to receive one share of New Parent common stock.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of it by the Conoco Board of Directors.

Only Conoco stockholders of record at the close of business on [ ], the record date for the special meeting, may vote at the special meeting and any adjournments or postponements of it. A complete list of Conoco stockholders of record entitled to vote at the special meeting will be available for the 10 days before the special meeting at our executive offices for inspection by Conoco stockholders during ordinary business hours for proper purposes.

Your vote is very important. Please submit your proxy as soon as possible to make sure that your shares are represented at the special meeting. To do so, you may complete and return the enclosed proxy card or you may be able to submit your proxy or voting instructions by telephone or over the Internet. If you are a stockholder of record of Conoco common stock, you also may cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct it on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the merger.

FOR MORE INFORMATION ABOUT THE MERGER DESCRIBED ABOVE AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT, PLEASE REVIEW THE ACCOMPANYING JOINT PROXY STATEMENT/PROSPECTUS AND THE MERGER AGREEMENT ATTACHED TO IT AS ANNEX A.

THE CONOCO BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

By Order of the Conoco Board of Directors,

E. Julia Lambeth
Corporate Secretary

[ ]
Houston, Texas

[LOGO OF PHILLIPS TO COME]

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD [DATE], 2002

To the Stockholders of Phillips Petroleum Company:

We will hold a special meeting of the stockholders of Phillips Petroleum Company on [date], 2002, at [time], local time, at the Adams Building, 4th Street and Keeler Avenue, Bartlesville, Oklahoma to consider and vote on the following proposal:

Adopt the Agreement and Plan of Merger dated as of November 18, 2001, by and among Phillips, Conoco Inc., a Delaware corporation, CorvettePorsche Corp., a Delaware corporation, which will be renamed "ConocoPhillips" upon completion of the merger and which we refer to as "New Parent," Corvette Merger Corp., a Delaware corporation and a wholly owned subsidiary of New Parent, and Porsche Merger Corp., a Delaware corporation and a wholly owned subsidiary of New Parent.

Pursuant to the merger agreement, Porsche Merger Corp. will merge with and into Phillips and Corvette Merger Corp. will merge with and into Conoco, with each of Phillips and Conoco becoming wholly owned subsidiaries of New Parent. At the time of the merger, each outstanding share of Phillips common stock, par value $1.25 per share, will be converted into the right to receive one share of New Parent common stock, par value $0.01 per share, and each outstanding share of Conoco common stock, par value $.01 per share, will be converted into the right to receive 0.4677 of a share of New Parent common stock.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of it by the Phillips Board of Directors.

Only Phillips stockholders of record at the close of business on [ ], the record date for the special meeting, may vote at the special meeting and any adjournments or postponements of it. A complete list of Phillips stockholders of record entitled to vote at the special meeting will be available for the 10 days before the special meeting at the office of the Secretary for inspection by Phillips stockholders during ordinary business hours for proper purposes.

Your vote is very important. Please submit your proxy as soon as possible to make sure that your shares are represented at the special meeting. To do so, you may complete and return the enclosed proxy card or you may be able to submit your proxy or voting instructions by telephone [or over the Internet]. If you are a stockholder of record of Phillips common stock, you also may cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct them on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the merger.

FOR MORE INFORMATION ABOUT THE MERGER DESCRIBED ABOVE AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT, PLEASE REVIEW THE ACCOMPANYING JOINT PROXY STATEMENT/PROSPECTUS AND THE MERGER AGREEMENT ATTACHED TO IT AS ANNEX A.

THE PHILLIPS BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

By Order of the Phillips Board of Directors,

Dale J. Billam
Secretary

[ ]
Bartlesville, Oklahoma

TABLE OF CONTENTS

ANNEXES

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHEN AND WHERE ARE THE SPECIAL MEETINGS OF STOCKHOLDERS?

A: The special meeting of Conoco stockholders will take place on [date], 2002, at [address]. The special meeting of Phillips stockholders will take place on [date], 2002, at the Adams Building, 4th Street and Keeler Avenue, Bartlesville, Oklahoma.

Q: WHAT STOCKHOLDER APPROVALS ARE REQUIRED TO APPROVE THE MERGER?

A: For both Conoco and Phillips, the affirmative vote of a majority of the shares outstanding and entitled to vote as of the respective record dates is required to adopt the merger agreement.

As of the Conoco record date, Conoco directors and officers held and were entitled to vote less than [ ]% of the Conoco common stock outstanding.

As of the Phillips record date, Phillips directors and officers held and were entitled to vote less than [ ]% of the Phillips common stock outstanding.

Q: WHY ARE CONOCO AND PHILLIPS GOING TO MERGE?

A: We believe that the merger will provide substantial strategic and financial benefits to Conoco and Phillips and their stockholders, including:

- expanded scope and scale to succeed as a major integrated oil company in the changing marketplace,
- strategic fit and compatibility,
- strong financial position, and
- cost savings.

To review the reasons for the merger in greater detail, see pages [ ] through [ ].

Q: WHAT WILL HAPPEN IN THE MERGER?

A: Prior to entering into the merger agreement, Conoco and Phillips formed CorvettePorsche Corp. which will be renamed "ConocoPhillips" upon the completion of the merger and which we refer to as "New Parent." New Parent, in turn, formed two merger subsidiaries, Corvette Merger Corp. and Porsche Merger Corp. Corvette Merger Corp. will merge with and into Conoco and Porsche Merger Corp. will merge with and into Phillips. As a result:

- Conoco and Phillips will become wholly owned subsidiaries of New Parent, and
- former Conoco stockholders will hold approximately 43.4%, and former Phillips stockholders will hold approximately 56.6%, of the outstanding shares of New Parent common stock.

Q: WHAT WILL BE THE NAME OF THE COMBINED COMPANY AFTER THE MERGER?

A: After the completion of the merger, the name of the new public company will be "ConocoPhillips."

Q: WHAT WILL I RECEIVE FOR MY SHARES?

A: A Conoco stockholder will receive 0.4677 of a share of New Parent common stock for each share of Conoco common stock that the stockholder owns, with cash instead of any fractional shares of New Parent common stock.

A Phillips stockholder will receive one share of New Parent common stock for each share of Phillips common stock that the stockholder owns.

Example: If a Conoco stockholder currently owns 100 shares of Conoco common stock, after the merger, the stockholder will be entitled to receive 46 shares of New Parent common stock and an amount in cash equal to the value of 0.77 of a share of New Parent common stock, based on the closing price per share of New Parent common stock on the first trading day following the date on which the merger is completed.

Example: If a Phillips stockholder currently owns 100 shares of Phillips common stock, after the merger, the stockholder will be entitled to receive 100 shares of New Parent common stock.

Q: WHAT HAPPENS TO MY FUTURE DIVIDENDS?

A: Pursuant to the merger agreement, Conoco and Phillips each are prohibited from making any changes to their dividend policies prior to the completion of the merger without the consent of the other. We expect that, after the completion of the merger, New Parent will adopt a competitive dividend policy.

Q: WHAT ARE MY U.S. FEDERAL TAX CONSEQUENCES AS A RESULT OF THE MERGER?

A: We have structured the transaction so that it is anticipated that the merger of Corvette Merger Corp. with and into Conoco and the merger of Porsche Merger Corp. with and into Phillips each will be a reorganization for U.S. federal income tax purposes and/or that the mergers, taken together, will constitute an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended. Conoco and Phillips will not be obligated to complete the merger unless they receive legal opinions to this effect. If each of the merger of Corvette Merger Corp. with and into Conoco and the merger of Porsche Merger Corp. with and into Phillips is a reorganization for U.S. federal income tax purposes and/or the mergers, taken together, constitute an exchange described in Section 351 of the Internal Revenue Code, Conoco stockholders and Phillips stockholders will not recognize gain or loss for U.S. federal income tax purposes in the transaction (except with respect to any cash received instead of fractional shares of New Parent common stock). You are strongly urged to consult with a tax advisor to determine the particular U.S. federal, state or local or foreign income or other tax consequences as of the merger to you.

Q: WHAT DO I NEED TO DO NOW?

A: After carefully reading and considering the information contained in this document, please complete and sign your proxy card and return it in the enclosed postage-paid envelope as soon as possible so that your shares may be represented at your special meeting. You also may submit your proxy by telephone or over the Internet by following the instructions on your proxy card.

If you sign, date and send your proxy and do not indicate how you want to vote, your proxy will be voted for the approval of the proposal.

Q: WHAT DO I DO IF I WANT TO CHANGE MY VOTE?

A: Send a later-dated, signed proxy card to your company's Secretary prior to the date of your special meeting or attend your company's special meeting in person and vote. You also may revoke your proxy by sending a notice of revocation to your company's Secretary at the address under "Summary -- The Companies" on page [ ]. You may also change or revoke your proxy by telephone or over the Internet, regardless of the procedure used to deliver your previous proxy.

Q: IF MY BROKER HOLDS MY SHARES IN "STREET NAME," WILL MY BROKER VOTE MY SHARES?

A: If you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them on the merger proposal. You should, therefore, be sure to provide your broker with instructions on how to vote your shares. Stockholders should check the voting form provided by their brokers to see if they offer telephone or Internet voting.

If you do not give voting instructions to your broker, your votes will not be counted as voting for the merger unless you appear and vote in person at your special meeting. If your broker holds your shares and you attend the special meeting, please bring a letter from your broker identifying you as the beneficial owner of the shares and authorizing you to vote.

Q: WHAT WILL HAPPEN IF I ABSTAIN FROM VOTING OR FAIL TO VOTE?

A: An abstention or failure to vote will have the same effect as a vote against the merger.

Q: WHO ELSE MUST APPROVE THE MERGER?

A: Under the Hart-Scott-Rodino Act of 1976, as amended, Conoco and Phillips may not complete the merger until they have furnished certain information and materials to the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission and the applicable waiting period has expired or been terminated.

Completion of the merger is also subject to approval under the competition laws of the European Union, Canada and those other regulatory authorities where the failure to obtain those approvals would have a material adverse effect on New Parent after completion of the merger.

We have made or intend to make the relevant filings as soon as practicable. See "The Merger -- Regulatory Matters" on page [ ].

Q: WHEN DO YOU EXPECT TO COMPLETE THE MERGER?

A: We expect to complete the merger in the second half of 2002.

Q: SHOULD I SEND IN MY SHARE CERTIFICATES NOW?

A: No. After the merger is completed, we will send Conoco stockholders written instructions for exchanging their share certificates. The share certificates of Phillips stockholders immediately prior to the completion of the merger will be deemed to represent New Parent common stock following the merger. Phillips stockholders, however, may elect to exchange their Phillips share certificates for New Parent share certificates at their option.

Q: DO I HAVE APPRAISAL RIGHTS?

A: No. Neither the Conoco stockholders nor the Phillips stockholders will have appraisal rights under Delaware law as a result of the merger.

Q: WHO CAN HELP ANSWER MY QUESTIONS?

A: If you have any questions about the merger or if you need additional copies of this document or the enclosed proxy card, you should contact:

Conoco stockholders:

Conoco Inc.
600 North Dairy Ashford
Houston, Texas 77079
(281) 293-6800
Attention: Shareholder Relations
e-mail: shareholder.relations@conoco.com

or

Innisfree M&A Incorporated
501 Madison Avenue
New York, New York 10022
Toll free: (800) [ ]
[email:]

Phillips stockholders:

Phillips Petroleum Company
1234 Adams Building
Bartlesville, Oklahoma 74004
(918) 661-[ ]
Attention: Dale J. Billam, Secretary and Senior Counsel
[e-mail:]

or

Georgeson Shareholder Communications, Inc.
17 State Street
New York, New York 10004
Toll free: (800) [ ]
[email:]

Q: WHERE CAN I FIND MORE INFORMATION ABOUT THE COMPANIES?

A: You can find more information about Conoco and Phillips from various sources described under "Where You Can Find More Information" on page [ ].

SUMMARY

This summary highlights selected information from this document and may not contain all the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the annexes, and the other documents to which we have referred you. For information on how to obtain the documents that we have filed with the Securities and Exchange Commission, see "Additional Information" on the inside front cover of this document and "Where You Can Find More Information" on page [ ].

Throughout this document when we use the term "New Parent," we are referring to the newly formed holding company CorvettePorsche Corp., which will be renamed "ConocoPhillips" upon the completion of the merger. Unless the context requires otherwise, when we use the term "merger," we are referring to (1) the merger of Corvette Merger Corp. with and into Conoco, with Conoco being the surviving corporation, and (2) the merger of Porsche Merger Corp. with and into Phillips, with Phillips being the surviving corporation, collectively.

THE COMPANIES

CONOCO INC.
600 North Dairy Ashford Road
Houston, Texas 77079
(281) 293-1000

Conoco is an integrated, international energy company with operations in more than 40 countries. Headquartered in Houston, Texas, Conoco and its wholly owned subsidiaries had approximately 20,000 employees and $27.7 billion in assets at September 30, 2001. For additional information about Conoco and its business, see "Where You Can Find More Information" on page [ ].

PHILLIPS PETROLEUM COMPANY
Phillips Building
4th Street and Keeler Avenue
Bartlesville, Oklahoma 74004
(918) 661-6600

Phillips is an integrated petroleum company with interests around the world. Headquartered in Bartlesville, Oklahoma, Phillips and its wholly owned subsidiaries had approximately 38,600 employees and $35.4 billion in assets at September 30, 2001. For additional information about Phillips and its business, see "Where You Can Find More Information" on page [ ].

CORVETTEPORSCHE CORP.
600 North Dairy Ashford Road
Houston, Texas 77079
[(281) 293-1000]

Conoco and Phillips formed New Parent solely for the purpose of effecting the merger and to date New Parent has not conducted any activities other than those incident to its formation, the execution of the merger agreement and the preparation of this document. Upon completion of the merger, Conoco and Phillips will become wholly owned subsidiaries of New Parent and the business of New Parent will be the businesses currently conducted by Conoco and Phillips.

THE MERGER

The merger agreement is attached as Annex A to this document. We encourage you to read the merger agreement carefully and in its entirety. It is the principal document governing the merger.

WHAT YOU WILL RECEIVE IN THE MERGER

CONOCO STOCKHOLDERS (PAGE [ ]). In the merger, each share of Conoco common stock will be converted into the right to receive 0.4677 of a share of New Parent common stock.

PHILLIPS STOCKHOLDERS (PAGE [ ]). In the merger, each share of Phillips common stock will be converted into the right to receive one share of New Parent common stock.

RECOMMENDATIONS OF THE BOARDS OF DIRECTORS

CONOCO (PAGE [ ]). At its meeting on November 18, 2001, after due consideration, the Conoco Board of Directors unanimously:

- determined that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Conoco stockholders,
- approved the merger agreement, and
- recommended that Conoco stockholders vote for the adoption of the merger agreement.

PHILLIPS (PAGE [ ]). At its meeting on November 17, 2001, after due consideration, the Phillips Board of Directors unanimously:

- determined that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Phillips stockholders,
- approved the merger agreement, and
- recommended that Phillips stockholders vote for the adoption of the merger agreement.

TO REVIEW THE BACKGROUND AND REASONS FOR THE MERGER IN GREATER DETAIL, SEE PAGES [ ] THROUGH [ ].

FAIRNESS OPINIONS OF FINANCIAL ADVISORS

CONOCO (PAGE [ ]). In deciding to approve the merger, the Conoco Board of Directors considered the oral opinion of Morgan Stanley & Co. Incorporated delivered on November 18, 2001, and subsequently confirmed in writing, and the written opinion of Salomon Smith Barney Inc. dated November 18, 2001, that, as of the date of each opinion and subject to and based on the considerations in each opinion, the exchange ratio of 0.4677 shares of New Parent common stock for each share of Conoco common stock in the merger is fair from a financial point of view to the holders of Conoco common stock. In its analysis of the fairness of the Conoco exchange ratio, each of Morgan Stanley and Salomon Smith Barney took into account, among other considerations set forth in its opinion, the exchange ratio of one share of New Parent common stock for each share of Phillips common stock in the merger. The written opinions of Morgan Stanley and Salomon Smith Barney are attached as Annexes D and E, respectively, to this document. WE ENCOURAGE CONOCO STOCKHOLDERS TO READ EACH OF THESE OPINIONS CAREFULLY AND IN ITS ENTIRETY.

PHILLIPS (PAGE [ ]). In deciding to approve the merger, the Phillips Board of Directors considered the oral opinions of Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each delivered on November 17, 2001 and each subsequently confirmed in writing on November 18, 2001, as to the fairness, from a financial point of view, as of the date of each opinion, to the holders of Phillips common stock of the exchange ratio of one share of New Parent common stock for each share of Phillips common stock relative to the exchange ratio of 0.4677 of a share of New Parent common stock for each share of Conoco common stock pursuant to the merger agreement. The written opinions of Goldman Sachs, JPMorgan and Merrill Lynch are attached as Annexes F, G and H,

respectively, to this document. WE ENCOURAGE PHILLIPS STOCKHOLDERS TO READ EACH OF THESE OPINIONS CAREFULLY AND IN ITS ENTIRETY.

INTERESTS OF DIRECTORS AND MANAGEMENT IN THE MERGER

CONOCO (PAGE [ ]). Conoco stockholders should note that some Conoco directors and officers have interests in the merger that are different in certain respects from the interests of other Conoco stockholders. As provided in the merger agreement, upon the completion of the merger, eight Conoco designees (including Archie W. Dunham, Chairman and Chief Executive Officer of Conoco) and eight Phillips designees will become members of the New Parent Board of Directors. The merger agreement also provides that Mr. Dunham will become Chairman of New Parent. Conoco, New Parent and Mr. Dunham have entered into an employment agreement that will become effective upon completion of the merger.

PHILLIPS (PAGE [ ]). Phillips stockholders should note that some Phillips directors and officers have interests in the merger that are different in certain respects from the interests of other Phillips stockholders. As provided in the merger agreement, upon the completion of the merger, eight Phillips designees (including J. J. Mulva, Chairman and Chief Executive Officer of Phillips) and eight Conoco designees will become members of the New Parent Board of Directors. The merger agreement also provides that Mr. Mulva will become Chief Executive Officer and President of New Parent. Phillips, New Parent and Mr. Mulva have entered into an employment agreement that will become effective upon completion of the merger.

CONDITIONS TO THE COMPLETION OF THE MERGER (PAGE [ ])

Each of Conoco's and Phillips' obligation to complete the merger is subject to the satisfaction or waiver of a number of conditions, including the following:

- the merger agreement is adopted by the majority of the outstanding Conoco shares and the majority of the outstanding Phillips shares entitled to vote on the adoption of the merger agreement,

- no legal prohibition on consummation of the merger is in effect,

- the applicable waiting period under U.S. antitrust laws has expired or been terminated,

- approvals have been obtained from the relevant foreign antitrust entities,

- the shares of New Parent common stock have been approved for listing on the New York Stock Exchange,

- our respective representations and warranties in the merger agreement are true and correct, to the extent set forth in the merger agreement,

- we have complied with our respective covenants and agreements in the merger agreement, to the extent set forth in the merger agreement, and

- we each receive an opinion of tax counsel to the effect that for U.S. federal income tax purposes the merger of Corvette Merger Corp. with and into Conoco, in the case of the opinion received by Conoco, and the merger of Porsche Merger Corp. with and into Phillips, in the case of the opinion received by Phillips, will constitute a reorganization and/or the mergers, taken together, will constitute an exchange described in Section 351 of the Internal Revenue Code.

TERMINATION OF THE MERGER AGREEMENT (PAGE [ ])

Conoco and Phillips can jointly agree to terminate the merger agreement at any time. Either company may also terminate the merger agreement if:

- the merger is not completed on or before May 18, 2003, so long as the failure to complete the merger before that date is not the result of the failure by the terminating company to fulfill any of its obligations under the merger agreement,

- government actions do not permit the completion of the merger, so long as the terminating company has used its reasonable best efforts to obtain all necessary governmental approvals and lift any injunctions,

- either Conoco stockholders or Phillips stockholders fail to adopt the merger agreement at a duly held special meeting of those stockholders,

- the other company's board of directors fails to recommend that its stockholders adopt the merger agreement, or changes its recommendation, or fails to call its special meeting of stockholders,

- the other company breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the merger agreement and the breach or failure cannot be cured on or before May 18, 2003, or

- prior to the receipt of the approval of its stockholders, it terminates the merger agreement in connection with a superior proposal as provided in the merger agreement.

TERMINATION FEES (PAGE [ ])

Conoco and Phillips have each agreed to pay a termination fee of $550 million to the other company if the merger agreement is terminated in the circumstances described on pages [ ] through [ ].

"NO SOLICITATION" COVENANT (PAGE [ ])

The merger agreement contains detailed provisions prohibiting Conoco and Phillips from seeking an alternative transaction. The no solicitation covenant generally prohibits Conoco and Phillips, as well as their officers, directors, subsidiaries, employees, agents and representatives, from taking any action to solicit an acquisition proposal as described on page [ ]. The merger agreement does not, however, prohibit either Conoco or Phillips or its respective Board of Directors from considering, and potentially recommending, an unsolicited bona fide written superior proposal from a third party in the circumstances described on pages [ ] through [ ].

COMPARATIVE MARKET PRICE INFORMATION (PAGE [ ])

Shares of Conoco common stock are listed on the New York Stock Exchange, and shares of Phillips common stock are listed on the New York Stock Exchange, the Pacific Exchange and the Toronto Stock Exchange. The following table presents the last reported sale price per share of Conoco common stock and Phillips common stock, as reported on the New York Stock Exchange Composite Transaction reporting system on November 16, 2001, the last full trading day prior to the public announcement of the merger, and on [ ], the last trading day for which this information could be obtained prior to the date of this document.

CONOCO COMMON STOCK	PHILLIPS COMMON STOCK
November 16, 2001	$24.30	$51.82
[ ]	[ ]	[ ]

SELECTED HISTORICAL FINANCIAL DATA

Conoco and Phillips are providing the following financial information to aid you in your analysis of the financial aspects of the merger. The selected financial data of Conoco has been derived from the audited consolidated financial statements and related notes of Conoco for each of the years in the five-year period ended December 31, 2000, and the unaudited consolidated financial statements for the nine months ended September 30, 2001, and September 30, 2000. The selected financial data of Phillips has been derived from the audited consolidated financial statements and related notes of Phillips for each of the years in the five-year period ended December 31, 2000, and the unaudited consolidated financial statements for the nine months ended September 30, 2001, and September 30, 2000. This information is only a summary and you should read it in conjunction with the historical consolidated financial statements of Conoco and Phillips and the related notes contained in the annual reports and other information that Conoco and Phillips have previously filed with the Securities and Exchange Commission. See "Where You Can Find More Information" on page [ ].

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CONOCO

NINE MONTHS ENDED SEPTEMBER 30		YEARS ENDED DECEMBER 31				
2001	2000	2000	1999	1998	1997	1996
		MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS				
Sales and other operating revenues						
$30,345	28,468	38,737	27,039	22,796		
25,796	24,230	Income before extraordinary item and cumulative effect of change in accounting principle				
1,352	1,902	744	450	1,097	863	
Per common share:						
Basic						
2.32	2.16	3.05	1.19	.95	2.51	1.98
Diluted						
2.28	2.14	3.00	1.17	.95	2.51	1.98
Net Income						
1,462	1,352	1,902	744	450	1,097	863
Per common share:						
Basic						
2.34	2.16	3.05	1.19	.95	2.51	1.98
Diluted						
2.30	2.14	3.00	1.17	.95	2.51	1.98
Total assets						
27,683	18,043	18,127	16,375	16,075		
17,062	15,226	Long-term debt				
8,040						
4,266	4,138	4,080	4,689	1,556	2,388	
Cash dividends declared per common share*						
0.57	0.57	0.76	0.71	--	--	--

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* Dividends were declared on a quarterly basis throughout 2001, 2000 and 1999. The first quarter dividend of 1999 of $0.14 per share was determined on a pro rata basis covering the period from October 27, 1998, the date of Conoco's initial public offering, to December 31, 1998, and is equivalent to $0.19 per share for a full quarter.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF PHILLIPS

NINE MONTHS ENDED SEPTEMBER 30	YEARS ENDED DECEMBER 31					
2001	2000	2000	1999	1998	1997	1996
MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS						
Sales and other operating revenues	$16,741	$16,578	$22,690*	$15,396*	$13,208*	$16,545*
Income before extraordinary item and cumulative effect of change in accounting principle	1,481	1,118	1,862	609	237	959
Per common share:						
Basic	5.63	4.40	7.32	2.41	.92	3.64
Diluted	5.59	4.37	7.26	2.39	.91	3.61
Net Income	1,499	1,118	1,862	609	237	959
Per common share:						
Basic	5.70	4.40	7.32	2.41	.92	3.64
Diluted	5.66	4.37	7.26	2.39	.91	3.61
Pro forma income before extraordinary item assuming the new turnaround accounting method is applied retroactively**	1,481	1,106	1,851	609	242	971
Per common share:						
Basic	5.63	4.35	7.27	2.41	.94	3.69
Diluted	5.59	4.32	7.22	2.39	.93	3.66
Pro forma net income assuming the new turnaround accounting method is applied retroactively**	1,471	1,106	1,851	609	242	971
Per common share:						
Basic	5.59	4.35	7.27	2.41	.94	3.69
Diluted	5.55	4.32	7.22	2.39	.93	3.66
Total assets	35,350	20,580	20,509	15,201	14,216	13,860
Long-term debt	7,838	7,509	6,622	4,271	4,106	2,775
Mandatorily redeemable preferred securities of Phillips 66 Capital Trusts I and II	650	650	650	650	650	650
Cash dividends declared per common share	1.04	1.02	1.36	1.36	1.36	1.34

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* Restated to include excise taxes on the sale of petroleum products.

** Reflects the pro forma effects of retroactive application of the change in accounting method for major maintenance turnarounds from the accrue-in-advance method to the expense-as-incurred method.

SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following selected unaudited pro forma combined financial data has been derived from and should be read together with the unaudited pro forma combined financial statements and related notes on pages [ ] through [ ]. This information is based on the historical consolidated balance sheets and related adjusted historical consolidated statements of income of Conoco and Phillips, and gives effect to the merger using the purchase method of accounting for business combinations. Conoco's historical income statements have been adjusted for the pro forma impact of the acquisition of Gulf Canada Resources Limited effective July 1, 2001, and Phillips' historical income statements have been adjusted to reflect the pro forma impact of the acquisition of Tosco Corporation on September 14, 2001. In addition, Phillips' historical income statement for 2000 has been adjusted to reflect the pro forma impact of the acquisition of ARCO's Alaska businesses and the formation of the Duke Energy Field Services and Chevron Phillips Chemical Company joint ventures during 2000.

The companies may have performed differently had they always been combined. You should not rely on the selected unaudited pro forma combined financial data as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that New Parent will experience after the merger.

	NINE MONTHS ENDED SEPTEMBER 30, 2001	YEAR ENDED DECEMBER 31, 2000
MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS INCOME STATEMENT DATA		
Sales and other operating revenues	$68,966	89,570
Income before extraordinary item and cumulative effect of change in accounting principle	3,581	4,535
Income before extraordinary item and cumulative effect of change in accounting principle per common share		
Basic	5.32	6.76
Diluted	5.26	6.67

AT SEPTEMBER 30, 2001	
BALANCE SHEET DATA	
Total assets	$73,990
Long-term debt	15,878

COMPARATIVE PER SHARE DATA

Set forth below are net income, cash dividends and book value per common share amounts for Conoco and Phillips on a historical basis, Conoco and Phillips on a pro forma combined basis per Phillips common share, and Conoco and Phillips on a pro forma combined basis per Conoco-equivalent common share.

The pro forma combined data were derived by combining the adjusted historical consolidated financial information of Conoco and Phillips using the purchase method of accounting for business combinations as described under "Unaudited Pro Forma Combined Financial Information." Conoco's historical income statements have been adjusted for the pro forma impact of the acquisition of Gulf Canada effective July 1, 2001, and Phillips' historical income statements have been adjusted to reflect the pro forma impact of the acquisition of Tosco on September 14, 2001. In addition, Phillips' historical income statement for 2000 has been adjusted to reflect the pro forma impact of the acquisition of ARCO's Alaska businesses and the formation of the Duke Energy Field Services and Chevron Phillips Chemical Company joint ventures during 2000.

The Conoco-equivalent common share pro forma information shows the effect of the merger from the perspective of an owner of Conoco common stock. The information was computed by multiplying the New Parent pro forma information by the exchange ratio of 0.4677.

You should read the information below together with our historical financial statements and related notes contained in the annual reports and other information that we have filed with the Securities and Exchange Commission and that we have incorporated by reference in this document. See "Where You Can Find More Information" on page [ ]. The unaudited pro forma combined data below are for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on this information to be indicative of the historical results that would have been achieved had the companies always been combined or the future results that New Parent will experience after the merger.

	NINE MONTHS ENDED SEPTEMBER 30, 2001	YEAR ENDED DECEMBER 31, 2000
Conoco historical data, per common share		
Net income -- basic	$ 2.34	3.05
Net income -- diluted	2.30	3.00
Cash dividends	0.57	0.76
Book value at end of period	10.61	9.03
Phillips historical data, per common share		
Net income -- basic	5.70	7.32
Net income -- diluted	5.66	7.26
Cash dividends	1.04	1.36
Book value at end of period	37.87	23.86
Conoco and Phillips combined pro forma data per Phillips common share		
Income before extraordinary item and cumulative effect of accounting change -- basic	5.32	6.76
Income before extraordinary item and cumulative effect of accounting change -- diluted	5.26	6.67
Book value at end of period	44.97	--
Phillips and Conoco combined pro forma data, per Conoco- equivalent common share		
Income before extraordinary item and cumulative effect of accounting change -- basic	2.49	3.16
Income before extraordinary item and cumulative effect of accounting change -- diluted	2.46	3.12
Book value at end of period	21.03	--

RISK FACTORS RELATING TO THE MERGER

In addition to the other information included or incorporated by reference in this document (including the matters addressed in "Cautionary Statement Concerning Forward-Looking Statements" on page [ ]), Conoco stockholders and Phillips stockholders should consider carefully the matters described below in determining whether to vote in favor of the adoption of the merger agreement.

THE VALUE OF THE SHARES OF NEW PARENT COMMON STOCK THAT YOU RECEIVE UPON THE COMPLETION OF THE MERGER MAY BE LESS THAN THE VALUE OF YOUR SHARES OF CONOCO COMMON STOCK OR PHILLIPS COMMON STOCK AS OF THE DATE OF THE MERGER AGREEMENT OR ON THE DATES OF THE SPECIAL MEETINGS.

Upon completion of the merger, all shares of Conoco common stock and Phillips common stock will be converted into the right to receive shares of New Parent common stock. The ratios at which the shares will be converted are fixed, and there will be no adjustment for changes in the market price of either Conoco common stock or Phillips common stock. Neither company is permitted to walk away from the merger or resolicit the vote of its stockholders solely because of changes in the market price of either company's common stock.

There may be a significant amount of time between the dates when the Conoco stockholders and Phillips stockholders vote on the merger agreement at their special meetings and the date when the merger is completed. As a result, the relative or absolute prices of shares of Conoco common stock and Phillips common stock may vary significantly between the dates of the merger agreement, this document, the special meetings and the completion of the merger. These variations may be caused by, among other factors, changes in the businesses, operations, results and prospects of our companies, market expectations of the likelihood that the merger will be completed and the timing of its completion, the prospects for our post-merger operations, the effect of any conditions or restrictions imposed on or proposed with respect to the combined company by regulators, and general market and economic conditions.

In addition, it is impossible to predict accurately the market price of the New Parent common stock to be received by Conoco stockholders and Phillips stockholders after the completion of the merger. Accordingly, the prices of Conoco common stock and Phillips common stock on the dates of the special meetings may not be indicative of their prices immediately prior to the completion of the merger or the price of New Parent common stock after the merger is completed.

THE INTEGRATION OF CONOCO AND PHILLIPS FOLLOWING THE MERGER WILL PRESENT SIGNIFICANT CHALLENGES THAT MAY RESULT IN THE COMBINED COMPANY NOT OPERATING AS EFFECTIVELY AS EXPECTED OR IN A FAILURE TO ACHIEVE THE ANTICIPATED POTENTIAL BENEFITS OF THE MERGER.

Conoco and Phillips will face significant challenges in consolidating functions, integrating their organizations, procedures and operations in a timely and efficient manner and retaining key Conoco and Phillips personnel. The integration of Conoco and Phillips will be complex and time-consuming, and the managements of Conoco and Phillips will have to dedicate substantial effort to it. These efforts could divert management's focus and resources from other strategic opportunities and from operational matters during the integration process.

THE MERGER IS SUBJECT TO THE RECEIPT OF CONSENTS AND APPROVALS FROM GOVERNMENT ENTITIES THAT COULD DELAY COMPLETION OF THE MERGER OR IMPOSE CONDITIONS THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON THE COMBINED COMPANY OR CAUSE ABANDONMENT OF THE MERGER.

Completion of the merger is conditioned upon the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, and the receipt of consents, orders, approvals or clearances, as required, under the antitrust laws of the European Commission, Canada and those other regulatory authorities where the failure to obtain those approvals would have a material adverse effect on New Parent after completion of the merger. A substantial delay in obtaining satisfactory approvals or the imposition of unfavorable terms

or conditions in the approvals could have an adverse effect on the business, financial condition or results of operations of Conoco or Phillips, or may cause the abandonment of the merger.

ESTIMATES OF COST SAVINGS AND COST SAVING COMPONENTS ARE INHERENTLY UNCERTAIN, AND THERE CAN BE NO ASSURANCE AS TO THE ACCURACY OF THESE ESTIMATES.

The cost savings estimates are based on a number of assumptions, including that the combined company will be able to implement necessary cost saving programs such as headcount reductions, consolidation of geographically proximate facilities and elimination of duplicative administrative programs within a defined period. In addition, the cost savings estimates assume that the combined company will be able to realize merger efficiencies such as procurement economies resulting from the increased size of the combined company.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information incorporated by reference in this joint proxy statement/prospectus (see "Where You Can Find More Information" on page [ ]), contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and businesses of each of Conoco, Phillips and New Parent, as well as certain information relating to the merger, including, without limitation:

- statements relating to the synergies and accretion to reported earnings estimated to result from the merger;
- statements relating to revenue, income and operations of the combined company after the merger; and
- statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "estimates," "intends," "plans," "projects" or similar expressions.

The managements of Conoco and Phillips believe that these forward-looking statements are reasonable; however, you should not place undue reliance on these statements, as they are based on our managements' current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements:

- the risk factors described under "Risk Factors Relating to the Merger;"
- changes in the businesses, operations, results and prospects of our companies;
- worldwide crude oil or natural gas prices, which are outside the control of Conoco and Phillips, may be lower than expected;
- revenues following the merger may be lower than expected;
- expected cost savings from the merger may not be fully realized or realized within the expected time frame;
- market expectations of the likelihood that the merger will be completed and the timing of its completion;
- the effect of any conditions or restrictions imposed on or proposed with respect to the combined company by regulators;
- the prospects of post-merger operations;
- costs or difficulties related to the integration of the businesses of Conoco and Phillips may be greater than expected;
- general economic conditions, either internationally or nationally or in the jurisdictions in which Conoco and Phillips are doing business, may be less favorable than expected;
- legislative or regulatory changes may adversely affect the businesses in which Conoco and Phillips are engaged;
- there may be environmental risks and liability under U.S. federal and state and foreign environmental laws and regulations;
- changes may occur in the securities markets; and
- other economic, business, competitive and/or regulatory factors may affect Conoco's and Phillips' businesses generally as described in Conoco's and Phillips' filings with the Securities and Exchange Commission.

Except for their ongoing obligations to disclose material information under U.S. federal securities laws, none of New Parent, Conoco and Phillips undertakes any obligation to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of this document, or to report the occurrence of unanticipated events.

THE CONOCO SPECIAL MEETING

We are furnishing this joint proxy statement/prospectus to Conoco stockholders as part of the solicitation of proxies by the Conoco Board of Directors for use at the Conoco special meeting.

DATE, TIME AND PLACE

Conoco will hold the Conoco special meeting on [Day], [Date], at [Time], local time, at [Address].

PURPOSE OF CONOCO SPECIAL MEETING

At the Conoco special meeting, we are asking holders of record of Conoco common stock to consider and vote on a proposal to adopt the merger agreement by and among Conoco, Phillips, New Parent, Corvette Merger Corp. and Porsche Merger Corp. See "The Merger" and "The Merger Agreement."

The Conoco Board of Directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Conoco stockholders and has approved the merger agreement.

THE CONOCO BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CONOCO STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

CONOCO RECORD DATE; SHARES ENTITLED TO VOTE; QUORUM

Only holders of record of Conoco common stock at the close of business on [ ], the Conoco record date, are entitled to notice of and to vote at the Conoco special meeting. On the Conoco record date approximately [ ] shares of Conoco common stock were issued and outstanding and held by approximately [ ] holders of record. A quorum will be present at the Conoco special meeting if the holders of a majority of the shares of Conoco common stock outstanding and entitled to vote on the Conoco record date are present, in person or by proxy. If a quorum is not present at the Conoco special meeting, we expect that the Conoco special meeting will be adjourned to solicit additional proxies. Holders of record of Conoco common stock on the Conoco record date are entitled to one vote per share at the Conoco special meeting on the proposal to adopt the merger agreement.

VOTE REQUIRED

The adoption of the merger agreement by Conoco stockholders requires the affirmative vote of the holders of a majority of the shares outstanding and entitled to vote at the Conoco special meeting as of the Conoco record date, either in person or by proxy, voting as a single class.

VOTING BY CONOCO DIRECTORS AND EXECUTIVE OFFICERS

At the close of business on the Conoco record date, Conoco directors and executive officers owned and were entitled to vote less than [ ]% of the Conoco common stock outstanding on that date. Each Conoco director and executive officer has indicated his or her present intention to vote, or cause to be voted, the Conoco common stock owned by him or her for the adoption of the merger agreement.

VOTING OF PROXIES

All shares represented by properly executed proxies received in time for the Conoco special meeting will be voted at the Conoco special meeting in the manner specified by the stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted for the adoption of the merger agreement.

In addition to manually executing and returning a proxy by mail, Conoco stockholders may submit a proxy by telephone or over the Internet. If submitting a proxy by telephone or over the Internet, the stockholder should dial the toll-free number or access the Internet address, in each case, as indicated on

the stockholder's proxy card. The stockholder will then be prompted to enter the control number printed on his or her proxy card and to follow the subsequent instructions.

Conoco common stock represented at the Conoco special meeting but not voting, including Conoco common stock for which proxies have been received but for which holders of shares have abstained, will be treated as present at the Conoco special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Only shares affirmatively voted for the adoption of the merger agreement, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for the proposal. AN ABSTENTION OR FAILURE TO VOTE WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE ADOPTION OF THE MERGER AGREEMENT. Also, under New York Stock Exchange rules, brokers that hold shares of Conoco common stock in street name for customers that are the beneficial owners of those shares may not give a proxy to vote those shares without specific instructions from those customers. If a Conoco stockholder owns shares through a broker and attends the Conoco special meeting, the stockholder should bring a letter from that stockholder's broker identifying that stockholder as the beneficial owner of the shares and authorizing the stockholder to vote.

The persons named as proxies by a Conoco stockholder may vote for one or more adjournments of the Conoco special meeting, including adjournments to permit further solicitations of proxies. No proxy voted against the proposal to adopt the merger agreement will be voted in favor of any adjournment.

Conoco does not expect that any matter other than the proposal to adopt the merger agreement will be brought before the Conoco special meeting. If, however, other matters are properly presented at the Conoco special meeting, the persons named as proxies will vote in accordance with the recommendation of the Conoco Board of Directors.

REVOCABILITY OF PROXIES

Submitting a proxy on the enclosed form, by telephone or over the Internet does not preclude a Conoco stockholder from voting in person at the Conoco special meeting. A Conoco stockholder may revoke a proxy at any time before it is voted by filing with Conoco a duly executed revocation of proxy, by submitting a duly executed proxy or telephone or Internet proxy to Conoco with a later date or by appearing at the Conoco special meeting and voting in person. Conoco stockholders may revoke a proxy by any of these methods, regardless of the method used to deliver a stockholder's previous proxy. Attendance at the Conoco special meeting without voting will not itself revoke a proxy.

SOLICITATION OF PROXIES

Conoco and Phillips will share equally the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. In addition to solicitation by mail, the directors, officers and employees of Conoco and its subsidiaries, who will not be specially compensated, may solicit proxies from Conoco stockholders by telephone or other electronic means or in person. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of shares held of record by these persons, and Conoco will reimburse them for their reasonable out-of-pocket expenses.

Conoco will mail a copy of this joint proxy statement/prospectus to each holder of record of Conoco common stock on the Conoco record date.

You should not send in any Conoco share certificates with your proxy card. A letter of transmittal with instructions for the surrender of your Conoco share certificates will be mailed to you as soon as practicable after completion of the merger.

Conoco has retained Innisfree M&A Incorporated to assist in the solicitation of proxies from banks, brokerage firms, nominees, institutional holders and individual investors for a fee of $50,000 plus reimbursement for expenses.

PROXIES FOR PARTICIPANTS IN CONOCO PLANS

If you are a participant or eligible beneficiary in the Thrift Plan for Employees of Conoco or the Thrift Plan for Retail Employees of Conoco, you will receive combined voting instructions for those holdings in addition to the voting instructions you will receive for your individual holdings. If you are a record holder of Conoco common stock or a participant in any eligible stock plans for employees outside the United States, you will receive a separate proxy card for each of these holdings. Please complete, sign and mail all proxy cards you receive, or submit a proxy for all of your holdings by telephone or over the Internet, to ensure that all of your shares are represented at the Conoco special meeting. An independent fiduciary for the thrift plans will direct the voting, in its discretion, of all shares held in the thrift plans for which no voting instructions are received by [ ], 2002.

THE PHILLIPS SPECIAL MEETING

We are furnishing this joint proxy statement/prospectus to Phillips stockholders as part of the solicitation of proxies by the Phillips Board of Directors for use at the Phillips special meeting.

DATE, TIME AND PLACE

Phillips will hold its special meeting on [Day], [Date], 2002, at [Time], local time, at the Adams Building, 4th Street and Keeler Avenue, Bartlesville, Oklahoma.

PURPOSE OF PHILLIPS SPECIAL MEETING

At the Phillips special meeting, we are asking holders of record of Phillips common stock to consider and vote on a proposal to adopt the merger agreement by and among Conoco, Phillips, New Parent, Corvette Merger Corp. and Porsche Merger Corp. See "The Merger" and "The Merger Agreement."

The Phillips Board of Directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Phillips stockholders and has approved the merger agreement.

THE PHILLIPS BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT PHILLIPS STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

PHILLIPS RECORD DATE; SHARES ENTITLED TO VOTE; QUORUM

Only holders of record of Phillips common stock at the close of business on [ ], the Phillips record date, are entitled to notice of and to vote at the Phillips special meeting. On the Phillips record date, approximately [ ] shares of Phillips common stock were issued and outstanding and held by approximately [ ] holders of record. A quorum will be present at the Phillips special meeting if holders of a majority of the shares of Phillips common stock outstanding and entitled to vote on the Phillips record date are present, in person or by proxy. If a quorum is not present at the Phillips special meeting, we expect that the Phillips special meeting will be adjourned to solicit additional proxies. Holders of record of Phillips common stock on the Phillips record date are entitled to one vote per share at the Phillips special meeting on the proposal to adopt the merger agreement.

VOTE REQUIRED

The adoption of the merger agreement by Phillips stockholders requires the affirmative vote of the holders of a majority of the shares outstanding and entitled to vote at the Phillips special meeting as of the Phillips record date, either in person or by proxy, voting as a single class.

VOTING BY PHILLIPS DIRECTORS AND EXECUTIVE OFFICERS

At the close of business on the Phillips record date, Phillips directors and executive officers owned and were entitled to vote less than [ ]% of the Phillips common stock outstanding on that date. Each Phillips director and executive officer has indicated his or her present intention to vote, or cause to be voted, the Phillips common stock owned by him or her for the adoption of the merger agreement.

VOTING OF PROXIES

All shares represented by properly executed proxies received in time for the Phillips special meeting will be voted at the Phillips special meeting in the manner specified by the stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted for the adoption of the merger agreement.

In addition to manually executing and returning a proxy by mail, Phillips stockholders may submit a proxy vote by telephone [or over the Internet]. If submitting a proxy by telephone [or over the Internet], the stockholder should dial the toll-free number [or access the Internet address, in each case] as indicated

on the stockholder's proxy card. The stockholder will then be prompted to enter the control number printed on his or her proxy card and to follow the subsequent instructions.

Phillips common stock represented at the Phillips special meeting but not voting, including Phillips common stock for which proxies have been received but for which holders of shares have abstained, will be treated as present at the Phillips special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Only shares affirmatively voted for the adoption of the merger agreement, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for the proposals. AN ABSTENTION OR FAILURE TO VOTE WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE ADOPTION OF THE MERGER AGREEMENT. Also, under New York Stock Exchange rules, brokers that hold Phillips common stock in street name for customers that are the beneficial owners of those shares may not give a proxy to vote those shares without specific instructions from those customers. If a Phillips stockholder owns shares through a broker and attends the Phillips special meeting, the stockholder should bring a letter from that stockholder's broker identifying that stockholder as the beneficial owner of the shares and authorizing the stockholder to vote.

The persons named as proxies by a Phillips stockholder may vote for one or more adjournments of the Phillips special meeting, including adjournments to permit further solicitations of proxies. No proxy voted against the proposal to adopt the merger agreement will be voted in favor of any adjournment.

Phillips does not expect that any matter other than the proposal to adopt the merger agreement will be brought before the Phillips special meeting. If, however, other matters are properly presented at the Phillips special meeting, the persons named as proxies will vote in accordance with the recommendation of the Phillips Board of Directors.

REVOCABILITY OF PROXIES

Submitting a proxy on the enclosed form, by telephone [or over the Internet] does not preclude a Phillips stockholder from voting in person at the Phillips special meeting. A Phillips stockholder may revoke a proxy at any time before it is voted by filing with Phillips a duly executed revocation of proxy, by submitting a duly executed proxy or telephone [or Internet] proxy to Phillips with a later date or by appearing at the Phillips special meeting and voting in person. Phillips stockholders may revoke a proxy by any of these methods, regardless of the method used to deliver a stockholder's previous proxy. Attendance at the Phillips special meeting without voting will not itself revoke a proxy.

SOLICITATION OF PROXIES

Conoco and Phillips will share equally the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. In addition to solicitation by mail, the directors, officers and employees of Phillips and its subsidiaries, who will not be specially compensated, may solicit proxies from Phillips stockholders by telephone or other electronic means or in person. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of shares held of record by these persons, and Phillips will reimburse them for their reasonable out-of-pocket expenses.

Phillips will mail a copy of this joint proxy statement/prospectus to each holder of record of Phillips common stock on the Phillips record date.

You should not send in any Phillips share certificates with your proxy card. Phillips share certificates immediately prior to the completion of merger will be deemed to represent New Parent common stock following the merger. Phillips stockholders, however, may elect to exchange their Phillips share certificates for New Parent share certificates, at their option.

Phillips has retained Georgeson Shareholder Communications, Inc. to assist in the solicitation of proxies from banks, brokerage firms, nominees, institutional holders and individual investors for a fee of $40,000 plus reimbursement for expenses.

PROXIES FOR PARTICIPANTS IN PHILLIPS SAVINGS PLANS

If you are a participant or eligible beneficiary in a Phillips savings plan, you will receive a voting instruction card from the trustee of that Phillips savings plan with respect to shares attributable to your account. Shares of Phillips common stock held by the trustees of the Phillips savings plans will be voted by the respective trustees in accordance with instructions from participants and eligible beneficiaries. Shares held in Phillips' domestic savings plans other than the Retirement Savings Plan, or RSP, for which no instructions are received, including unallocated shares in the Long-Term Stock Savings Plan, will be voted by the respective trustees in the same manner and proportion as instructed by eligible employee participants. Shares held in Phillips' international savings plans for which no instructions are received will be voted by the respective trustees in the same manner and proportion as the shares for which instructions are received. Shares held in the RSP for which no instructions are received are voted by the trustee in its discretion.

Trustees of the Phillips international savings plans, other than the Irish plan, will receive a voting instruction card to instruct the trustee of the Phillips Compensation and Benefits Trust, which we refer to as the "CBT", to vote the shares of Phillips common stock held by the CBT for which the international savings plan trustees are authorized to give voting instructions in the same manner and proportion as shares held in the plan for which Phillips international savings plan trustees receive instructions from plan participants. If you are a regular employee eligible to give voting instructions under the CBT, you will receive a voting instruction card from the trustee of the CBT. Shares of Phillips common stock held by the CBT, other than those for which the trustees of the international savings plans are authorized to give instructions, will be voted by the CBT trustee in accordance with instructions from Phillips employees in the same manner and proportion as instructed by eligible employee participants. Voting instructions to the trustees of the Phillips international savings plans and the CBT may be either in writing or by means of the respective plan's or trust's telephone [or Internet] voting procedures.

ATTENDING THE SPECIAL MEETING

If you are a holder of record and plan to attend the Phillips special meeting, please indicate this when you vote. The lower portion of the proxy card will be your admission ticket. IF YOU ARE A BENEFICIAL OWNER OF PHILLIPS COMMON STOCK HELD BY A BROKER, BANK, OR OTHER NOMINEE, YOU WILL NEED PROOF OF OWNERSHIP TO BE ADMITTED TO THE PHILLIPS SPECIAL MEETING. A recent brokerage or benefit plan statement or a letter from a bank or broker are examples of proof of ownership. If you want to vote your Phillips common stock held in nominee name in person, you must get a written proxy in your name from the broker, bank, or other nominee that holds your shares. If you are an employee, your employee I.D. badge will serve as your admission ticket.

THE MERGER

The discussion in this joint proxy statement/prospectus of the merger and the principal terms of the merger agreement dated as of November 18, 2001, by and among Conoco, Phillips, New Parent, Corvette Merger Corp. and Porsche Merger Corp., is subject to, and is qualified in its entirety by reference to, the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated in this joint proxy statement/prospectus by reference.

GENERAL DESCRIPTION OF THE MERGER

Pursuant to the merger agreement, Porsche Merger Corp. will merge with and into Phillips and Corvette Merger Corp. will merge with and into Conoco, with each of Phillips and Conoco surviving as wholly owned subsidiaries of New Parent. In the merger, each outstanding share of Conoco common stock, par value $0.01 per share, will be converted into the right to receive 0.4677 of a share of New Parent common stock, par value $0.01 per share, and each outstanding share of Phillips common stock, par value $1.25 per share, will be converted into the right to receive one share of New Parent common stock. As a result,

- Conoco and Phillips will become wholly owned subsidiaries of New Parent, and
- former Conoco stockholders will hold approximately 43.4%, and former Phillips stockholders will hold approximately 56.6%, of the outstanding shares of New Parent common stock.

BACKGROUND TO THE MERGER

The oil and gas industry has experienced significant consolidation in recent years. Beginning with the merger of British Petroleum and Amoco Corp. in 1998, the consolidation continued with the merger of Exxon Corp. and Mobil Oil Corp. in 1999, the merger of Total Fina S.A. with Elf Aquitaine in 2000, the acquisition of Atlantic Richfield Co. by BP Amoco p.l.c. in 2000, the merger of Chevron Corporation and Texaco Inc. in 2001 and many smaller transactions.

In June 2000, Archie W. Dunham, Chairman of the Board, President and Chief Executive Officer of Conoco, contacted J.J. Mulva, Chairman of the Board and Chief Executive Officer of Phillips, regarding a possible merger of equals of the two companies. Several meetings and discussions ensued during the summer of 2000. In October 2000, Mr. Dunham proposed terms with respect to valuation, board size and composition, headquarters' location, company name and transaction structure. Mr. Dunham also proposed that he would serve as Chairman of the Board, and that Mr. Mulva would serve as President and Chief Executive Officer, of the combined company and that the two of them would be jointly responsible for the selection, responsibilities, compensation and removal of the executive officers, management structure, long-range plans, major acquisitions and divestitures and major capital structure changes. However, Conoco and Phillips could not reach agreement on key terms and discussions were terminated in late October.

Following the termination of talks between Conoco and Phillips, each of Conoco and Phillips pursued alternative strategies to grow and increase shareholder value. Conoco acquired Gulf Canada Resources Limited in July 2001, and Phillips integrated Atlantic Richfield Co.'s Alaska production assets that Phillips had acquired in April 2000 and acquired Tosco Corporation in September 2001.

Following its acquisition of Tosco, Phillips again examined a number of potential strategic business opportunities in the upstream sector. Based on management analyses, the Phillips Board of Directors concluded that a business combination with Conoco presented the best strategic opportunity for Phillips and its stockholders.

On September 10, 2001, at its regular meeting, the Phillips Board of Directors authorized Mr. Mulva to contact Mr. Dunham to initiate a discussion about a possible business combination between Phillips and Conoco.

Later in the week of September 10, 2001, Mr. Mulva's office contacted Mr. Dunham's office and a meeting between Messrs. Dunham and Mulva was scheduled for September 28, 2001.

On September 28, Mr. Dunham and Mr. Mulva met in Oklahoma City. At that meeting Mr. Mulva outlined his proposal for a business combination. Mr. Mulva also proposed that the selection of other executive officers for the combined company be from the existing executives of Conoco and Phillips on the basis of merit and that the name of the combined company be determined later. Mr. Dunham and Mr. Mulva also discussed possible headquarters and other significant locations for the combined company.

On October 8, 2001, at the regular meeting of the Phillips Board of Directors, Mr. Mulva reported on his meeting with Mr. Dunham. The Phillips Board of Directors authorized Mr. Mulva to continue to negotiate the terms of a possible merger of equals with Mr. Dunham. Throughout the period from October 3 through November 17, Mr. Mulva had regular telephone conversations with the members of the Phillips Board of Directors, advising them of the status of the merger discussions.

On October 8, 2001, Mr. Dunham met with the Conoco Executive Committee and discussed the possibility of a combination with Phillips on terms comparable to those proposed by Mr. Dunham in October of 2000. The Executive Committee was supportive of continued discussions.

On October 11, 2001, Mr. Dunham and Mr. Mulva had a follow-up conversation by telephone in which they further discussed the proposals made by Mr. Mulva at their meeting on September 28, 2001, and agreed to meet in Houston on October 16, 2001.

On October 16, 2001, Mr. Dunham and Mr. Mulva met in Houston to discuss each company's vision, strategies, long-range objectives, values and culture. At the conclusion of that meeting, Messrs. Dunham and Mulva agreed that the general counsels of each company should meet to discuss certain matters relating to Phillips' recent acquisition of Tosco about which Mr. Dunham and his management team wished to be better informed before proceeding further with the merger discussions.

On October 19, 2001, Rick A. Harrington, Senior Vice President and General Counsel of Conoco, and J. Bryan Whitworth, Executive Vice President, General Counsel and Chief Administrative Officer of Phillips met in New York. At that meeting Messrs. Harrington and Whitworth, assisted by other members of the management of each company, discussed Phillips' recent acquisition of Tosco. In addition, Messrs. Harrington and Whitworth, together with Conoco's and Phillips' respective legal advisors, also discussed Conoco's recent acquisition of Gulf Canada and various structuring and timetable issues with respect to a potential transaction.

On October 24, 2001, Mr. Dunham and Mr. Mulva spoke again by telephone and determined that they were satisfied with the reports received on the meeting between their general counsels. Mr. Dunham informed Mr. Mulva that he would discuss the proposed combination of Conoco and Phillips at the upcoming meeting of the Conoco Board of Directors on October 30 and agreed to meet again with Mr. Mulva on November 1, 2001, if the Conoco Board of Directors was favorably disposed toward proceeding to negotiate a transaction.

During the meeting of the Conoco Board of Directors on October 30, 2001, Mr. Dunham reported on his discussions with Mr. Mulva regarding the merger. The Conoco Board of Directors authorized Conoco's management to continue to negotiate the terms of a possible merger of equals with Phillips.

On November 1, 2001, Mr. Dunham and Mr. Mulva met again in Houston. At that meeting Mr. Dunham made a proposal for valuing the two companies and proposed naming the combined company "ConocoPhillips." Mr. Dunham agreed that he would delay his retirement in order to serve as Chairman, and that Mr. Mulva would serve as President and Chief Executive Officer, of the combined company. Messrs. Dunham and Mulva further discussed the appropriate division of their roles and responsibilities as Chairman and President and Chief Executive Officer, respectively, of the combined company.

On November 2, 2001, at the instruction of Mr. Whitworth, Phillips' legal advisors sent a draft of a merger agreement to Conoco's legal advisors. Conoco and Phillips and their respective legal advisors began negotiating the merger agreement and other documents related to the proposed transaction on November 5, 2001 and negotiations continued through November 17, 2001.

On November 4, 2001, Mr. Dunham and Mr. Mulva again spoke by telephone. They agreed that the valuation of the two companies should be based on the average trading price of each company's common stock for the 20 trading days prior to signing the merger agreement. They also further discussed the governance arrangements for the combined company and agreed that Messrs. Harrington and Whitworth should propose language on this subject to be incorporated in the by-laws of the combined company and in the employment agreements to be entered into in connection with the proposed transaction. Mr. Dunham and Mr. Mulva agreed that the headquarters of the combined company would be in Houston but that the company would maintain a significant and continuing presence in Oklahoma. They also discussed procedural matters, including a timetable for the proposed transaction.

On November 6, 2001, Conoco and Phillips entered into a mutual confidentiality agreement governing the exchange of confidential information during each company's due diligence review of the other.

Beginning November 7, 2001, a team of Conoco managers led by Philip L. Frederickson, Conoco's Senior Vice President for Corporate Strategy and Business Development, and a team of Phillips' managers led by John E. Lowe, Phillips' Senior Vice President, Planning and Strategic Transactions, and John A. Carrig, Phillips' Senior Vice President and Chief Financial Officer, met in New York to discuss financial and accounting issues and potential synergies arising from combining the two companies.

On November 9, 2001, Conoco retained Morgan Stanley & Co. Incorporated and Phillips retained Goldman, Sachs & Co., as their respective financial advisors. On November 14, 2001, Conoco also retained Salomon Smith Barney Inc. and Credit Suisse First Boston Corporation as its financial advisors and Phillips also retained J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as its financial advisors.

On November 11 and 12, 2001, teams of Conoco and Phillips management held a series of meetings in New York to discuss the operations of the various business units of their respective companies and to exchange due diligence materials covering the major business units of each company. Management representatives from each company's human resources, legal, finance and accounting, and health, safety and environmental organizations also met to exchange due diligence materials. Following these meetings, the companies continued to discuss financial and accounting issues and to perform further due diligence on each other.

On November 11 and 12, 2001, Mr. Mulva and Mr. Dunham again spoke by telephone. In these conversations, each expressed satisfaction with the progress of the meetings between their respective management teams and each agreed that they would present the final terms of the transaction for consideration by their respective boards at special meetings to be scheduled for the coming weekend.

On November 13, 2001, as contemplated by the Tax Sharing Agreement, dated as of October 27, 1998, by and among E. I. Du Pont de Nemours and Company and Conoco, entered into at the time of Du Pont's divestiture of Conoco, Conoco delivered to Du Pont tax opinions of its and Phillips' legal advisors regarding the effect of the proposed business combination between Conoco and Phillips on the tax treatment of the split-off by Du Pont of its investment in Conoco in August 1999 under Section 355 of the Code. On November 16, 2001, Du Pont advised Conoco that the foregoing opinions were acceptable to it. As a result of Du Pont's acceptance of the tax opinions, Conoco complied with the conditions precedent in the Tax Sharing Agreement to its entry into the merger agreement with Phillips.

On November 16, 2001 the Conoco Board of Directors held a special meeting in Houston at which Conoco's senior management and its financial and legal advisors were present. Senior management made presentations on the background and strategic rationale for the proposed combination with Phillips. Morgan Stanley made a presentation on the financial aspects of the transaction, and Conoco's legal advisors reviewed the terms of the proposed merger agreement and the proposed governance of the combined company and discussed various legal and regulatory issues relating to the proposed combination. Members of the Conoco compensation committee shared the highlights of their discussions regarding, and stated their support for, the new employment agreement and compensation arrangements that Conoco and New Parent would enter into with Mr. Dunham. Following further discussion, the Conoco Board of

Directors agreed to meet again on November 18 for further deliberation by the directors, pending the outcome of the special meeting of the Phillips Board of Directors scheduled for November 17, 2001.

On November 17, 2001, the Phillips Board of Directors held a special meeting in New York at which Phillips' senior management and its financial and legal advisors were present. Senior management made presentations on the background and strategic rationale for the proposed combination with Conoco. On behalf of all three financial advisors, Goldman Sachs made a presentation on the financial aspects of the transaction. Each of the three financial advisors delivered its oral opinion, subsequently confirmed in writing on November 18, 2001, that the exchange ratio of one share of New Parent common stock for each share of Phillips common stock relative to the exchange ratio of 0.4677 of a share of New Parent common stock for each share of Conoco common stock, was fair from a financial point of view to the holders of Phillips common stock. Phillips' legal advisor reviewed with the Phillips Board of Directors the terms of the proposed merger agreement and the fiduciary duties of the Phillips Board of Directors. The Phillips Board of Directors also discussed the employment agreement and compensation arrangements that Conoco and New Parent would enter into with Mr. Dunham and discussed and approved the employment agreement and other compensation arrangements that Phillips and New Parent would enter into with Mr. Mulva. Following further discussion, the Phillips Board of Directors unanimously determined that the terms of the merger agreement and the transactions contemplated by that agreement are advisable, fair to and in the best interests of Phillips and its stockholders, unanimously approved the merger agreement and the transactions contemplated by that agreement and unanimously recommended that the merger agreement be adopted by the holders of Phillips common stock.

On the evening of November 17, 2001, Phillips and Conoco and their respective legal advisors finalized the merger agreement and related documents.

On November 18, a special meeting of the Conoco Board of Directors was held. At that meeting, Morgan Stanley and Conoco's legal advisors updated the Conoco Board of Directors on developments regarding the exchange ratio, the terms of the merger agreement and other matters. In addition, Morgan Stanley delivered its oral opinion, subsequently confirmed in writing, and Salomon Smith Barney delivered its written opinion that the exchange ratio of 0.4677 shares of New Parent common stock for each share of Conoco common stock was fair from a financial point of view to the holders of Conoco common stock. The Conoco Board of Directors also discussed the employment agreement and compensation arrangements that Conoco and New Parent would enter into with Mr. Dunham. Following further discussion, the Conoco Board of Directors unanimously determined that the terms of the merger agreement and the transactions contemplated by that agreement are advisable, fair to and in the best interests of Conoco and its stockholders, approved the merger agreement and the transactions contemplated by that agreement and recommended that the merger agreement be adopted by the holders of Conoco common stock and unanimously approved the terms of the employment agreement and compensation arrangements that Conoco and New Parent would enter into with Mr. Dunham.

On November 18, 2001, the definitive agreements providing for the merger were executed. That afternoon Conoco and Phillips issued a joint press release announcing the transaction.

REASONS FOR THE MERGER

The Conoco Board of Directors and the Phillips Board of Directors believe that the complementary strategies of Conoco and Phillips, in combination with their management, personnel, technical expertise and financial strength, will create a company with capabilities and resources better positioned to succeed and grow in the new competitive energy marketplace.

We believe the merger joins two well-managed companies, providing substantial strategic and financial benefits to Conoco stockholders and Phillips stockholders. The benefits are expected to include:

- Expanded Scope and Scale to Succeed as a Major Integrated Oil Company in the Changing Marketplace. We believe that the combined company should create significant additional value for our stockholders and accelerate our growth from a strong financial and operational position.

In the upstream segment, the combined company's global scale and presence will allow for increased efficiency in core areas and delivery of legacy growth projects. The combined company will have pro forma hydrocarbon reserves at December 31, 2000 of 8.7 billion barrels of oil equivalent, or BOE, and daily production of 1.7 million BOE, based on Conoco's and Phillips' estimates for 2001 year-end production. The combined company will have numerous assets capable of long-term production, including those in Alaska, Canada, the Lower 48, the North Sea, Venezuela, Indonesia, Vietnam, China, the Timor Sea, the Middle East, Russia and the Caspian area.

In the refining and marketing segment, the combined company will operate or have equity interests in 19 refineries in the United States, the United Kingdom, Ireland, Germany, the Czech Republic and Malaysia, with a refining capacity of 2.6 million barrels a day. It will also have a strong marketing presence in the United States.

In addition to maintaining Conoco's midstream natural gas business in the United States, Canada and Trinidad, the combined company will continue Phillips' equity participation in the natural gas gathering and processing joint venture, Duke Energy Field Services. The combined company will also continue Phillips' equity participation in the chemicals and plastics joint venture, Chevron Phillips Chemical Company.

- Strategic Fit and Compatibility. We believe that the combination creates an extraordinary set of complementary capabilities, drawing on the talented management and core competencies of both Conoco and Phillips. Conoco and Phillips bring together a long history of technological innovation and leadership. The merger creates the opportunity to further apply our capabilities across a much broader asset base. As a result of the merger, the combined company will have numerous legacy asset positions in upstream areas, including those in Alaska, Canada, the lower 48 states, the North Sea, Venezuela, China, the Timor Sea, Indonesia, Vietnam, the Middle East, Russia and the Caspian area, and will become a global player in refining and marketing with operations in North America, Europe and Southeast Asia. We also will have a much broader platform for future growth in the Middle East, the Caspian Sea, West Africa and Russia. In addition, the combined company will inherit Conoco's and Phillips' shared core values and our commitment to safety, environmental responsibility, maintenance of the highest ethical standards and valuing our employees.

- Strong Financial Position. We believe that the combined company will have strong and stable earnings and cash flow as a result of its outstanding portfolio diversification and a larger relative presence in more politically stable regions of the world. The diversified portfolio base also will allow the combined company to optimize and high grade our portfolio assets to enhance the future returns from our capital investments. In addition, the combined company will have a strong balance sheet, with an expected debt-to-capitalization ratio of approximately 35 percent.

- Cost Savings. We expect the combined company to achieve annual cost savings of at least $750 million within the first full year after the completion of the merger. These savings are expected to result from more efficient exploration, production and downstream activities, and the elimination of duplicate corporate and administrative positions, programs and operating offices. A transition team led by Philip L. Frederickson, Conoco's Senior Vice President, Corporate Strategy and Business Development, and John E. Lowe, Phillips' Senior Vice President, Corporate Strategy and Development, is already at work to ensure that integration and synergy realization occurs quickly and smoothly.

RECOMMENDATION OF THE CONOCO BOARD OF DIRECTORS

At its meeting on November 18, 2001, after due consideration, the Conoco Board of Directors unanimously:

- determined that it was advisable for Conoco to enter into the merger agreement and that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Conoco stockholders;

- approved the merger agreement; and

- recommended that Conoco stockholders vote for the adoption of the merger agreement.

In approving the merger agreement and making these determinations and recommendations, the Conoco Board of Directors consulted with Conoco management as well as its outside legal counsel and financial advisors, and considered a number of factors.

The Conoco Board of Directors considered the following positive factors relating to the merger:

- the benefits of the merger described above;

- the expectation that the merger would be immediately accretive to Conoco stockholders based on consensus security analyst earnings estimates and the achievement of anticipated synergies;

- the expectation that the merger would be a tax-free transaction for U.S. federal income tax purposes and the conversion of the Conoco common stock would be tax free to Conoco stockholders;

- anticipated synergies from the transaction of $750 million per year resulting in cost savings and other benefits over time;

- the effect of the merger on the capital structure and financial ratios of Conoco;

- the terms and conditions of the merger agreement, one of which provides the Conoco Board of Directors the right to terminate the merger agreement prior to its approval by Conoco stockholders in the exercise of its fiduciary duty in connection with a superior proposal, subject to the termination fees payable by Conoco in that event;

- the proposed composition of the New Parent Board of Directors, that Archie W. Dunham, Chairman and Chief Executive Officer of Conoco, would be the Chairman of the New Parent Board of Directors and that J. J. Mulva, Chairman and Chief Executive Officer of Phillips, would be President and Chief Executive Officer of New Parent;

- the provisions included in the New Parent organizational documents that ensure that the chairman and chief executive officer positions cannot be changed for a certain period of time without a supermajority vote of the New Parent Board of Directors, and that the "ConocoPhillips" name cannot be changed without a supermajority vote of New Parent stockholders and the unanimous approval of the New Parent Board of Directors;

- the analysis and presentation of Morgan Stanley, and the opinion of Morgan Stanley delivered orally on November 18, 2001, and subsequently confirmed in writing, and the written opinion of Salomon Smith Barney dated November 18, 2001, to the effect that, as of the date of each opinion, and subject to and based on the considerations set forth in each opinion, the exchange ratio applicable to Conoco stockholders in the merger is fair from a financial point of view to the holders of Conoco common stock (the written opinions of Morgan Stanley and Salomon Smith Barney are attached as Annexes D and E, respectively, to this joint proxy statement/prospectus); and

- the potential benefits to Conoco's employees from the expanded opportunities available as part of a larger organization.

The Conoco Board of Directors considered the following negative factors relating to the merger:

- the problems inherent in merging the operations of two large companies, including the possibility that management may be distracted from regular business concerns by the need to integrate operations, unforeseen difficulties in integrating operations and systems, problems assimilating and retaining employees, and potential adverse short-term effects on operating results of the combined company; and

- the timing of receipt and the terms of approvals from appropriate government entities, including the possibility of delay in obtaining satisfactory approvals or the imposition of unfavorable terms or conditions in the approvals.

The Conoco Board of Directors also considered the following factors relating to the merger:

- the fact that the headquarters of New Parent will be in Houston, Texas, and that New Parent would have a significant and continuing presence in Oklahoma;

- the review and analysis of each of Conoco's and Phillips' business, financial condition, earnings, risks and prospects;

- the historical market prices and trading information with respect to the shares of Conoco common stock and Phillips common stock;

- the comparisons of historical financial measures for Conoco and Phillips, including earnings, return on capital and cash flow, and comparisons of historical operational measures for Conoco and Phillips;

- current industry, economic and market conditions, and the prospects of further restructuring and consolidation in the oil and gas industry;

- the interests that certain Conoco executive officers and directors may have with respect to the merger in addition to their interests as Conoco stockholders; and

- the feasibility and desirability of pursuing alternative strategies, including pursuing growth and increased stockholder value through acquisitions, such as the acquisition of Gulf Canada.

The Conoco Board of Directors believed that, overall, the potential benefits of the merger to Conoco and Conoco stockholders outweighed the risks.

This discussion of the information and factors considered by the Conoco Board of Directors in making its decision is not intended to be exhaustive but includes all material factors considered by the Conoco Board of Directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Conoco Board of Directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Conoco Board of Directors may have given different weight to different factors.

THE CONOCO BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT HOLDERS OF CONOCO COMMON STOCK VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

RECOMMENDATION OF THE PHILLIPS BOARD OF DIRECTORS

At its meeting on November 17, 2001, after due consideration, the Phillips Board of Directors unanimously:

- determined that it was advisable for Phillips to enter into the merger agreement, and that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Phillips stockholders;

- approved the merger agreement; and

- recommended that Phillips stockholders vote for the adoption of the merger agreement.

In approving the merger agreement and making these determinations and recommendations, the Phillips Board of Directors consulted with Phillips management as well as its outside legal counsel and financial advisors, and considered a number of factors.

The Phillips Board of Directors considered the following positive factors relating to the merger:

- the benefits of the merger described above;

- the expectation that the merger would be immediately accretive to Phillips stockholders based on consensus security analyst earnings estimates and the achievement of anticipated synergies;

- the expectation that the merger would be a tax-free transaction for U.S. federal income tax purposes and the conversion of the Phillips common stock would be tax free to Phillips stockholders;

- anticipated synergies from the transaction of $750 million per year resulting in cost savings and other benefits over time;

- the effect of the merger on the capital structure and financial ratios of Phillips;

- the terms and conditions of the merger agreement, one of which provides the Phillips Board of Directors the right to terminate the merger agreement prior to its approval by Phillips stockholders in the exercise of its fiduciary duty in connection with a superior proposal, subject to the termination fees payable by Phillips in that event;

- the proposed composition of the New Parent Board of Directors, including that J. J. Mulva, Chairman and Chief Executive Officer of Phillips, would be President and Chief Executive Officer of New Parent and Archie W. Dunham, Chairman and Chief Executive Officer of Conoco, would be the Chairman of the New Parent Board of Directors;

- the provisions included in the New Parent organizational documents that ensure that the chairman and chief executive officer positions cannot be changed for a certain period of time without a supermajority vote of the New Parent Board of Directors, and that the "ConocoPhillips" name cannot be changed without a supermajority vote of New Parent stockholders and the unanimous approval of the New Parent Board of Directors;

- the analysis and presentation of Goldman Sachs on behalf of Goldman Sachs, JPMorgan and Merrill Lynch and the oral opinions of Goldman Sachs, JPMorgan and Merrill Lynch, each delivered on November 17, 2001, and each subsequently confirmed in writing on November 18, 2001, to the effect that, as of the date of each opinion, and based upon and subject to the various considerations, assumptions and limitations set forth in those opinions, the exchange ratio of one share of New Parent common stock for each share of Phillips common stock relative to the exchange ratio of 0.4677 of a share of New Parent common stock for each share of Conoco common stock pursuant to the merger agreement is fair from a financial point of view to the holders of Phillips common stock (the written opinions of Goldman Sachs, JPMorgan and Merrill Lynch are attached as Annexes F, G and H, respectively, to this joint proxy statement/prospectus); and

- the potential benefits to Phillips' employees from the expanded opportunities available as part of a larger organization.

The Phillips Board of Directors considered the following negative factors relating to the merger:

- the problems inherent in merging the operations of two large companies, including the possibility that management may be distracted from regular business concerns by the need to integrate operations, unforeseen difficulties in integrating operations and systems, problems assimilating and

retaining employees, and potential adverse short-term effects on operating results of the combined company; and

- the timing of receipt and the terms of approvals from appropriate government entities, including the possibility of delay in obtaining satisfactory approvals or the imposition of unfavorable terms or conditions in the approvals.

The Phillips Board of Directors also considered the following factors relating to the merger:

- the fact that the headquarters of New Parent will be in Houston, Texas, and that New Parent would have a significant and continuing presence in Oklahoma;

- the fact that New Parent would have a staggered board of directors;

- the review and analysis of each of Conoco's and Phillips' business, financial condition, earnings, risks and prospects;

- the historical market prices and trading information with respect to the shares of Phillips common stock and Conoco common stock;

- the comparisons of historical financial measures for Phillips and Conoco, including earnings, return on capital and cash flow, and comparisons of historical operational measures for Phillips and Conoco;

- current industry, economic and market conditions, and the prospects of further restructuring and consolidation in the oil and gas industry;

- the interests that certain Phillips executive officers and directors may have with respect to the merger in addition to their interests as Phillips stockholders; and

- the feasibility and desirability of pursuing alternative strategies, such as pursuing growth and increased stockholder value through acquisitions, such as the acquisition of ARCO's Alaska assets and the acquisition of Tosco.

The Phillips Board of Directors believed that, overall, the potential benefits of the merger to Phillips and Phillips stockholders outweighed the risks.

This discussion of the information and factors considered by the Phillips Board of Directors in making its decision is not intended to be exhaustive but includes all material factors considered by the Phillips Board of Directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Phillips Board of Directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Phillips Board of Directors may have given different weight to different factors.

THE PHILLIPS BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT HOLDERS OF PHILLIPS COMMON STOCK VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

OPINIONS OF CONOCO'S FINANCIAL ADVISORS

Pursuant to separate letter agreements, Conoco retained Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston to act as its financial advisors in connection with the merger. Conoco did not request that a fairness opinion be provided by Credit Suisse First Boston Corporation in connection with the merger.

OPINION OF MORGAN STANLEY

At the meeting of the Conoco Board of Directors on November 18, 2001, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of November 18, 2001, and subject to and based on the considerations in its opinion, the exchange ratio pursuant to the merger agreement is fair

from a financial point of view to the holders of Conoco common stock. In its analysis of the fairness of the Conoco exchange ratio, Morgan Stanley took into account, among other considerations set forth in its opinion, the exchange ratio of one share of New Parent common stock for each share of Phillips common stock in the merger.

THE FULL TEXT OF MORGAN STANLEY'S OPINION, DATED AS OF NOVEMBER 18, 2001, WHICH SETS FORTH, AMONG OTHER THINGS, THE ASSUMPTIONS MADE, PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN BY MORGAN STANLEY IS ATTACHED AS ANNEX D TO THIS JOINT PROXY STATEMENT/PROSPECTUS AND IS INCORPORATED INTO THIS JOINT PROXY/PROSPECTUS BY REFERENCE. WE URGE YOU TO READ THIS OPINION CAREFULLY AND IN ITS ENTIRETY. MORGAN STANLEY'S OPINION IS DIRECTED TO THE BOARD OF DIRECTORS OF CONOCO, ADDRESSES ONLY THE FAIRNESS FROM A FINANCIAL POINT OF VIEW OF THE EXCHANGE RATIO PURSUANT TO THE MERGER AGREEMENT TO THE HOLDERS OF CONOCO COMMON STOCK, AND DOES NOT ADDRESS ANY OTHER ASPECT OF THE MERGER OR CONSTITUTE A RECOMMENDATION TO ANY CONOCO STOCKHOLDER AS TO HOW TO VOTE AT THE SPECIAL MEETING. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Conoco and Phillips, respectively;

- reviewed certain internal financial statements and other financial and operating data concerning Conoco and Phillips prepared by the respective managements of Conoco and Phillips;

- reviewed certain financial forecasts prepared by the respective managements of Conoco and Phillips;

- discussed with senior executives of Conoco and Phillips certain strategic, financial and operational benefits they expect to derive from the merger;

- discussed the past and current operations and financial condition and the prospects of Conoco and Phillips with senior executives of Conoco and Phillips;

- reviewed the pro forma impact of the merger on, among other things, Conoco's earnings per share, cash flow, consolidated capitalization and financial ratios;

- reviewed and considered in the analysis, information prepared by the members of the respective senior managements of Conoco and Phillips relating to the relative contributions of Conoco and Phillips to the combined company;

- reviewed the reported prices and trading activity for the Conoco common stock and the Phillips common stock;

- compared the prices and trading activity of the Conoco common stock and the Phillips common stock with that of the securities of certain other publicly traded companies comparable with Conoco and Phillips;

- reviewed the financial terms, to the extent publicly available, of certain comparable merger transactions;

- participated in certain discussions and negotiations among representatives of Conoco and Phillips and their financial and legal advisors;

- reviewed the merger agreement and certain related documents; and

- performed such other analyses and considered such other factors as deemed appropriate.

Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to it for the purposes of its opinion. With respect to the financial forecasts that Morgan Stanley received from the respective managements of Conoco and Phillips, as well as information relating to certain strategic, financial and operational benefits of the merger, Morgan Stanley assumed that the information provided has been reasonably prepared on the bases reflecting the best currently available estimates and judgments of the future financial and

operational performance of Conoco and Phillips, and New Parent, respectively. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Conoco or Phillips, nor was Morgan Stanley furnished with any such appraisals. Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without material modification or waiver including, among other things, that the merger will be a tax-free transaction for U.S. federal income tax purposes. The opinion of Morgan Stanley is necessarily based on financial, economic, market and other conditions as in effect on, the information made available to Morgan Stanley as of, and the financial condition of Conoco and Phillips on, November 18, 2001.

FINANCIAL ANALYSIS OF MORGAN STANLEY

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion. These summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Historical Exchange Ratio Analysis. Morgan Stanley compared the daily closing share price of Conoco common stock to the daily closing price of Phillips common stock during the period beginning from July 13, 1999 and ending November 14, 2001, and reviewed and analyzed the historical exchange ratios implied by these comparisons.

Morgan Stanley also compared both the daily closing share price of Conoco common stock to the corresponding price of Phillips common stock and the daily last twenty-day average of Conoco common stock to the corresponding average of Phillips common stock over various periods beginning from November 14, 2000 and ending November 14, 2001, and reviewed and analyzed the historical exchange ratios implied by these comparisons. The following table presents the implied exchange ratios during the periods covered and as of November 14, 2001.

PHILLIPS SHARES PER CONOCO SHARE	PERIOD AVERAGE EXCHANGE RATIO(1)
At November 14, 2001	0.475x
Last twenty-day average	0.468
Last month average	0.467
Last 3 months average	0.488
Last 6 months average	0.498
Last 12 months average	0.501

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(1) Averages of exchange ratios based on daily closing prices.

As the agreed-upon exchange ratio was implied from the last twenty-day average of Conoco and Phillips common stock as of November 16, 2001, and Morgan Stanley, for purposes of its opinion, reviewed Conoco's and Phillips' stock prices until November 14, 2001, Morgan Stanley also analyzed the sensitivity to the actual exchange ratio on November 16, 2001, by examining independently both Conoco's and Phillips' stock price movements for November 15 and 16, 2001.

Historical Share Price Performance. Morgan Stanley reviewed the price performance of Conoco common stock and Phillips common stock from July 13, 1999 through November 14, 2001. Morgan Stanley also reviewed the price performance of Conoco common stock and Phillips common stock from January 1, 2001 through November 14, 2001.

Morgan Stanley compared the price performance of Conoco common stock and Phillips common stock from July 13, 1999 through November 14, 2001, with that of the S&P 500 Index. This analysis

showed that the closing market prices during the period from July 13, 1999 through November 14, 2001, appreciated as follows:

	APPRECIATION
Conoco	(6.8)%
Phillips	3.2
S&P 500	(18.1)

Morgan Stanley then compared the price performance of Conoco common stock and Phillips common stock from January 1, 2001 through November 14, 2001, with that of the S&P 500 Index. This analysis showed that the closing market prices during the period from January 1, 2001 through November 14, 2001, appreciated as follows:

	APPRECIATION
Conoco	(12.3)%
Phillips	(6.1)
S&P 500	(13.6)

Last Twelve Months Trading Analysis. Morgan Stanley reviewed the daily closing share prices of Conoco common stock and Phillips common stock over the last twelve months. The table below shows the twelve-month high and low closing prices during that period, compared with a closing price on November 14, 2001, of $25.39 per share for Conoco common stock and $53.42 per share for Phillips common stock:

	NOVEMBER 14, 2000 THROUGH NOVEMBER 14, 2001	
	HIGH	LOW
Conoco	$33.15	$24.13
Phillips	67.52	50.40

The range of exchange ratios implied by this range of values for Conoco common stock and Phillips common stock is between 0.357x and 0.658x.

Research Analysts' Future Price Targets Analysis. Morgan Stanley reviewed the 12-month price targets for the shares of common stock of each of Conoco and Phillips as projected by analysts from various financial institutions in recent reports. These targets reflected each analyst's estimate of the future public market trading price of Conoco common stock and Phillips common stock at the end of the particular period considered for each estimate. Morgan Stanley then arrived at the present value for these targets using an estimated equity discount rate of 10.0%.

This analysis showed the following range of values for Conoco common stock and Phillips common stock:

	12-MONTH ANALYSTS' PRICE TARGET	
	NOMINAL	PRESENT VALUE
Conoco	$28.00 - 39.00	$25.45 - 35.45
Phillips	55.00 - 72.00	50.00 - 65.45

The range of exchange ratios implied by this range of values for Conoco common stock and Phillips common stock is 0.389x to 0.709x.

Comparable Companies Analysis. Morgan Stanley calculated aggregate value, as equity value adjusted for capital structure, to earnings before interest, taxes, depreciation, amortization and exploration cost, which is referred to as EBITDAX, multiples for Conoco and Phillips for the fiscal year 2002 based on First Call consensus estimates. Morgan Stanley then compared the EBITDAX multiples obtained for Conoco and Phillips with multiples obtained for a group of selected oil and gas companies.

The selected oil and gas companies forming such group were ExxonMobil, BP, ChevronTexaco, Royal Dutch Shell, Occidental, Amerada Hess and Marathon, which is referred to as the Selected Companies. Morgan Stanley selected these companies because they are publicly traded companies with integrated oil and gas operations that for purposes of this analysis may be considered similar to those of Conoco and Phillips.

The analysis showed the following multiples:

AGGREGATE VALUE/ ESTIMATED EBITDAX ---------- 2002 -

Conoco.....
5.6x
Phillips.....
4.8 Selected Companies
Mean..... 5.4

Morgan Stanley then applied comparable company multiples (ranging between 4.0x and 5.0x for 2001 Aggregate Value/EBITDAX and between 4.5x and 5.5x for 2002 Aggregate Value/EBITDAX) to the corresponding Conoco and Phillips statistics based on publicly available estimates. The following table presents the range of exchange ratios implied by the resulting valuation ranges as computed by Morgan Stanley.

EXCHANGE RATIO RANGE ----------
--- Aggregate Value/2001
EBITDAX.....
0.249x - 0.490x Aggregate Value/2002
EBITDAX.....
0.265 - 0.499

Morgan Stanley calculated price to earnings per share and price to cash flow per share multiples for Conoco and Phillips for the fiscal year ended 2002 based on First Call consensus estimates. Morgan Stanley then compared the price to earnings per share and price to cash flow per share multiples obtained for Conoco and Phillips with multiples obtained for the Selected Companies.

The analysis showed the following multiples:

PRICE/ESTIMATED PRICE/ESTIMATED EPS CFPS ----------
- ---------- 2002 2002 ---------- ----------

Conoco.....
11.4x 4.9x
Phillips.....
11.6 4.9 Selected Companies
Mean..... 13.2 6.3

Morgan Stanley then applied comparable company multiples (ranging between 4.0x and 5.0x for 2001 Price/Cash Flow per share, between 4.5x and 5.5x for 2002 Price/Cash Flow per share, between 8.0x and 10.0x for 2001 Price/Earnings per share: and between 11.0x and 13.0x for 2002 Price/Earnings per share) to the corresponding Conoco and Phillips statistics based on publicly available estimates. The following table presents the range of exchange ratios implied by the resulting valuation ranges as computed by Morgan Stanley.

EXCHANGE RATIO RANGE ----------
------ Price/2001 Cash Flow per
Share.....
0.356x - 0.557x Price/2002 Cash
Flow per
Share.....
0.393 - 0.567 Price/2001 Earnings
per
Share.....
0.383 - 0.599 Price/2002 Earnings
per
Share.....
0.407 - 0.568

Morgan Stanley also calculated price to book value multiples for Conoco and Phillips. Morgan Stanley then compared the price to book value multiples obtained for Conoco and Phillips with multiples obtained for the Selected Companies.

	PRICE/BOOK VALUE
Conoco	2.4x
Phillips	1.4
Selected Companies Mean	2.2

Pro Forma Contribution Analysis. Morgan Stanley compared the pro forma contributions of each of Conoco and Phillips, based on First Call consensus estimates, to the resulting combined company. Morgan Stanley reviewed pro forma estimates of earnings, cash flow and EBITDAX for the years 2001 and 2002. The contributions made by Conoco and Phillips are consistent with the relative exchange ratios offered in the merger.

Morgan Stanley also reviewed the contributions of the pre-transaction aggregate value, the pre-transaction equity value, and proved reserves based on 2000 reported figures. The contributions made by Conoco and Phillips are consistent with the relative exchange ratios offered in the merger.

Pro Forma Earnings and Cash Flow Impact Analysis. Morgan Stanley analyzed the pro forma effects of the merger and computed the resulting accretion/dilution to the combined company's projected earnings per share and cash flow per share during 2002 and 2003, based on the relative exchange ratios offered in the merger. Such computations used earnings and cash flow projections for both Conoco and Phillips based on First Call consensus estimates, synergy estimates provided by Conoco's and Phillips' management, and certain purchase accounting adjustments.

The analysis indicated that, based on First Call estimates, the merger would be accretive to estimated earnings per share in 2002 and 2003 of both Conoco and Phillips, in each case as compared to the same estimates for Conoco and Phillips on a stand-alone basis. Based on First Call estimates, the merger would also be accretive to cashflow per share for Conoco and Phillips in 2002, and for Conoco in 2003, in each case as compared to the same estimates for Conoco and Phillips on a stand-alone basis.

Morgan Stanley also analyzed the directional impact on pro forma accretion/dilution to EPS in 2002, 2003 and 2004, for Conoco and Phillips, based on movements in crude oil prices, natural gas prices and light-oil spreads. Relative to First Call crude oil price estimates, an increase in the estimated price of crude oil reduces the accretion to EPS of both Conoco and Phillips in 2002. Any such increase would reduce accretion to EPS of Conoco to a greater degree than it would reduce accretion to EPS of Phillips. Under certain higher crude oil price scenarios, the transaction could be dilutive to Conoco's stand-alone estimated 2002 EPS. Relative to First Call crude oil price estimates, an increase in the expected crude oil price slightly increases the level of accretion to EPS for Phillips in 2003 and 2004, and reduces the level of accretion to EPS for Conoco in 2003 and 2004.

Relative to First Call natural gas price estimates, an increase in the expected natural gas price increases the accretion to Phillips stand-alone estimated EPS and decreases the accretion to Conoco's estimated stand-alone EPS for 2002, 2003 and 2004. Under certain higher natural gas price scenarios, the transaction could be dilutive in 2002 to Conoco's estimated stand-alone EPS and, under certain lower natural gas price scenarios, the transaction could be dilutive in 2003 to Phillips' estimated stand-alone EPS.

Relative to First Call light-oil spread estimates, an increase in the expected light-oil spread reduces the accretion to Phillips stand-alone estimated EPS and increases the accretion to Conoco's estimated stand-alone EPS for 2002, 2003 and 2004. Under certain lower light-oil spread scenarios, the transaction could be dilutive to Conoco's estimated stand-alone EPS in 2002 and, under certain higher light-oil spread scenarios, the transaction could be dilutive to Phillips estimated stand-alone EPS in 2003.

Potential Synergy Analysis. Morgan Stanley compared the potential synergies of this transaction to seven other recent business combinations in the oil and gas industry. These transactions are: the Chevron/

Texaco transaction, the TOTALFina/Elf transaction, the Repsol/YPF transaction, the BP Amoco/ARCO transaction, the Total/Petrofina transaction, the Exxon/Mobil transaction and the BP/Amoco transaction. The following table presents the potential synergies of these transactions relative to various statistics.

POTENTIAL PRE-TAX SYNERGIES RELATIVE TO SMALLER ENTITY							
			PRE-TAX OPERATING S, G&A	OP. EX. & PRODUCED LARGER ENTITY/SMALLER ENTITY			
	SYNERGIES	REVENUES	EXPENSES	EXPENSES	S, G&A EMPLOYEES	BOE	
	(IN THOUSANDS)				(IN THOUSANDS)		
Chevron/Texaco	$1,200,000	2.8%	3.3%	102.9%	3.2%	$63,121	$2.57
TOTALFina/Elf	1,500,000	4.1	5.2	44.7	4.7	17,647	4.10
Repsol/YPF	325,000	5.9	12.9	54.3	10.4	34,211	1.18
BP Amoco/ARCO	1,000,000	9.4	14.3	135.0	12.9	54,348	2.63
Total/Petrofina	370,000	2.0	2.3	41.9	2.2	25,519	4.60
Exxon/Mobil	2,800,000	5.0	6.3	68.5	5.7	67,470	4.60
BP/Amoco	2,000,000	6.0	7.9	87.9	7.2	46,029	4.24
High		9.4	14.3	135.0	12.9	67,470	4.60
Median		5.0	6.3	68.5	5.7	46,029	4.10
Low		2.0	2.3	41.9	2.2	17,647	1.18
Phillips/Conoco(1)	700,000	2.4	3.9	90.5	3.7	27,997	2.48

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(1) Based on average of preliminary estimates provided by Conoco and Phillips prior to the finalization of their synergy review.

In connection with the review of the merger by the Conoco Board of Directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Furthermore, Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of its analyses, without considering all of them, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of Conoco or Phillips.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic condition and other matters, many of which are beyond the control of Conoco or Phillips. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of Morgan Stanley's analysis of the fairness from a financial point of view to the Conoco stockholders, of the relative exchange ratios pursuant to the merger agreement, and were prepared in connection with the delivery by Morgan Stanley of its opinion dated November 18, 2001 to the Conoco Board of Directors. The analyses do not purport to be appraisals or to reflect the prices at which Conoco common stock or Phillips common stock might actually trade. The exchange ratio and other terms of the merger agreement were determined through arm's length negotiations between Conoco and Phillips and were unanimously approved by the Conoco Board of Directors. Morgan Stanley provided advice to Conoco during such negotiations. However, Morgan Stanley did not recommend any specific exchange ratio or form of consideration to Conoco or that any specific exchange ratio or form of consideration constituted the only appropriate consideration for the merger.

Morgan Stanley's opinion was one of the many factors taken into consideration by the Conoco Board of Directors in making its unanimous determination to approve the merger. Morgan Stanley's analyses summarized above should not be viewed as determinative of the opinion of the Conoco Board of Directors

with respect to the value of Conoco or Phillips or of whether the Conoco Board of Directors would have been willing to agree to a different exchange ratio or form of consideration.

OPINION OF SALOMON SMITH BARNEY

Salomon Smith Barney delivered its written opinion dated November 18, 2001, to the Conoco Board of Directors to the effect that, as of such date, based upon and subject to the considerations and limitations set forth in its opinion, the exchange ratio under the merger agreement applicable to each share of Conoco common stock is fair from a financial point of view to the holders of Conoco common stock. In its analysis of this exchange ratio, Salomon Smith Barney took into account, among other considerations set forth in its opinion, the exchange ratio of one share of New Parent common stock for each share of Phillips common stock in the merger.

THE FULL TEXT OF THE SALOMON SMITH BARNEY FAIRNESS OPINION, WHICH SETS FORTH, AMONG OTHER THINGS, THE ASSUMPTIONS MADE, THE GENERAL PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITS ON THE REVIEW UNDERTAKEN BY SALOMON SMITH BARNEY IS ATTACHED AS ANNEX E TO THIS JOINT PROXY STATEMENT/PROSPECTUS. THE SUMMARY OF SALOMON SMITH BARNEY'S OPINION SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION. CONOCO STOCKHOLDERS ARE URGED TO READ THIS OPINION CAREFULLY AND IN ITS ENTIRETY. THE FAIRNESS OPINION WAS PROVIDED TO THE CONOCO BOARD OF DIRECTORS FOR ITS INFORMATION AND IS DIRECTED ONLY TO THE FAIRNESS FROM A FINANCIAL POINT OF VIEW OF THE EXCHANGE RATIO PURSUANT TO THE MERGER AGREEMENT TO THE HOLDERS OF CONOCO COMMON STOCK.

In connection with its opinion, Salomon Smith Barney, among other things:

- reviewed a draft of the merger agreement dated November 16, 2001;

- discussed with certain senior officers, directors and other representatives and advisors of both Conoco and Phillips the business, operations and prospects of Conoco, Phillips and New Parent;

- examined certain publicly available business and financial information relating to Conoco and Phillips;

- examined certain financial forecasts and other information and data concerning Conoco, Phillips and New Parent provided to or discussed with Salomon Smith Barney the respective management of Conoco and Phillips;

- reviewed and discussed with the managements of Conoco and Phillips certain strategic, operational and financial benefits that they anticipate will result from the merger;

- conducted such other analyses and considered such other information and financial, economic and market criteria as deemed appropriate.

In rendering its opinion, Salomon Smith Barney assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or furnished to or reviewed by or discussed with it for the purposes of its opinion and it further relied upon the assurances of managements of Conoco and Phillips that they are not aware of any facts that would make any of that information inaccurate or misleading. With respect to financial forecasts and other information and data provided to or otherwise reviewed by it, Salomon Smith Barney relied on the advice of the managements of Conoco and Phillips that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective management of Conoco and Phillips as to the future performance of Conoco, Phillips and New Parent and the strategic implications and operational and financial benefits anticipated to result from the merger. Salomon Smith Barney expressed no view with respect to such forecasts and other information and data or the assumptions on which they were based. Salomon Smith Barney did not make, nor was Salomon Smith Barney furnished with, any independent evaluation or appraisal of the assets or liabilities of Conoco, Phillips or New Parent. Salomon Smith Barney's opinion relates to the relative value of Conoco and Phillips. Salomon Smith Barney did not express any opinion as to what the value of New Parent common stock will be when issued pursuant to the merger or the price at which the New Parent

common stock will trade or otherwise be transferable subsequent to the merger. Salomon Smith Barney was not asked to consider, and its opinion does not address, the relative merits of the merger as compared to any alternative business strategies that might exist for the company or the effect of any other transaction in which Conoco might engage. Salomon Smith Barney assumed that the merger will be treated as a tax-free reorganization for federal income tax purposes and that the final terms of the merger agreement will not vary materially from those set forth in the draft merger agreement delivered to it and that the merger will be consummated in accordance with the terms of the merger agreement, without waiver of any material conditions contained in the merger agreement. The opinion of Salomon Smith Barney is necessarily based on information available to it and financial, stock market and other conditions and circumstances existing and disclosed to it as of November 18, 2001. Salomon Smith Barney did not make a presentation to the Conoco Board of Directors in connection with rendering its fairness opinion. Salomon Smith Barney did not make a presentation to the Conoco Board of Directors in connection with rendering its fairness opinion.

SALOMON SMITH BARNEY'S ADVISORY SERVICES AND ITS OPINION EXPRESSED HEREIN WERE PROVIDED FOR THE INFORMATION OF THE CONOCO BOARD OF DIRECTORS IN ITS EVALUATION OF THE MERGER AND SALOMON SMITH BARNEY'S OPINION IS NOT INTENDED TO BE AND DOES NOT CONSTITUTE A RECOMMENDATION OF THE MERGER TO THE BOARD OF DIRECTORS, CONOCO OR TO ANYONE ELSE OR A RECOMMENDATION TO ANY CONOCO STOCKHOLDER AS TO HOW SUCH STOCKHOLDER SHOULD VOTE ON ANY MATTERS RELATING TO THE MERGER.

GENERAL

The Conoco Board of Directors selected each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston as its financial advisor because of their respective reputations as internationally recognized investment banking and advisory firms with substantial experience in transactions similar to the merger and because each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston is familiar with Conoco and its business. As part of its investment banking and financial advisory business, each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston provides a full range of financial advisory, financing, and brokerage services and, in the course of its normal trading and brokerage activities, may from time to time effect transactions and hold positions in securities, including derivative securities, or loans of Conoco or Phillips for its own accounts and for the accounts of its customers. Each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston also may provide investment banking services to New Parent and its subsidiaries in the future.

Under the terms of separate letter agreements dated November 16, 2001, November 14, 2001 and November 14, 2001, Conoco has agreed to pay each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston a customary fee upon consummation of the merger. Conoco has also agreed to reimburse each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston for its reasonable out-of-pocket expenses incurred in connection with the engagement, including attorney's fees, and to indemnify each of Morgan Stanley, Salomon Smith Barney and Credit Suisse First Boston and their respective related parties from and against certain liabilities, including liabilities under the federal securities laws.

OPINIONS OF PHILLIPS' FINANCIAL ADVISORS

On November 17, 2001, each of Goldman Sachs, JPMorgan and Merrill Lynch delivered its oral opinion to the Phillips Board of Directors, which opinions were subsequently confirmed in writing on November 18, 2001, that, as of the date of each opinion, the exchange ratio of one share of New Parent common stock for each share of Phillips common stock relative to the exchange ratio of 0.4677 of a share

of New Parent common stock for each share of Conoco common stock pursuant to the merger agreement was fair from a financial point of view to the holders of Phillips common stock.

THE FULL TEXT OF THE WRITTEN OPINIONS OF GOLDMAN SACHS, JPMORGAN AND MERRILL LYNCH, EACH DATED NOVEMBER 18, 2001, WHICH SET FORTH ASSUMPTIONS MADE, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN IN CONNECTION WITH EACH SUCH OPINION, ARE ATTACHED AS ANNEX F, ANNEX G AND ANNEX H, RESPECTIVELY, AND ARE INCORPORATED HEREIN BY REFERENCE. EACH OF GOLDMAN SACHS, JPMORGAN AND MERRILL LYNCH PROVIDED ITS OPINION FOR THE INFORMATION AND ASSISTANCE OF THE PHILLIPS BOARD OF DIRECTORS IN CONNECTION WITH ITS CONSIDERATION OF THE TRANSACTION. NONE OF THE GOLDMAN SACHS, JPMORGAN OR MERRILL LYNCH OPINIONS IS A RECOMMENDATION AS TO HOW ANY PHILLIPS STOCKHOLDER SHOULD VOTE WITH RESPECT TO THE ADOPTION OF THE MERGER AGREEMENT. WE URGE YOU TO READ EACH OPINION IN ITS ENTIRETY.

OPINION OF GOLDMAN SACHS

In connection with its opinion, Goldman Sachs reviewed, among other things:

- the merger agreement;
- Annual Reports to Stockholders and Annual Reports on Form 10-K of Phillips for the five years ended December 31, 2000;
- Annual Reports to Stockholders and Annual Reports on Form 10-K of Conoco for the three years ended December 31, 2000;
- certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Phillips and Conoco;
- certain other communications from Phillips and Conoco to their respective stockholders; and
- certain internal financial analyses and forecasts for Phillips and Conoco prepared by their respective managements, including certain cost savings and operating synergies projected by the managements of Phillips and Conoco to result from the transaction contemplated by the merger agreement.

Goldman Sachs also held discussions with members of the senior managements of Phillips and Conoco regarding their assessment of the strategic rationale for, and the potential benefits of, the transaction contemplated by the merger agreement and the past and current business operations, financial condition, and future prospects of their respective companies. In addition, Goldman Sachs:

- reviewed the reported price and trading activity for Phillips common stock and Conoco common stock;
- compared certain financial and stock market information for Phillips and Conoco with similar information for certain other companies, the securities of which are publicly traded; and
- reviewed the financial terms of certain recent business combinations in the oil and gas industry specifically and in other industries generally, and performed such other studies and analyses as it considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. In that regard, Goldman Sachs assumed with the consent of the Phillips Board of Directors that the internal financial forecasts prepared by the managements of Phillips and Conoco, including certain cost savings and operating synergies projected by the managements of Phillips and Conoco to result from the transaction contemplated by the merger agreement, were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Phillips and Conoco. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities of Phillips or Conoco or any of their subsidiaries, and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction contemplated by the merger

agreement will be obtained without any adverse effect on Phillips or Conoco or their respective subsidiaries or on the contemplated benefits of the transaction contemplated by the merger agreement in any respect material to Goldman Sachs' analysis. Goldman Sachs did not express any opinion as to the price at which New Parent common stock will trade if and when such New Parent common stock is issued.

OPINION OF JPMORGAN

In arriving at its opinion, JPMorgan:

- reviewed the merger agreement;

- reviewed certain publicly available business and financial information concerning Phillips and Conoco and the industries in which they operate;

- compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies JPMorgan deemed relevant and the consideration received for such companies;

- compared the financial and operating performance of Phillips and Conoco with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of Phillips common stock and Conoco common stock and certain publicly traded securities of such other companies;

- reviewed certain internal financial analyses and forecasts prepared by the managements of Phillips and Conoco relating to their respective businesses, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger; and

- performed such other financial studies and analyses and considered such other information as JPMorgan deemed appropriate for the purposes of its opinion.

In addition, JPMorgan held discussions with certain members of the managements of Phillips and Conoco with respect to certain aspects of the merger, and the past and current business operations of Phillips and Conoco, the financial condition and future prospects and operations of Phillips and Conoco, the effects of the merger, including the cost savings and related expenses and synergies expected to result from the merger, on the financial condition and future prospects of Phillips and Conoco, and certain other matters JPMorgan believed necessary or appropriate to its inquiry.

In giving its opinion, JPMorgan relied upon and assumed, without any obligation of independent verification, the accuracy and completeness of all information that was publicly available or was furnished to it by Phillips and Conoco or otherwise reviewed by it, and JPMorgan did not assume any responsibility or liability for such information. JPMorgan did not conduct any valuation or appraisal of any assets or liabilities, nor were any such valuations or appraisals provided to it. In relying on financial analyses and forecasts provided to it, including the cost savings and related expenses and synergies expected to result from the merger, JPMorgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Conoco and Phillips to which such analyses or forecasts relate. JPMorgan also assumed that the merger will qualify as a tax-free reorganization for United States federal income tax purposes and that the merger will be consummated as described in the merger agreement. JPMorgan relied as to all legal matters relevant to rendering its opinion upon the advice of its counsel. JPMorgan further assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Phillips or Conoco or their respective subsidiaries or on the contemplated benefits of the transaction contemplated by the merger agreement in any respect material to its analysis and that all conditions to the merger will be satisfied in all respects material to its analysis.

JPMorgan's opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Subsequent developments may affect its opinion, and JPMorgan does not have any obligation to update, revise, or reaffirm its opinion.

JPMorgan's opinion is limited to the fairness from a financial point of view to the holders of Phillips common stock of the exchange ratio of one share of New Parent common stock for each share of Phillips common stock relative to the exchange ratio of 0.4677 of a share of New Parent common stock for each share of Conoco common stock pursuant to the merger agreement, and JPMorgan expressed no opinion as to the underlying decision by Phillips to engage in the transaction. JPMorgan expressed no opinion as to the price at which Phillips common stock or New Parent common stock will trade at any future time.

OPINION OF MERRILL LYNCH

In arriving at its opinion, Merrill Lynch, among other things:

- reviewed certain publicly available business and financial information relating to Phillips and Conoco that Merrill Lynch deemed to be relevant;

- reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Phillips and Conoco, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the merger, furnished to Merrill Lynch by Phillips and Conoco;

- conducted discussions with members of senior management and representatives of Phillips and Conoco concerning the matters described above, as well as their respective businesses and prospects before and after giving effect to the merger and the cost savings and related expenses and synergies expected to result from the merger;

- reviewed the market prices and valuation multiples for the shares of Phillips common stock and Conoco common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- reviewed the results of operations of Phillips and Conoco and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- compared the proposed financial terms of the merger with the financial terms of certain other transactions which Merrill Lynch deemed to be relevant;

- participated in certain discussions among representatives of Phillips and Conoco and their financial and legal advisors;

- reviewed the potential pro forma impact of the merger;

- reviewed the merger agreement; and

- reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including Merrill Lynch's assessment of general economic, market and monetary conditions.

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it, discussed with or reviewed by or for it, or publicly available, and Merrill Lynch did not assume any responsibility for independently verifying such information or undertake an independent evaluation or appraisal of any of the assets or liabilities of Phillips or Conoco and was not furnished with any such evaluation or appraisal. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of Phillips or Conoco. With respect to the financial forecast information and the cost savings and related expenses and synergies expected to result from the merger furnished to or discussed with it by Phillips or Conoco, Merrill Lynch was advised by management of Phillips and Conoco, respectively, that they have been reasonably prepared and reflect the best currently available estimates and judgment of Phillips or Conoco's management as to the expected future financial performance of Phillips or Conoco, as the case may be, and the cost savings and related expenses and synergies expected to result from the merger. Merrill Lynch made no independent investigation of any legal matters and accounting advice given to Phillips, Conoco and their

respective boards of directors, including, without limitation, advice as to the accounting and tax consequences of the merger.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to it as of, the date of its opinion. Merrill Lynch assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Phillips or Conoco or their respective subsidiaries or on the contemplated benefits of the transaction contemplated by the merger agreement in any respect material to its analysis, and Merrill Lynch further assumed that all conditions to the merger will be satisfied in all respects material to its analysis. Merrill Lynch expressed no opinion as to the price at which Phillips common stock or New Parent common stock will trade following the announcement or consummation of the merger, as the case may be.

JOINT FINANCIAL ANALYSES OF PHILLIPS' FINANCIAL ADVISORS

The following is a summary of the material financial analyses jointly used by Goldman Sachs, JPMorgan and Merrill Lynch in connection with providing their opinions to the Phillips Board of Directors. Some of the summaries of the financial analyses include information presented in tabular format. In order to more fully understand the financial analyses used by Goldman Sachs, JPMorgan and Merrill Lynch, the tables must be read together with the full text of each summary. The tables alone are not a complete description of the financial analyses performed by Goldman Sachs, JPMorgan and Merrill Lynch. Goldman Sachs, JPMorgan and Merrill Lynch jointly prepared the presentation made to the Phillips Board of Directors.

Historical Exchange Ratio Analysis. Goldman Sachs, JPMorgan and Merrill Lynch reviewed the closing prices of Conoco common stock divided by the corresponding closing price of Phillips common stock over the period beginning with Conoco's initial public offering in October 1998 and ending on November 16, 2001. In addition, Goldman Sachs, JPMorgan and Merrill Lynch calculated the average of these historical daily exchange ratios for the twenty-day, six-month, one-year and three-year periods ended November 16, 2001. The following table presents the results of these calculations:

AVERAGE PERIOD EXCHANGE RATIO	- ------ --------------
Transaction	0.4677
20-Day Average	0.4677
6-Month Average	0.4983
1-Year Average	0.5014
3-Year Average	0.5066

The transaction exchange ratio of 0.4677 would result in the holders of Phillips common stock owning approximately 57% of the outstanding common stock of the pro forma combined company following the merger.

Contribution Analysis. Goldman Sachs, JPMorgan and Merrill Lynch reviewed specific historical and future operating and financial information, including, among other things, equity market value, net income and cash flow for Phillips, Conoco and the pro forma combined company resulting from the merger based on financial data provided by the managements of Phillips and Conoco and Institutional Brokers Estimate System, or I/B/E/S, estimates. Cash flow was defined as net income adjusted for the non-cash impact of depreciation, depletion, amortization, deferred taxes, dry-hole write offs and other non-cash/non-recurring items. Goldman Sachs, JPMorgan and Merrill Lynch also analyzed the relative income statement contribution of Phillips and Conoco to the combined company on a pro forma basis before taking into account any of the possible benefits that may be realized following the merger based on actual 1998, 1999, 2000 and estimated 2001, 2002 and 2003 results, based on financial data provided by the

managements of Phillips and Conoco and I/B/E/S estimates. The following table presents the results of this analysis:

PHILLIPS CONTRIBUTION TO COMBINED COMPANY					
		LAST 3 YEARS			
NEXT 3 YEARS AGGREGATE	2000 AGGREGATE	2001E	2002E		
Net Income	50%	53%	56%	47%	58%
Cash Flow	54	52	56	49	57

The analysis further indicated that Phillips would contribute approximately 57% of the equity market value of the pro forma combined company as compared to the approximately 57% of the outstanding common equity of the pro forma combined company that holders of Phillips common stock would receive after the merger based on the exchange ratio of 0.4677.

Pro Forma Merger Analysis. Goldman Sachs, JPMorgan and Merrill Lynch prepared pro forma analyses of the financial impact of the transaction using I/B/E/S estimates and synergy estimates prepared by the managements of Phillips and Conoco. For each of the years 2002 and 2003, Goldman Sachs, JPMorgan and Merrill Lynch compared the earnings per share and cash flow per share of Phillips common stock, on a stand-alone basis, to the earnings per share and cash flow per share of the common stock of the combined company on a pro forma basis assuming pre-tax synergies of $750 million per year. These analyses were performed based on the closing price of Phillips and Conoco common stock on November 16, 2001. Based on these analyses, the proposed transaction would result in an increase in earnings on a per share basis when compared to Phillips' earnings per share on a stand-alone basis in the years 2002 and 2003. In addition, based on these analyses, the proposed transaction would result in an increase in cash flow on a per share basis, when compared to Phillips' cash flow per share on a stand-alone basis, in the years 2002 and 2003.

Selected Transactions Analysis. Goldman Sachs, JPMorgan and Merrill Lynch analyzed certain information relating to the proposed transaction in relation to certain publicly available information for the following five stock-for-stock transactions in the oil and gas industry:

- The British Petroleum Company p.l.c.'s combination with Amoco Corporation, completed in December 1998;
- Exxon Corporation's combination with Mobil Corporation, completed in November 1999;
- BP Amoco p.l.c.'s combination with Atlantic Richfield Company, completed in April 2000;
- Total Fina S.A.'s combination with Elf Aquitaine, completed in February 2000; and
- Chevron Corporation's combination with Texaco Inc., completed in October 2001.

Goldman Sachs, JPMorgan and Merrill Lynch calculated and compared for each of the five selected oil and gas industry transactions the synergy value split between the respective shareholders of the larger and smaller company, as compared to the corresponding synergy value split for the proposed transaction. The synergy values were determined based on both (1) the estimated dollar value of synergies publicly announced by the companies at the time of announcement of the transaction and (2) to the extent subsequently revised, the revised estimated dollar value of synergies publicly announced by the companies, other than for the Chevron/Texaco transaction for which the revised synergy value was based on then-available market estimates. The synergy value for the proposed transaction was based on estimates

prepared by the managements of Phillips and Conoco. The following table presents the results of this analysis:

(ANNOUNCED/ REVISED) COMPANY	CREATION FROM TRANSACTION	SPLIT BIGGER COMPANY	SPLIT SMALLER COMPANY	SYNERGY VALUE SPLIT(2)	SYNERGIES(1)	POTENTIAL VALUE EQUITY SYNERGIES (%)
		(DOLLAR AMOUNTS IN BILLIONS OF DOLLARS)				
BP/Amoco	$ 2.0	$12.0	60/40	16%	84%	
Revised	4.0	24.0	60/40	38	62	
Exxon/Mobil	2.8	16.5	70/30	(8)	108	
Revised	7.0	42.0	70/30	40	60	
BP/ARCO	1.0	6.0	80/20	5	95	
Total/Elf	1.3	7.8	68/32	25	75	
Revised	2.3	13.8	68/32	44	56	
Chevron/Texaco	1.2	7.2	61/39	6	94	
Revised	2.1	12.6	61/39	30	70	
Mean						
	9	91	Mean			
revised						38
62 Phillips/Conoco	0.75	4.5	57/43	57	43	

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(1) The potential value created from the synergies was calculated at six times the pre-tax synergy estimate, based upon discounted cash flow analyses of the estimated cash flows of the synergies as provided by the managements of Phillips and Conoco and assuming a range of discount rates and perpetuity growth rates.

(2) The synergy value split calculation took into account that, when analyzing the estimated proportion of the synergy value that the shareholders of the larger company would enjoy, any premium paid by the larger company to the shareholders of the smaller company would erode the synergy value available to the larger company's shareholders.

Selected Companies Analyses. Goldman Sachs, JPMorgan and Merrill Lynch reviewed and compared certain financial information as described below for Phillips and Conoco to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the oil and gas industry, which were divided into two tiers reflecting their relative market capitalization:

SUPER MAJORS	INTEGRATEDS
- Exxon Mobil Corporation	- Amerada Hess Corporation
- Royal Dutch Petroleum Company/	- USX-Marathon Group
Shell Transportation and Trading	- ENI SpA
Company p.l.c.	- BP p.l.c.
- ChevronTexaco Corporation	- TotalFinaElf S.A.

Goldman Sachs, JPMorgan and Merrill Lynch also calculated and compared various financial multiples and ratios based on publicly available financial data as of November 16, 2001, information it obtained from Securities and Exchange Commission filings, Goldman Sachs Equity Research Estimates and I/B/E/S estimates. The multiples for Phillips were calculated using Phillips' closing price on November 16, 2001, and the multiples for Conoco were calculated using Conoco's closing price on November 16, 2001. The multiples for each of the selected companies were based on the most recent publicly available information.

The results of these analyses are as summarized as follows:

	MARKET CAPITALIZATION PRICE/EARNINGS (IN BILLIONS) RATIO (2002E)
Exxon Mobil	$264 21.0x
Royal Dutch/Shell	172 15.7
BP plc	172 16.1
TotalFinaElf	103 14.4
ChevronTexaco	93 16.4
ENI	49 10.4
USX-Marathon	8 13.2
Amerada Hess	5 8.9
Phillips	20 11.2
Conoco	15 10.8

GENERAL

The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstance, and therefore is not readily susceptible to partial analysis. Goldman Sachs, JPMorgan and Merrill Lynch believe that selecting portions of their analyses or the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying their opinions. In arriving at their fairness determinations, Goldman Sachs, JPMorgan and Merrill Lynch considered the results of each of these analyses in their totality and did not isolate or reach separate conclusions with respect to any particular analysis. No company or transaction used in the above analyses as a comparison is directly comparable to Phillips or Conoco or the merger.

The analyses were prepared solely for the purposes of Goldman Sachs, JPMorgan and Merrill Lynch providing their opinions to the Phillips Board of Directors as to the fairness from a financial point of view to the holders of Phillips common stock as of the date of such opinions of the exchange ratio of one share of New Parent common stock for each share of Phillips common stock relative to the exchange ratio of 0.4677 of a share of New Parent common stock for each share of Conoco common stock pursuant to the merger agreement. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based on numerous factors or events beyond the control of the parties or their respective advisors, none of Phillips, Conoco, Goldman Sachs, JPMorgan, Merrill Lynch or any other person assumes responsibility if future results are materially different from those forecast. As described above, the opinions of Goldman Sachs, JPMorgan and Merrill Lynch to the Phillips Board of Directors were one of many factors taken into consideration by the Phillips Board of Directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs, JPMorgan and Merrill Lynch.

Goldman Sachs, JPMorgan and Merrill Lynch, as part of their investment banking businesses, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, and financial analyses for estate, corporate and other purposes. Phillips selected Goldman Sachs, JPMorgan and Merrill Lynch as financial advisors because each is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger.

Goldman Sachs is familiar with Phillips having provided certain investment banking services to Phillips from time to time, including having acted as financial advisor to Phillips in connection with its acquisition of assets from Atlantic Richfield Company in April 2000, having acted as co-arranger in connection with the public offering of $200 million aggregate principal amount of Phillips' 7% Debentures due 2029 in March 1999 and the public offering of $300 million aggregate principal amount of Phillips' 6 3/8% Notes due 2009 in March 1999, and having acted as its financial advisor in connection with, and having participated in certain of the negotiations leading to, the merger agreement. Goldman Sachs has also provided certain investment banking services to Conoco from time to time, including having acted as co-manager in connection with the public offering of 191.5 million shares of Conoco's Class A Common Stock in October 1998, as co-arranger in connection with the public offering of $1.35 billion aggregate principal amount of Conoco's 5.90% Notes due 2004, $1.9 billion aggregate principal amount of Conoco's 6.95% Notes due 2029 and $750 million aggregate principal amount of Conoco's 6.35% Notes due 2009 in April 1999, and as agent for Conoco's commercial paper program.

JPMorgan is familiar with Phillips and Conoco having provided financial advisory and financing services from time to time to Phillips and Conoco, including acting as co-lead on Conoco's $4.5 billion high grade bond offering, advising and arranging the financing for Conoco's acquisition of Gulf Canada Resources Limited, advising Phillips on its joint venture with Chevron Corp. and financing Phillips' acquisition of ARCO's Alaskan assets. In addition, one of JPMorgan's commercial bank affiliates is the agent bank for certain outstanding credit facilities for Phillips and Conoco.

Merrill Lynch is familiar with Phillips and Conoco having provided financial advisory and financing services from time to time to Phillips and Conoco, including acting as financial advisor to Phillips in connection with the formation of a gathering, processing and marketing joint venture (called Duke Energy Field Services, L.L.C.) with Duke Energy Corporation, acting as co-arranger for Phillips' $6.5 billion interim credit facility in connection with the acquisition of ARCO's Alaskan assets and acting as joint book-running manager on Phillips' public offering of $1.15 billion 8.5% Notes due 2005 and $1.35 billion 8.75% Notes due 2010.

Each of Goldman Sachs, JPMorgan and Merrill Lynch provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold positions in securities, including derivative securities, of Phillips or Conoco for its own accounts and for the accounts of its customers. Each of Goldman Sachs, JPMorgan and Merrill Lynch also may provide investment banking services to New Parent and its subsidiaries in the future.

Pursuant to separate letter agreements dated November 15, 2001, November 16, 2001 and November 16, 2001, Phillips engaged each of Goldman Sachs, JPMorgan and Merrill Lynch, respectively, to act as financial advisor in connection with the contemplated transaction. Pursuant to the terms of these letters, Phillips has agreed to pay each of Goldman Sachs, JPMorgan and Merrill Lynch a customary fee upon consummation of the transaction.

Phillips has agreed to reimburse each of Goldman Sachs, JPMorgan and Merrill Lynch for their reasonable out-of-pocket expenses, including attorneys' fees, and to indemnify each of Goldman Sachs, JPMorgan and Merrill Lynch against certain liabilities, including liabilities under the federal securities laws.

INTERESTS OF CONOCO DIRECTORS AND MANAGEMENT IN THE MERGER

In considering the recommendation of the Conoco Board of Directors to vote for the proposal to adopt the merger agreement, Conoco stockholders should be aware that members of the Conoco Board of Directors and members of Conoco management team have agreements or arrangements that provide them with interests in the merger that differ from those of other Conoco stockholders. The Conoco Board of Directors was aware of these agreements and arrangements during its deliberations of the merits of the merger and in determining to recommend to Conoco stockholders that they vote for the proposal to adopt the merger agreement.

GOVERNANCE STRUCTURE AND MANAGEMENT POSITIONS

The merger agreement provides for the initial composition of the New Parent Board of Directors, certain committees of the New Parent Board of Directors and selected New Parent executive officer positions. See "Directors and Management Following the Merger."

TREATMENT OF STOCK OPTIONS AND OTHER STOCK-BASED AWARDS

Upon Conoco stockholder approval of the merger agreement, outstanding Conoco stock options and other stock-based awards granted under Conoco employee and director stock plans that were not previously vested or exercisable will become fully vested and exercisable and generally will remain exercisable for the remainder of their term. As of [ ] 2002, the number of shares of Conoco common stock subject to unvested options held by Archie W. Dunham, Robert E. McKee III, Jimmy W. Nokes, Robert W. Goldman and all other Conoco executive officers and all Conoco directors (including Mr. Dunham) were [ ], [ ], [ ], [ ], and [ ], respectively. The weighted average exercise price of the unvested options held by Messrs. Dunham, McKee, Nokes, Goldman and all other Conoco executive officers and all Conoco directors (including Mr. Dunham) is $[ ], $[ ], $[ ], $[ ], and $[ ], respectively. As of [ ] 2002, the number of shares of Conoco common stock subject to other unvested stock-based awards held by Messrs. Dunham, McKee, Nokes and Goldman, all other Conoco executive officers of Conoco and all Conoco directors (including Mr. Dunham) are [ ], [ ], [ ], [ ], and [ ], respectively.

EMPLOYMENT AGREEMENT WITH ARCHIE W. DUNHAM

Conoco and Mr. Dunham are parties to an existing employment agreement. In connection with entering into the merger agreement, New Parent, Conoco and Mr. Dunham entered into a new employment agreement that contains substantially the same terms and conditions as Mr. Dunham's current employment agreement, with modifications to reflect Mr. Dunham's new responsibilities with New Parent and to provide Mr. Dunham with appropriate incentives to continue his employment with New Parent following the completion of the merger. Upon the completion of the merger, Mr. Dunham's new employment agreement will become effective and will supersede Mr. Dunham's current employment agreement. The term of Mr. Dunham's new employment agreement will commence upon the date of the completion of the merger and end on the later of October 1, 2004 and the second anniversary of the date of the completion of the merger.

During the term of Mr. Dunham's employment, Mr. Dunham will be a senior executive employee of New Parent, a member and Chairman of the New Parent Board of Directors and Chairman of the Executive Committee of the New Parent Board of Directors, and Mr. Dunham's services will be performed at New Parent's headquarters in Houston, Texas. During the term of his employment, Mr. Dunham will preside at meetings of the New Parent Board of Directors and of New Parent stockholders, will work with the Chief Executive Officer of New Parent on external stakeholder relations (community, state, federal and foreign governments), business development (growth) initiatives, and the creation of an outstanding and cohesive New Parent Board of Directors, and will have other executive responsibilities as may be agreed between Mr. Dunham and the Chief Executive Officer of New Parent.

While Mr. Dunham is Chairman of the New Parent Board of Directors, he and the Chief Executive Officer of New Parent will jointly recommend to the New Parent Board of Directors the long-range strategic plan for New Parent, major acquisitions and divestitures, and major changes to New Parent's capital structure, and, with respect to all other matters, the Chief Executive Officer will, in consultation with Mr. Dunham, arrange the agenda for meetings of, and shall report to, the New Parent Board of Directors. At the conclusion of the term of Mr. Dunham's employment, Mr. Dunham will retire from employment with New Parent and as Chairman, but shall remain a member of the New Parent Board of Directors and a member of the Executive Committee and Chairman of the Committee on Directors' Affairs of the New Parent Board of Directors until his 70th birthday (or earlier retirement from such positions), subject to being periodically re-elected to the New Parent Board of Directors by New Parent stockholders. New Parent will propose Mr. Dunham for re-election whenever his then current term as a

member of the New Parent Board of Directors is set to expire before his 70th birthday. See also "Directors and Management Following the Merger". Pursuant to Mr. Dunham's new employment agreement, Mr. Dunham's duties and responsibilities may not be terminated or diminished during the term of his employment other than pursuant to the affirmative vote of at least two-thirds of the members of the New Parent Board of Directors.

Stockholder approval of the merger will constitute a "change of control" under Mr. Dunham's current employment agreement, and the election of another individual as Chief Executive Officer will constitute "good reason" under Mr. Dunham's current employment agreement. As a result, Mr. Dunham would be permitted under the terms of Mr. Dunham's current employment agreement to terminate his employment with Conoco and receive certain compensation and benefits. In consideration for Mr. Dunham's entering into a new employment agreement, which results in substantial modifications of the terms and conditions of Mr. Dunham's continuing relationship with Conoco, in lieu of the compensation and benefits that would have been payable to Mr. Dunham under his current employment agreement had he voluntarily terminated his employment at such time, Mr. Dunham will receive, promptly following the completion of the merger, a lump sum severance payment equal to (1) the sum of his salary, deferred compensation and vacation accrued to the date of completion of the merger, (2) the salary and bonus that would have been payable to him under his current employment agreement for three years following the date of completion of the merger, based on his then current salary and an assumed annual bonus equal to the average of the two highest annual bonus awards to Mr. Dunham in the three fiscal years preceding the completion of the merger, and (3) an amount equal to the additional retirement benefit he would have accrued if he had remained employed for three years following the date of completion of the merger. In addition, Mr. Dunham will receive grants of options, restricted stock and other compensatory awards he would have received had his employment continued for three years following the date of completion of the merger, based upon grants of options and restricted stock and other compensatory awards received by Mr. Dunham in the preceding three years, and to the vesting of, and termination of restrictions on, any unvested equity or performance-based awards, and extension of the term during which these awards may be exercised by Mr. Dunham until the earlier of (x) the first anniversary of the date of completion of the merger or (y) the date upon which the right to exercise any such award would have expired if Mr. Dunham had continued to be employed by Conoco under the terms of his current employment agreement for three years following the date of completion of the merger; provided, however, that any option grants described above will not vest until the second anniversary of the completion of the merger, subject to earlier vesting upon the occurrence of certain events as contemplated by Mr. Dunham's new employment agreement as described below and/or Conoco's customary stock option grants. Mr. Dunham will receive welfare and other benefits continuation for three years following the date of completion of the merger, and will also continue to receive at no cost to him, until the earlier of Mr. Dunham's death or the expiration or exercise of all his company stock options, the financial and tax planning and life insurance benefits afforded during employment. The foregoing payments and benefits are substantially the same as those that Mr. Dunham would have been entitled to receive under his current employment agreement except that, had he voluntarily terminated his employment at the completion of the merger, Mr. Dunham would have been entitled to receive under his current employment agreement an additional $3 million cash payment, and the new grants of options described above would have been fully vested under his current employment agreement, and not subject to a two-year cliff vesting schedule.

Mr. Dunham's new employment agreement provides that Mr. Dunham will also be entitled to receive an additional payment sufficient to compensate him for the amount of any excise tax imposed on the payments described above or otherwise pursuant to Section 4999 of the Internal Revenue Code and for any taxes imposed on that additional payment. Mr. Dunham's new employment agreement also provides that Mr. Dunham may elect, on or before March 31, 2002 (but in no event later than the date 30 days prior to the date of completion of the merger), to defer any of the payments described above under the terms of Conoco's Global Variable Compensation Deferral Plan. Assuming that the merger is completed in [July] 2002, and excluding any gross-up payments for excise taxes that may be payable under Section 4999 of the Internal Revenue Code, the estimated amount of the cash portion of the payments described above payable to Mr. Dunham at the completion of the merger is $[ ], the estimated

number of shares subject to New Parent options that will be granted to Mr. Dunham at the completion of the merger is [ ] and the estimated number of shares of New Parent common stock that will be granted to Mr. Dunham at the completion of the merger is [ ].

In general, during the term of Mr. Dunham's employment, Mr. Dunham's compensation and benefits will be, both in the aggregate and with respect to each element of compensation and benefits, the same as that provided to the Chief Executive Officer of New Parent.

Pursuant to Mr. Dunham's new employment agreement, Mr. Dunham will receive an annual base salary of not less than his annual base salary in effect immediately prior to the completion of the merger, subject to annual reviews and increases, bonuses and long-term equity-based compensation that are competitive with industry practices, and participation in the most favorable incentive, retirement, welfare and other benefits New Parent offers to New Parent senior executives, including term life insurance in an amount equal to four times Mr. Dunham's annual base salary. In no event will the annual base salary or annual bonuses (in respect of each applicable fiscal year) provided to Mr. Dunham be less than that provided to the Chief Executive Officer of New Parent. In addition, the long-term equity-based compensation provided to Mr. Dunham will be substantially the same, both in amount, exercise or strike or base price, and other terms and conditions, as those awarded to the Chief Executive Officer of New Parent.

During the term of Mr. Dunham's new employment agreement, Mr. Dunham has agreed not to terminate his employment within six months following a subsequent change of control of New Parent (as defined in Mr. Dunham's new employment agreement), other than as a result of retirement at the end of the term of Mr. Dunham's employment, for good reason (as defined in Mr. Dunham's new employment agreement) or disability. If, during the term of Mr. Dunham's employment, Mr. Dunham's employment is terminated by Mr. Dunham at any time for good reason or by New Parent at any time other than for cause (as defined in Mr. Dunham's new employment agreement) or by reason of Mr. Dunham's death or disability, then Mr. Dunham will be entitled to payments and benefits comparable to those provided to him at the completion of the merger as described above, replacing references to the completion of the merger with references to the termination of Mr. Dunham's employment; provided, that (1) the lump-sum severance payment of salary and bonus plus the additional retirement benefit accruals as described above will be based on the salary and bonus and retirement benefit accruals that Mr. Dunham would have received through the end of the term of his employment, (2) Mr. Dunham will receive a pro rata annual bonus for the year in which his termination of employment occurs, based on the annual bonus paid or awarded in respect of the fiscal year immediately preceding the date of termination of employment, (3) the grants of options, restricted stock and other compensatory awards described above will be based on those that Mr. Dunham would have received through the end of the term of his employment and (4) welfare and other benefits will be continued through the later of three years following the date of termination of his employment and the date Mr. Dunham attains age 70, which we refer to as the "benefits continuation period;" provided, that New Parent's obligation to provide these welfare benefits will cease upon Mr. Dunham's refusal to serve as a member of the New Parent Board of Directors.

If Mr. Dunham's employment is terminated under circumstances described above, Mr. Dunham will receive the following additional benefits, which we refer to as "post-employment compensation," during the benefits continuation period: (1) continued participation in the Director's Charitable Gift Program, (2) continued participation in welfare benefit plans and fringe benefits arrangements applicable as if Mr. Dunham had remained employed, (3) continued coverage under the comprehensive security program applicable during employment (in the same manner and providing the same level of security protection as in effect on the date of the merger agreement, and in any event on a basis no less favorable than the coverage provided to the Chief Executive Officer of New Parent) and (4) continued participation in the Conoco domestic relocation policy with respect to a single relocation.

If Mr. Dunham remains employed through the expiration of the term of his employment, upon any termination of his employment thereafter, he is entitled to vesting of, and termination of restrictions on, any unvested equity or performance-based awards. In addition, upon such a termination, Mr. Dunham will

receive his post-employment compensation; provided that New Parent's obligation to provide these benefits will cease upon Mr. Dunham's refusal to serve as a member of the New Parent Board of Directors. It is contemplated that Mr. Dunham will serve as a member of the New Parent Board during the benefits continuation period.

SEVERANCE ARRANGEMENTS

Conoco's executive officers (other than Mr. Dunham) participate in the Conoco Key Employee Severance Plan. The plan provides that if the employment of a participant in the plan is terminated (i) within two years of a "Change in Control" of Conoco or (ii) after a "Potential Change in Control" of Conoco but prior to a Change in Control (whether or not a Change in Control ever occurs), in either case by Conoco other than for "cause" or by the participant for "good reason" (as such terms are defined in the plan), the participant will be entitled to:

- a lump-sum severance payment equal to one-and-one-half, two, or three times the sum of the employee's base salary, previous year's bonus, and economic equivalent of the previous year's stock option award;

- the present value of the increase in retirement benefits resulting from the crediting of an additional one-and-one-half, two, or three times the employee's number of years of age and service under the applicable retirement plan;

- 36 months of welfare benefits continuation;

- a pro rata portion of the annual bonus for which the employee is eligible in the year of termination; and

- if necessary, a gross-up payment sufficient to compensate the participant for the amount of any excise tax imposed on payments made under the plan or otherwise pursuant to Section 4999 of the Internal Revenue Code and for any taxes imposed on this additional payment.

Prior to October 19, 2005, the Key Employee Severance Plan may not be amended or terminated if such amendment would be adverse to the interests of any eligible employee, without the employee's written consent. Amounts payable under the plan will be in lieu of any payments or benefits that may be payable to the severed employee under any other plan, policy or program of Conoco relating to severance.

Stockholder approval of the merger will constitute a "Change of Control" under the Key Employee Severance Plan. Assuming that the merger is completed in [July] 2002, and excluding any gross-up payments for excise taxes that may be payable under Section 4999 of the Internal Revenue Code, the estimated maximum amount of the cash severance payments that would be payable to Messrs. McKee, Nokes and Goldman and all other executive officers of Conoco, upon a termination of their employment by New Parent without cause, is $[ ], $[ ], $[ ], and $[ ], respectively.

DIRECTOR DEFERRED COMPENSATION

Pursuant to the Conoco Deferred Compensation Plan for Non-Employee Directors, participants may elect that, upon a change in control of Conoco, at the director's election, all deferred amounts (including deferred restricted stock units) may be paid in full in a lump-sum payment within 60 days of the Change in Control. Stockholder approval of the merger will constitute a Change of Control under the Conoco Deferred Compensation Plan for Non-Employee Directors. Assuming that the merger is completed in [July] 2002, the estimated aggregate maximum amount of payments that would be payable to all of Conoco directors within 60 days following the Conoco stockholder approval of the merger is $[ ].

DIRECTOR SUPPLEMENTAL COMPENSATION

Pursuant to the merger agreement, Conoco may, but is not obligated to, pay to any Conoco non-employee director immediately prior to the completion of the merger who does not become a New Parent director, an amount per Conoco non-employee director not in excess of three times the then-annual

compensation for that Conoco non-employee director. Based on the current annual compensation provided by Conoco to Conoco non-employee director, the estimated maximum amount that could be payable to each applicable Conoco non-employee director is approximately $[ ].

INDEMNIFICATION AND INSURANCE

The merger agreement includes provisions relating to indemnification and insurance for directors, officers and employees of Conoco and Phillips. See "The Merger Agreement -- Indemnification and Insurance."

INTERESTS OF PHILLIPS DIRECTORS AND MANAGEMENT IN THE MERGER

In considering the recommendation of the Phillips Board of Directors to vote for the adoption of the merger agreement, Phillips stockholders should be aware that members of the Phillips Board of Directors and members of the Phillips management team have agreements or arrangements that provide them with interests in the merger that differ from those of Phillips stockholders. The Phillips Board of Directors was aware of these agreements and arrangements during its deliberations on the merits of the merger and in determining to recommend to the Phillips stockholders that they vote for the adoption of the merger agreement.

GOVERNANCE STRUCTURE AND MANAGEMENT POSITIONS

The merger agreement provides for the initial composition of the New Parent Board of Directors, certain committees of the New Parent Board of Directors and selected New Parent executive officer positions. See "Directors and Management Following the Merger."

PHILLIPS STOCK OPTIONS, SARS AND STOCK-BASED COMPENSATION AWARDS

All unvested Phillips employee stock options, SARs, restricted stock and restricted stock units that were outstanding on November 18, 2001, other than certain stock options and restricted stock units granted to James J. Mulva described below, will vest upon stockholder approval of the merger, which is considered a "change of control" for purposes of those awards. As of [ ], 2002, the number of unvested stock options and SARs held by Mr. Mulva, J.A. Carrig, B.Z. Parker, J.B. Whitworth, and all other Phillips executive officers and all Phillips directors are expected to be [ ], [ ], [ ], [ ] and [ ], respectively. The weighted average price of unvested stock options and SARs held by Mr. Mulva, J.A. Carrig, B.Z. Parker, J.B. Whitworth, all other Phillips executive officers and all Phillips directors are expected to be [ ], [ ], [ ], [ ], and [ ], respectively. As of [ ], 2002, the number of shares underlying other unvested stock-based awards held by Messrs. Mulva, Carrig, Parker, Whitworth, all other Phillips executive officers and all Phillips directors are expected to be [ ], [ ], [ ], [ ], [ ] and [ ], respectively.

EMPLOYMENT AGREEMENT WITH JAMES J. MULVA

As of November 18, 2001, Phillips and New Parent entered into an employment agreement with James J. Mulva under which Mr. Mulva will serve as Chief Executive Officer and President of New Parent beginning upon completion of the merger, and as Chairman of the New Parent Board of Directors, beginning when Mr. Dunham ceases to hold that position. Unless either party gives a notice of nonrenewal, the initial three-year term of the agreement will be automatically extended by one year on each anniversary of the completion of the merger, but not beyond the end of the month in which Mr. Mulva attains age 65.

During his employment under this new agreement, Mr. Mulva will have general responsibility for the management of New Parent as provided in the by-laws of New Parent, reporting directly to the New Parent Board of Directors, and he will be a member of the New Parent Board of Directors. His services will be performed at New Parent's headquarters in the Houston, Texas metropolitan area. He will have all the customary duties and responsibilities of a chief executive officer and president, and all of New Parent's

executive officers will report directly to him or indirectly to him through another such executive officer who reports to him. While Mr. Dunham is serving as Chairman of the New Parent Board of Directors, Mr. Mulva will work with Mr. Dunham on external stakeholder relations (community, state, federal and foreign governments), business development (growth) initiatives, and the creation of an outstanding and cohesive New Parent Board of Directors. Furthermore, while Mr. Dunham is Chairman of the New Parent Board of Directors, Messrs. Mulva and Dunham will jointly recommend to the New Parent Board of Directors the long-range strategic plan for New Parent, major acquisitions and divestitures, and major changes to New Parent's capital structure and with respect to all other matters, Mr. Mulva will, in consultation with Mr. Dunham, arrange the agenda for meetings of the New Parent Board of Directors, and will report to the New Parent Board of Directors and arrange for other executives and advisors to report to the New Parent Board of Directors. Until the later of October 1, 2004 and the second anniversary of completion of the merger, Mr. Mulva's duties and responsibilities may not be terminated or diminished, except by the affirmative vote of two-thirds of the members of the New Parent Board of Directors.

While Mr. Dunham is Chairman, Mr. Mulva's compensation and benefits will be the same as Mr. Dunham's. Mr. Mulva's base salary will be not less than his annual base salary as in effect immediately before completion of the merger, subject to annual review, and increased as necessary to be substantially consistent with competitive industry practice. In addition, Mr. Mulva will be awarded annual bonus opportunities substantially consistent with competitive industry practice. Mr. Mulva will also be entitled to other compensation, benefits and perquisites to the extent applicable generally to other executives of New Parent. In connection with Mr. Mulva's relocation to Houston, Texas, Phillips will provide Mr. Mulva with the home sale assistance that he would have received, had he been eligible for such assistance under the Phillips Work Force Stabilization Plan.

If New Parent terminates Mr. Mulva's employment other than for death, disability or cause, or Mr. Mulva resigns for good reason, Mr. Mulva will receive a lump sum payment equal to three times the sum of his annual base salary and the average of the two highest annual bonuses paid or awarded to him for the last three full fiscal years, a pro-rata bonus for the year in which the termination occurs, and the value of the additional pension benefits he would have received, had he continued to be employed by New Parent for an additional three years. In addition, he will be granted the stock options and other equity-based awards to which he would have been entitled, had his employment continued for three additional years, all of his then-outstanding unvested equity-based awards will vest and the remaining term for exercise of his stock options will be not less than one year or, if shorter, until the date they would have expired, had his employment continued for three years. His welfare benefits will continue for three years after the termination date or, if longer, until age 70, and he will receive tax and financial planning benefits with related income tax gross-ups so long as he or his family hold New Parent stock options. In addition, if a future change of control of New Parent precedes or occurs within one year following the termination date, Mr. Mulva will have the right to cash out his equity-based compensation awards at the most favorable price paid in the context of the change of control. Mr. Mulva's stock options and other equity-based awards will also vest upon termination of his employment at or after the expiration of the agreement.

New Parent will pay Mr. Mulva's legal fees and expenses incurred in any contest involving the employment agreement. If any payments or benefits that Mr. Mulva receives are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, he will receive an additional payment to restore him to the after-tax position that he would have been in, if the excise tax had not been imposed. However, it is not expected that any such excise tax will be owed.

If the merger were completed on July 1, 2002 and the employment of Mr. Mulva were terminated without "cause" immediately thereafter, the estimated cash severance that would be payable to Mr. Mulva under the agreement, based on certain assumptions and currently available information, would be $[ ].

GRANTS OF STOCK OPTIONS AND RESTRICTED STOCK UNITS TO JAMES J. MULVA

On November 17, 2001, Mr. Mulva was granted options to purchase 750,000 shares of Phillips common stock for $51.31 per share, which is the average of the high and low trading prices of Phillips common stock on November 16, 2001, and options to purchase 750,000 shares of Phillips common stock for $64.13 per share, which is 125% of the average of the high and low trading prices of Phillips common stock on November 16, 2001. These options will be converted into options for New Parent common stock when the merger is completed. Generally, the options will vest one-third on completion of the merger, one-third on the first anniversary thereof, and one-third on the second anniversary thereof. If the merger is not completed, they will vest on November 17, 2007. The options will also vest upon a future change of control other than the merger, and as required by his employment agreement in the case of certain terminations of employment.

Mr. Mulva was also granted, on November 17, 2001, 250,000 restricted stock units based on shares of Phillips common stock, which will be converted into units based on New Parent common stock when the merger is completed. Additional restricted stock units representing a number of shares having a fair market value equal to the value of the dividends that would have been paid on the units if they had been actual shares will be credited to Mr. Mulva under the award when dividends are paid on the Phillips common stock or, after the merger, New Parent common stock.

The restricted stock units will be forfeited if the merger is not completed. If the merger is completed, the restricted stock units will vest on June 19, 2006. The units will also vest upon a future change of control other than the merger, upon his death or disability, and as required by his employment agreement in the case of certain terminations of employment. When the units vest, Mr. Mulva will be paid the value of the units, unless he has previously elected to defer the payments under the Phillips Key Employee Deferred Compensation Plan.

EXECUTIVE SEVERANCE PLAN

Phillips maintains an Executive Severance Plan that provides for the payment of certain severance benefits to participants, including Phillips' executive officers, in the event of a termination of a participant's employment within two years after a change in control of Phillips either (1) by Phillips, other than for death, disability, transfer to another employer, retirement, cause, as a result of certain sales of subsidiaries or divisions, or (2) by the participant, within 90 days of an event constituting good reason. Stockholder approval of the merger will constitute a change in control of Phillips for purposes of this severance plan. Upon completion of the merger, the plan will be assumed by New Parent.

"Group one" participants in the plan, which include Phillips' Executive Vice Presidents and Senior Vice Presidents and, until completion of the merger, Mr. Mulva, receive severance benefits based on three years' pay, and "group two" participants, including Phillips' Vice Presidents, receive benefits based on two years' pay. The severance benefits under the severance plan consist of:

- a lump-sum payment of three or two times the sum of the participant's base salary and the greater of (1) the bonus earned by the participant for the last fiscal year before the termination date or (2) the highest target award for the calendar year of the termination date; and

- continuation of medical, dental and prescription drug coverage for 18 months after the termination date.

The participant will also be credited with additional years of service under Phillips' retirement plans based upon the number of years represented by the above lump-sum payment, and up to one year's worth of such lump-sum payment will be treated as pensionable earnings.

In addition, in the event that a participant institutes any legal action seeking to obtain or enforce any right or benefit provided by the severance plan, the participant is entitled to be reimbursed for all reasonable costs and expenses relating to such legal action, including any legal fees and expenses incurred by the participant, unless a court makes a determination that the participant's position was frivolous.

Finally, if the participant relocates in order to secure new employment, he or she will be entitled to the home sale assistance benefits provided under the Phillips Work Force Stabilization Plan.

If any payments or benefits that a participant receives are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, the participant will generally receive an additional payment to restore such participant to the after-tax position that the participant would have been in if the excise tax had not been imposed, except that, if the payments or benefits that the participant receives do not exceed 110% of the maximum amount that the participant is permitted to receive without being subjected to the golden parachute excise taxes, no such additional payment will be made, and the amounts payable under the severance plan will be reduced to the maximum amount permissible to avoid imposition of the tax. However, it is not expected that any such excise tax will be owed.

If the merger were completed on July 1, 2002 and the employment of Phillips executive officers other than Mr. Mulva were terminated without cause immediately thereafter, the estimated cash severance that would be payable under the severance plan, plus the value of the additional retirement benefits described above, based on certain assumptions and currently available information, to Messrs. Carrig, Parker, Whitworth, and all other Phillips executive officers would be $[ ], $[ ], $[ ], and $[ ], respectively. After the completion of the merger, Mr. Mulva will not be eligible to receive any severance benefits under the severance plan because it will be superseded by his new employment agreement with Phillips and New Parent, described above.

INDEMNIFICATION AND INSURANCE

The merger agreement includes provisions relating to indemnification and insurance for directors, officers and employees of Conoco and Phillips. See "The Merger Agreement -- Indemnification and Insurance."

LISTING OF NEW PARENT CAPITAL STOCK

It is a condition to the completion of the merger that New Parent common stock issuable to Conoco and Phillips stockholders pursuant to the merger agreement be approved for listing on the New York Stock Exchange.

DIVIDENDS

Pursuant to the merger agreement, each of Conoco and Phillips are prohibited from making any changes to their dividend policies prior to the completion of the merger without the other's consent. The most recent quarterly dividend declared by Conoco was $0.19 per share payable on December 10, 2001. Conoco's current dividend is $0.76 per share of Conoco common stock on an annual basis. The most recent quarterly dividend declared by Phillips was $0.36 per share payable on December 3, 2001. Phillips' current dividend is $1.44 per share of Phillips common stock on an annual basis.

We expect that, after the completion of the merger, New Parent will adopt a competitive dividend policy. The payment of dividends by New Parent, however, will be subject to approval and declaration by the New Parent Board of Directors, and will depend on a variety of factors, including business, financial and regulatory considerations.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following general discussion summarizes the anticipated material U.S. federal income tax consequences of the merger to holders of Conoco common stock and holders of Phillips common stock. This summary applies only to holders of Conoco common stock or Phillips common stock that are U.S. holders.

For purposes of this discussion, a U.S. holder means:

- a citizen or resident of the United States,

- a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any of its political subdivisions,

- a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust, or

- an estate that is subject to U.S. federal income tax on its income, regardless of its source.

This discussion is based upon the Internal Revenue Code, Treasury regulations, administrative rulings and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect. The discussion applies only to Conoco stockholders that hold their Conoco common stock and Phillips stockholders that hold their Phillips common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, the discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular stockholder in light of his, her or its personal investment circumstances or to stockholders subject to special treatment under the U.S. federal income tax laws, including:

- insurance companies,

- tax-exempt organizations,

- dealers in securities or foreign currency,

- banks or trusts,

- financial institutions,

- mutual funds,

- persons that hold their Conoco common stock or Phillips common stock as part of a straddle, a hedge against currency risk or a constructive sale or conversion transaction,

- persons that have a functional currency other than the U.S. dollar,

- investors in pass-through entities,

- stockholders who acquired their Conoco common stock or Phillips common stock through the exercise of options, or otherwise as compensation or through a tax-qualified retirement plan, or

- holders of options granted under any Conoco or Phillips benefit plan.

THE SUMMARY DOES NOT ADDRESS ANY NON-INCOME TAX OR ANY FOREIGN, STATE OR LOCAL TAX CONSEQUENCES OF THE MERGER. THE SUMMARY DOES NOT ADDRESS THE TAX CONSEQUENCES OF ANY TRANSACTION OTHER THAN THE MERGER. ACCORDINGLY, EACH CONOCO STOCKHOLDER AND PHILLIPS STOCKHOLDER IS STRONGLY URGED TO CONSULT WITH A TAX ADVISOR TO DETERMINE THE PARTICULAR FEDERAL, STATE, LOCAL OR FOREIGN INCOME OR OTHER TAX CONSEQUENCES OF THE MERGER TO THE HOLDER.

The following discussion is not binding on the Internal Revenue Service. None of Conoco, Phillips or New Parent has requested a ruling from the Internal Revenue Service with respect to any of the U.S. federal income tax consequences of the merger and, as a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described below.

We have structured the transaction so that it is anticipated that the merger of Corvette Merger Corp. with and into Conoco and the merger of Porsche Merger Corp. with and into Phillips will each be a reorganization for U.S. federal income tax purposes, and that the merger will constitute an exchange described in Section 351 of the Internal Revenue Code. Completion of the merger is conditioned upon, among other things, (1) the receipt by Conoco of a written opinion dated the closing date of Cravath,

Swaine & Moore, counsel to Conoco, to the effect that for U.S. federal income tax purposes, the merger of Corvette Merger Corp. with and into Conoco will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, will constitute an exchange described in Section 351 of the Internal Revenue Code and (2) the receipt by Phillips of a written opinion dated the closing date of Wachtell, Lipton, Rosen & Katz, counsel to Phillips, to the effect that for U.S. federal income tax purposes, the merger of Porsche Merger Corp. with and into Phillips will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, will constitute an exchange described in Section 351 of the Internal Revenue Code. Those opinions will be based upon customary assumptions and representations, including representations made by Conoco and Phillips.

Assuming the merger of Corvette Merger Corp. with and into Conoco and the merger of Porsche Merger Corp. with and into Phillips each constitutes a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, constitute an exchange described in Section 351 of the Internal Revenue Code:

- no gain or loss will be recognized by Conoco stockholders or Phillips stockholders on the exchange of Conoco common stock or Phillips common stock, respectively, for New Parent common stock in the transaction, except with respect to cash received by Conoco stockholders in lieu of fractional shares of New Parent common stock,

- the aggregate adjusted basis of the New Parent common stock received in the transaction by Conoco stockholders or Phillips stockholders will be equal to the aggregate adjusted basis of those stockholders' Conoco common stock or Phillips common stock, as the case may be, exchanged for the New Parent common stock reduced, in the case of a Conoco stockholder that receives cash in lieu of fractional shares of New Parent common stock, by any amount allocable to the fractional share interests in New Parent common stock for which cash is received, and

- the holding period of New Parent common stock received in the merger by a Conoco stockholder or Phillips stockholder, including, in the case of a Conoco stockholder, any New Parent fractional interest deemed received in the merger, will include the holding period of the stockholder's Conoco common stock or Phillips common stock, as the case may be, exchanged for that New Parent common stock.

The receipt of cash instead of a fractional share of New Parent common stock by a holder of Conoco common stock will result in taxable gain or loss to that Conoco stockholder for U.S. federal income tax purposes equal to the difference between the amount of cash received by the Conoco stockholder and the Conoco stockholder's adjusted tax basis in its Conoco common stock allocable to the fractional share as set forth above. The gain or loss will generally constitute capital gain or loss and will constitute long-term capital gain or loss if the holder's holding period is greater than 12 months as of the date of the merger. For non-corporate holders, this long-term capital gain generally will be taxed at a maximum U.S. federal income tax rate of 20%. The deductibility of capital losses is subject to limitation. Certain non-corporate Conoco stockholders and Phillips stockholders, as the case may be, may be subject to backup withholding at a rate not to exceed 30% on cash payments received instead of fractional shares of New Parent common stock unless they comply with certain certification requirements.

ACCOUNTING TREATMENT

The merger will be accounted for using purchase accounting. Although the business combination of Conoco and Phillips is a merger of equals, generally accepted accounting principles require that one of the two companies in the transaction be designated as the acquiror for accounting purposes. Phillips has been designated as the acquiror based on the fact that its stockholders are expected to hold more than 50% of the New Parent stock after the merger. The purchase price (based on the price of Phillips common stock two days before and after November 19, 2001) will be allocated to Conoco's identifiable assets and liabilities based on their estimated fair market values at the date of the completion of the merger, and any excess of the purchase price over those fair market values will be accounted for as goodwill. The results of

final valuations of property, plant and equipment, and intangible and other assets and the finalization of any potential plans of restructuring have not yet been completed. We may revise the allocation of the purchase price when additional information becomes available.

REGULATORY MATTERS

Certain regulatory requirements imposed by U.S. and foreign regulatory authorities must be complied with before the merger is completed. Conoco and Phillips are not aware of any material governmental consents or approvals that are required prior to the completion of the merger other than those described below. We have agreed that, if any additional governmental consents and approvals are required, we shall each use our reasonable best efforts to obtain these consents and approvals.

Under the HSR Act and the rules promulgated under it by the U.S. Federal Trade Commission, which we refer to as the FTC, the merger cannot be completed until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the U.S. Department of Justice, which we refer to as the Antitrust Division, and the specified waiting periods have expired or been terminated. Conoco and Phillips intend to file notification and report forms under the HSR Act with the FTC and the Antitrust Division on [ ], in which case the waiting period under the HSR Act will expire at 11:59 p.m., Eastern Time, on [ ] unless the FTC or Antitrust Division makes a request for additional information or documentary material before that time or the waiting period is terminated earlier.

At any time before or after completion of the merger, the Antitrust Division or the FTC or any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger, to rescind the merger or to seek divestiture of particular assets of Conoco or Phillips. Private parties also may seek to take legal action under the antitrust laws under certain circumstances. A challenge to the merger on antitrust grounds may be made, and, if such a challenge is made, it is possible that Conoco and Phillips will not prevail.

Completion of the merger may also require other regulatory approvals of foreign regulatory authorities. Under the laws of certain jurisdictions, the merger may not be completed unless certain filings are made with the antitrust regulatory authorities of these jurisdictions and these authorities approve or clear the merger. Conoco and Phillips each conducts business in member states of the European Union. Council Regulation (EEC) 4064/89, as amended, requires notification to and approval by the European Commission of mergers or acquisitions involving parties with aggregate worldwide sales and individual European Union sales exceeding specific thresholds before these mergers or acquisitions are implemented. Conoco and Phillips intend to file a merger notification with the European Union antitrust authorities as soon as practicable.

The European Commission must review the merger to determine whether or not it is compatible with the common market, and, accordingly, whether or not to permit it to proceed. A merger or acquisition that does not create or strengthen a dominant position that would significantly impede effective competition in the common market or in a substantial part of it shall be declared compatible with the common market and must be allowed to proceed. If, following a preliminary one-month Phase I investigation, the European Commission determines that it needs to examine the merger more closely because the merger raises serious doubts as to its compatibility with the common market, it must initiate a Phase II investigation. If it initiates a Phase II investigation, the European Commission must issue a final decision as to whether or not the merger is compatible with the common market no later than four months after the initiation of the Phase II investigation.

Conoco and Phillips intend to make a short-form pre-merger notification filing with the Commissioner of Competition under the Competition Act (Canada) as soon as practicable. Verification by the Competition Bureau of receipt of a complete notification will begin the running of a 14-day statutory waiting period. The Commissioner has the ability to require a long-form pre-merger notification to be made where he believes one is justified, in which case receipt of a complete long-form notification will begin the running of a further 42-day statutory waiting period. Conoco and Phillips may implement the

merger at the conclusion of the relevant waiting period, unless the Commissioner obtains an order from the Canadian Competition Tribunal preventing or delaying the completion of the transaction. In addition to a Canadian competition filing, Phillips and Conoco may also be required to file a notification or application for review under the Investment Canada Act, which is a foreign investment, rather than competition, law.

Conoco and Phillips conduct operations in a number of jurisdictions where other regulatory filings or approvals may be required or advisable in connection with the completion of the merger. Under the merger agreement, we are required to obtain these approvals prior to completing the merger, unless the failure to obtain the approvals would not have a material adverse effect on New Parent after completion of the merger. Conoco and Phillips are currently reviewing whether filings or approvals may be required or advisable in those jurisdictions that may be material to Conoco and Phillips. These jurisdictions include, but are not limited to, Australia, Brazil, Czech Republic and Poland.

It is possible that any of the regulatory authorities with which filings are made may seek regulatory concessions as conditions for granting approval of the merger. Under the merger agreement, each of Conoco and Phillips has agreed to use its reasonable best efforts to complete the merger, including to gain clearance from antitrust and competition authorities and to obtain other required approvals. However, neither Conoco nor Phillips nor any of their respective subsidiaries is required to hold separate or divest any of their businesses or assets, or to take, or to agree to take, any action or agree to any limitation that could reasonably be expected to have a material adverse effect on New Parent after giving effect to the merger or to impair substantially the benefits that Conoco and Phillips expected to realize from the merger at the time they entered into the merger agreement. Also, neither Conoco nor Phillips is required to agree to any divestiture, to hold separate any business or to take any other action that is not conditional on the consummation of the merger.

Prior to completing the merger, the applicable waiting period under the HSR Act must expire or be terminated, and Conoco and Phillips are required to obtain antitrust approvals from the European Commission and any other regulatory authorities if the failure to obtain antitrust approvals of those regulatory authorities would have a material adverse effect on New Parent after the completion of the merger.

Although we do not expect regulatory authorities to raise any significant objections in connection with their review of the merger, we cannot assure you that we will obtain all required regulatory approvals or that these regulatory approvals will not contain terms, conditions or restrictions that would be detrimental to New Parent after the completion of the merger.

APPRAISAL RIGHTS

Under the Delaware General Corporation Law, neither Conoco stockholders nor Phillips stockholders will have any appraisal rights as a result of the merger.

RESALE OF NEW PARENT COMMON STOCK

New Parent common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act of 1933, as amended, except for shares of New Parent common stock issued to any Conoco stockholder or Phillips stockholder that is, or is expected to be, an "affiliate" of Conoco or Phillips, as applicable, for purposes of Rule 145 under the Securities Act. Persons that may be deemed to be "affiliates" of Conoco or Phillips for such purposes generally include individuals or entities that control, are controlled by, or are under common control with, Conoco or Phillips, respectively, and include the directors of Conoco and Phillips, respectively. The merger agreement requires each of Conoco and Phillips to use its reasonable best efforts to cause each of its affiliates to execute a written agreement with New Parent to the effect that they will not transfer any New Parent common stock received in the merger, except pursuant to an effective registration statement under the Securities Act or in a transaction not required to be registered under the Securities Act.

This joint proxy statement/prospectus does not cover resales of New Parent common stock received by any person upon completion of the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

LEGAL PROCEEDINGS RELATED TO THE MERGER

Several complaints have been filed and remain pending in the Delaware Court of Chancery naming as defendants one or more of Conoco, the directors of Conoco and Phillips. The complaints purport to be filed on behalf of holders of Conoco common stock and allege breaches of fiduciary duty by Conoco directors and, in certain complaints, aiding and abetting these breaches of fiduciary duty by Phillips, in connection with the merger of Conoco and Phillips. The plaintiffs in each case seek to enjoin completion of the merger and/or damages. No answers have been filed and no applications for preliminary relief have been made. Each of Conoco and Phillips intends to defend against these lawsuits vigorously.

THE MERGER AGREEMENT

The following summary of the merger agreement is qualified by reference to the complete text of the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus and is incorporated in this joint proxy statement/prospectus by reference and attached as Annex A.

THE MERGER

Pursuant to the merger agreement, Corvette Merger Corp. will merge with and into Conoco and Porsche Merger Corp. will merge with and into Phillips, with each of Conoco and Phillips surviving as wholly owned subsidiaries of New Parent. In the merger, each outstanding share of Conoco common stock will be converted into the right to receive 0.4677 of a share of New Parent common stock, and each outstanding share of Phillips common stock will be converted into the right to receive one share of New Parent common stock.

MERGER CONSIDERATION

The merger agreement provides that each share of Conoco common stock outstanding immediately prior to the effectiveness of the merger will be converted into the right to receive 0.4677 of a share of New Parent common stock upon the effectiveness of the merger. Any shares of Conoco capital stock held by Conoco as treasury shares or owned by Conoco, New Parent, Corvette Merger Corp. or Porsche Merger Corp. will be canceled without any payment for those shares. The merger agreement provides that each share of Phillips common stock outstanding immediately prior to the effectiveness of the merger will be converted into the right to receive one share of New Parent common stock upon the effectiveness of the merger. Any shares of Phillips capital stock held by Phillips as treasury shares or owned by Phillips, New Parent, Corvette Merger Corp. or Porsche Merger Corp. will be canceled without any payment for those shares.

PROCEDURES FOR EXCHANGE OF SHARE CERTIFICATES; FRACTIONAL SHARES

Conoco stockholders and Phillips stockholders should not return share certificates with the enclosed proxy card.

As soon as reasonably practicable after the completion of the merger, [ ], the exchange agent, will mail the following materials to each holder of record of Conoco common stock whose shares were converted into the right to receive shares of New Parent common stock:

- a letter of transmittal for use in submitting their shares to the exchange agent for exchange, and
- instructions explaining what Conoco stockholders must do to effect the surrender of Conoco share certificates in exchange for the consideration to be issued in the merger.

Conoco stockholders should complete and sign the letter of transmittal and return it to the exchange agent together with the Conoco stockholders' share certificates in accordance with the instructions.

Upon completion of the merger, each Conoco share certificate will represent only the right to receive 0.4677 of a share of New Parent common stock, with cash instead of any fractional shares of New Parent common stock. New Parent will not issue any fractional shares of New Parent common stock upon the conversion of Conoco common stock.

Phillips share certificates of Phillips stockholders immediately prior to the completion of the merger will be deemed to represent New Parent common stock upon completion of the merger. Phillips stockholders, however, may elect to exchange their Phillips share certificates for New Parent share certificates, at their option.

At or prior to the completion of the merger, New Parent will deposit with the exchange agent, in trust for the benefit of the former Conoco stockholders, New Parent share certificates and will make available to the exchange agent cash sufficient to pay to each former Conoco stockholder after the completion of the merger an amount in cash equal to the product of any fractional share interest to which the former Conoco stockholder would otherwise be entitled and the closing price for a share of New Parent common stock as reported on the New York Stock Exchange on the first trading day following the date of the completion of the merger.

No dividends or distributions with a record date after the merger will be paid to the holders of any unsurrendered Conoco share certificate, nor will those holders be paid cash for any fractional shares of New Parent common stock until their Conoco share certificates are surrendered to the exchange agent for exchange. When their Conoco share certificates are surrendered, any unpaid dividends and any cash instead of fractional shares will be paid without interest.

All shares of New Parent common stock issued upon surrender of Conoco share certificates, including any cash paid instead of any fractional shares of New Parent common stock, will be deemed to have been issued in full satisfaction of all rights relating to those shares of Conoco common stock. Each of Conoco and Phillips will remain obligated, however, to pay any dividends or make any other distributions declared or made by Conoco or Phillips on Conoco common stock or Phillips common stock, as appropriate, with a record date before the completion of the merger and that remain unpaid at the completion of the merger. If Conoco share certificates or Phillips share certificates are presented to New Parent, Conoco, Phillips or the exchange agent after the completion of the merger, they will be canceled and exchanged as described above.

REPRESENTATIONS AND WARRANTIES

Conoco and Phillips have each made a number of representations and warranties to the other regarding aspects of our respective businesses, financial condition, capitalization, corporate structure and other facts pertinent to the merger. The topics covered by these representations and warranties include the following:

- corporate organization, existence, good standing, power and authority;
- subsidiaries;
- capitalization;
- authorization, execution, delivery and performance and the enforceability of the merger agreement and the absence of conflicts or violations under organizational documents, certain agreements and applicable laws or decrees, as a result of the contemplated transactions;
- receipt of all required consents and approvals;
- filings with the Securities and Exchange Commission and the accuracy and completeness of the information contained in those filings, including the financial statements;

- the absence of undisclosed material liabilities;

- the absence of certain changes or events since September 30, 2001;

- legal proceedings;

- compliance with applicable law;

- environmental matters;

- employee benefit plans and labor matters;

- taxes;

- reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or exchange under Section 351 of the Internal Revenue Code;

- the accuracy of the information contained in this joint proxy statement and prospectus, and the compliance of this joint proxy statement and prospectus with the applicable U.S. securities laws;

- state takeover laws, rights plans;

- the receipt of fairness opinions from our respective financial advisors;

- approval by the Conoco Board of Directors and the Phillips Board of Directors;

- brokers' fees; and

- ownership of the other company's capital stock.

Many of the representations and warranties are qualified by a material adverse effect standard. A material adverse effect, with respect to either Conoco or Phillips, means a material adverse effect on (1) the business, operations, results of operations or financial condition of Conoco or Phillips, as the case may be, and its respective subsidiaries taken as a whole, or (2) the ability of Conoco or Phillips to timely consummate the transactions contemplated by the merger agreement, except, in each case, for any effect reasonably attributable to:

- general political and economic conditions (including prevailing interest rate and stock market levels) in the United States or the other countries in which it operates;

- the general state of the industries in which it operates; or

- the negotiation, announcement, execution or delivery of the merger agreement or the consummation of the transactions contemplated by the merger agreement.

INTERIM OPERATIONS OF CONOCO AND PHILLIPS

Under the merger agreement, each of Conoco and Phillips and their respective subsidiaries has agreed that, prior to completion of the merger, except as expressly contemplated or permitted by the merger agreement, it will carry on its respective business in the usual, regular and ordinary course in all material respects, substantially in the same manner as previously conducted, and will use its reasonable best efforts, among other things, to retain its key employees and to preserve intact its present lines of business and its relationships with third parties so that its ongoing businesses will not be impaired in any material respect at the completion of the merger. Each of Conoco and Phillips has also agreed that it will not, and it will not permit any of its subsidiaries to, enter into any new material line of business or incur or commit any capital expenditures or any obligations or liabilities in connection with such capital expenditures, other than as previously disclosed to the other party or in the ordinary course of business consistent with past practice.

In addition to these agreements regarding the conduct of business generally, subject to specified exceptions, each of Conoco and Phillips has agreed to specific restrictions relating to the following:

- the declaration or payment of dividends;
- the alteration of share capital, including, among other things, stock splits, combinations or reclassifications;
- the repurchase or redemption of capital stock;
- the issuance or sale of capital stock, any voting debt, stock options or other equity interests;
- the amendment of its certificate of incorporation or by-laws;
- the acquisition of material assets or other entities;
- the disposition of material assets;
- the extension of loans, advances, capital contributions or investments;
- the incurrence or guarantee of debt;
- the issuance or sale of debt securities, warrants or other rights to acquire debt securities;
- the taking of actions that would prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code or from qualifying as an exchange within the meaning of Section 351 of the Internal Revenue Code;
- changes in compensation of directors or executive officers of the company and its significant subsidiaries;
- changes to employee benefits;
- changes in accounting policies and procedures;
- the amendment or waiver of any standstill agreements; and
- any actions for the purpose of preventing, delaying or impeding the completion of the merger or any other transaction contemplated by the merger agreement.

EMPLOYEE BENEFIT MATTERS

After the completion of the merger, New Parent and its subsidiaries will honor the obligations under employment agreements, severance arrangements and employee and director stock plans of Conoco and Phillips and their respective subsidiaries existing as of the date of the merger agreement in accordance with their terms.

New Parent will also adopt and assume the employee and director stock plans of Conoco and Phillips effective upon completion of the merger.

Subject to obligations under applicable law, it is the intention of Conoco and Phillips to develop new benefit plans, as soon as reasonably practicable following the completion of the merger, which, among other things, (1) treat similarly situated employees on a substantially equivalent basis, taking into account all relevant factors, including duties, geographic location, tenure, qualifications and abilities, and (2) do not discriminate between employees who were covered by Conoco benefit plans, on the one hand, or Phillips benefit plans, on the other hand. It is the current intention of Conoco and Phillips that, for one year following the completion of the merger, New Parent will provide employee benefits to employees and former employees of Conoco or Phillips and their subsidiaries that are comparable in the aggregate to those provided to those employees pursuant to the benefit plans of Conoco or Phillips or their subsidiaries, respectively, in effect on the date of the merger agreement and the date of the completion of the merger.

With respect to benefit plans in which employees and former employees of Conoco or Phillips become eligible to participate after the completion of the merger, and in which such employees and former employees did not participate prior to the completion of the merger, New Parent will:

- waive all pre-existing conditions, exclusions and waiting periods under the new benefit plan with respect to applicable participation and coverage requirements, except to the extent those conditions, exclusions and waiting periods would apply under the analogous benefit plan of Conoco or Phillips, as the case may be;

- provide each employee and his or her eligible dependents with credit for any co-payments and deductibles paid prior to the completion of the merger under a benefit plan of Conoco or Phillips to the same extent that such credit was given prior to the completion of the merger under the analogous benefit plan of Conoco or Phillips, as the case may be, in satisfying any applicable deductible or out-of-pocket requirements under any new benefit plan; and

- recognize all service with Conoco and Phillips, and their respective affiliates, for all purposes (including purposes of eligibility to participate, vesting credit, entitlement to benefits, and, except with respect to defined benefit pension plans, benefit accrual) to the extent that service is taken into account under the new benefit plan, but not if such credit would result in the duplication of benefits.

EFFECT ON AWARDS OUTSTANDING UNDER STOCK PLANS

Pursuant to the merger agreement, each stock option and other stock-based award of Conoco and Phillips will be converted into a stock option to acquire, or right in respect of, the same number of shares of New Parent common stock as the holder of that stock option or stock-based award would have been entitled to receive pursuant to the merger had the holder exercised that stock option or stock-based award immediately prior to the completion of the merger. The exercise price or base price of each Conoco stock option and Conoco stock-based award that is converted into a New Parent stock option and New Parent stock-based award will be equal to the exercise price or base price of the applicable Conoco stock option or Conoco stock-based award divided by 0.4677. The exercise price or base price of each Phillips stock option and Phillips stock-based award that is converted into a New Parent stock option and New Parent stock-based award will be equal to the exercise price or base price of the applicable Phillips stock option or Phillips stock-based award. The terms and conditions of the New Parent options and stock-based awards will otherwise be the same as were applicable under the stock option or stock-based award of Conoco or Phillips, as the case may be, but taking into account any changes, including acceleration, provided for in the applicable stock plan of Conoco or Phillips, as the case may be, in any applicable award agreement or as a result of the merger agreement or the transactions contemplated by the merger agreement. All dividend equivalents credited to the account of each holder of a stock-based award of Conoco or Phillips as of the completion of the merger will remain credited to that holder's account immediately following the completion of the merger, subject to adjustment in the same manner as provided above for the adjustment of stock-based awards of Conoco and Phillips.

All Conoco stock options, Phillips stock options and other stock-based awards, granted, or committed to be granted, after the merger agreement was signed shall be on terms consistent with past practice, except that no reload rights may be granted, and the vesting, exercisability or lapse of restrictions with respect to any Conoco stock option, Phillips stock option or other stock-based award will not accelerate as a result of the approval or consummation of any transaction contemplated by the merger agreement.

"NO SOLICITATION" COVENANT

Conoco, Phillips, their respective subsidiaries, and the directors and officers of Conoco, Phillips and their respective subsidiaries, will not, and Conoco and Phillips must use their reasonable best efforts to cause their and their subsidiaries' employees, agents and representatives not to:

- initiate, solicit, encourage or knowingly facilitate any inquiries or the making of any proposal or offer with respect to an acquisition proposal,

- have any discussions with or provide any confidential information or data to a third party relating to an acquisition proposal, or engage in any negotiations regarding any acquisition proposal, or knowingly facilitate any effort or attempt to make or implement an acquisition proposal,

- approve or recommend, or propose publicly to approve or recommend, any acquisition proposal or

- approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement related to any acquisition proposal.

Notwithstanding the foregoing, each of the Conoco Board of Directors and the Phillips Board of Directors is permitted to: (1) change its recommendation to its stockholders or (2) engage in discussions or negotiations with, or provide any information to, a third party in response to an unsolicited bona fide written acquisition proposal for the company, if:

- the vote of the company's stockholders on the adoption of the merger agreement has not been taken;

- in the case of clause (1) above, the company's board of directors, in good faith, concludes that the acquisition proposal is a superior proposal, and, in the case of clause (2) above, the company's board of directors concludes in good faith that there is a reasonable likelihood that an acquisition proposal would lead to a superior proposal;

- the company's board of directors, after consultation with outside counsel, determines in good faith that there is a reasonable probability that failure to take this action would violate its fiduciary obligations;

- prior to providing any information or data to the third party, the company executes a confidentiality agreement with the third party having provisions that are at least as restrictive as the confidentiality agreement, dated as of November 6, 2001, between Conoco and Phillips; and

- prior to taking any action in relation to the acquisition proposal, the company promptly notifies the other of the existence and the terms of such proposal or inquiry, including the name of the third party.

Additionally, notwithstanding the no solicitation covenant, the Conoco Board of Directors and the Phillips Board of Directors are permitted to comply with applicable law (including Rule 14d-9 and Rule 14e-2 of the Securities Exchange Act of 1934, as amended).

"Acquisition proposal" means, with respect to Conoco and Phillips, any inquiry, proposal or offer with respect to (1) a merger, reorganization, share exchange, consolidation, business combination, liquidation, or similar transaction, (2) any purchase or sale of 20% or more of the consolidated assets (including stock of its subsidiaries) of such company and its subsidiaries, taken as a whole, or (3) any purchase or sale of, or tender or exchange offer for, its equity securities that, if consummated, would result in a third party beneficially owning securities representing 20% or more of its total voting power (or of the surviving parent entity in the transaction).

"Superior proposal" means, with respect to Conoco and Phillips, a bona fide proposal made by a third party that is (1) for an acquisition proposal (except that the references to 20% shall be 50%) involving such company and (2) is on terms which the Conoco Board of Directors or the Phillips Board of Directors, as the case may be, in good faith concludes (following advice of its financial advisors and

outside counsel) would result in a more favorable transaction to Conoco stockholders or Phillips stockholders, as the case may be, from a financial point of view and is reasonably capable of being completed.

TIMING OF CLOSING

The closing will occur on the first business day following the satisfaction or waiver of the conditions set forth in the merger agreement, unless Conoco and Phillips agree to a different date or time.

We expect to complete the merger in the second half of 2002.

CONDITIONS TO THE COMPLETION OF THE MERGER

Each of Conoco's and Phillips' obligations to complete the merger is subject to the satisfaction or waiver of specified conditions before completion of the merger, including the following:

- the adoption of the merger agreement by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of Conoco common stock and Phillips common stock;

- the absence of any law, order or injunction prohibiting completion of the merger;

- the expiration or termination of the applicable waiting periods under the HSR Act;

- the approval of the merger by the European Commission and Canadian governmental entities;

- the receipt of all other governmental and regulatory consents, approvals and authorizations required to complete the merger, unless not obtaining those consents or approvals would not reasonably be expected to have a material adverse effect on New Parent after giving effect to the merger;

- the approval for listing, by the New York Stock Exchange, of the shares of New Parent common stock to be issued, or to be reserved for issuance, in connection with the merger, subject to official notice of issuance; and

- the declaration of effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, by the Securities and Exchange Commission, and the absence of any stop order or threatened or pending proceedings seeking a stop order.

Conoco's obligation to complete the merger is subject to the satisfaction or waiver of the following additional conditions before completion of the merger:

- Phillips' representations and warranties contained in the merger agreement that are qualified as to materiality or material adverse effect must be true and correct and those material representations and warranties not so qualified must be true and correct in all material respects, as of the date of completion of the merger, except for representations and warranties that address matters as of another date, which must be true and correct as of that other date,

- Phillips must have:

    - performed or complied with all agreements and covenants required to be performed by it under the merger agreement that are qualified as to materiality or material adverse effect, and

    - performed or complied in all material respects with all other material agreements and covenants required to be performed by it under the merger agreement that are not so qualified, and

- Conoco must have received from Cravath, Swaine & Moore, counsel to Conoco, a written opinion, dated the closing date, to the effect that, for U.S. federal income tax purposes, the merger of Corvette Merger Corp. with and into Conoco will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, will constitute an exchange described in Section 351 of the Internal Revenue Code.

Phillips' obligation to complete the merger is subject to the satisfaction or waiver of the following additional conditions before completion of the merger:

- Conoco's representations and warranties contained in the merger agreement that are qualified as to materiality or material adverse effect must be true and correct and those material representations and warranties not so qualified must be true and correct in all material respects, as of the date of completion of the merger, except for representations and warranties that address matters as of another date, which must be true and correct as of that other date,

- Conoco must have:

  - performed or complied with all agreements and covenants required to be performed by it under the merger agreement that are qualified as to materiality of material adverse effect, and

  - performed or complied in all material respects with all other material agreements and covenants required to be performed by it under the merger agreement that are not so qualified, and

- Phillips must have received from Wachtell, Lipton, Rosen & Katz, counsel to Phillips, a written opinion dated the closing date to the effect that, for U.S. federal income tax purposes, the merger of Porsche Merger Corp. with and into Phillips will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and/or the mergers, taken together, will constitute an exchange described in Section 351 of the Internal Revenue Code.

TERMINATION OF THE MERGER AGREEMENT

Either Conoco or Phillips may terminate the merger agreement:

- by mutual written consent of both companies;

- if the merger is not completed on or before May 18, 2003, so long as the failure to complete the merger before that date is not the result of the failure by the terminating company to fulfill any of its obligations under the merger agreement;

- if a governmental entity takes any action permanently prohibiting the transactions contemplated by the merger agreement or fails to take any other action that is necessary to satisfy the conditions regarding the antitrust laws, the New York Stock Exchange listing, the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, and that act has become final and nonappealable;

- if either Conoco stockholders or Phillips stockholders fail to adopt the merger agreement at a duly held meeting of stockholders;

- if the other company fails to recommend that its stockholders adopt the merger agreement or changes its recommendation or fails to call its special meeting;

- if the other company breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the merger agreement and the breach or failure cannot be cured on or before May 18, 2003; or

- prior to the receipt of the approval of its stockholders, if:

  - its board of directors has received a superior proposal,

  - in light of the superior proposal, its board of directors has determined in good faith, after consultation with outside counsel, that it is necessary for it to withdraw or modify its approval or recommendation of the merger agreement or the merger in order to comply with its fiduciary duty,

- it has given the other company at least five business days' written notice and then reconfirmed its board of directors' determination under the immediately preceding sub-bullet after taking into account any revised proposal by the other company,

- it is not in breach of its no solicitation covenant, and

- it is not in breach of its material representations, warranties, covenants or other agreements contained in the merger agreement.

TERMINATION FEES

Conoco has agreed to pay a termination fee of $550 million to Phillips in the event that:

- (1)(a) either Conoco or Phillips terminates the merger agreement because Conoco stockholders fail to adopt the merger agreement or Conoco fails to hold the Conoco special meeting on or before May 18, 2003, or (b) Phillips terminates the merger agreement because Conoco breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the merger agreement and the breach or failure cannot be cured on or before May 18, 2003, (2) an acquisition proposal with respect to Conoco is publicly announced or otherwise communicated to Conoco management, the Conoco Board of Directors or Conoco stockholders after the date of the merger agreement and is not publicly withdrawn more than 30 days prior to the termination of the merger agreement, and (3) within 12 months of the termination, Conoco enters into a definitive agreement with respect to or completes any acquisition proposal; or

- Phillips terminates the merger agreement because the Conoco Board of Directors fails to recommend the adoption of the merger agreement to Conoco stockholders or changes its recommendation or fails to call the Conoco special meeting as required by the merger agreement; or

- prior to receipt of the approval of Conoco stockholders, Conoco terminates the merger agreement in connection with a superior proposal as described under "-- Termination of the Merger Agreement;" or

- (1) either Conoco or Phillips terminates the merger agreement because Conoco stockholders fail to adopt the merger agreement or Conoco fails to hold the Conoco special meeting on or before May 18, 2003, (2) an acquisition proposal with respect to Conoco is publicly announced or otherwise communicated to Conoco management, the Conoco Board of Directors or Conoco stockholders after the date of the merger agreement, and (3) within 12 months of the termination, Conoco enters into a definitive agreement with respect to or completes an acquisition proposal with the person who made the acquisition proposal referred to in clause (2).

Phillips has agreed to pay a termination fee of $550 million to Conoco in the event that:

- (1)(a) either Conoco or Phillips terminates the merger agreement because Phillips stockholders fail to adopt the merger agreement or Phillips fails to hold the Phillips special meeting on or before May 18, 2003, or (b) Conoco terminates the merger agreement because Phillips breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the merger agreement and the breach or failure cannot be cured on or before May 18, 2003, (2) an acquisition proposal with respect to Phillips is publicly announced or otherwise communicated to Phillips management, the Phillips Board of Directors or Phillips stockholders after the date of the merger agreement and is not publicly withdrawn more than 30 days prior to the termination of the merger agreement, and (3) within 12 months of the termination, Phillips enters into a definitive agreement with respect to or completes any acquisition proposal; or

- Conoco terminates the merger agreement because the Phillips Board of Directors fails to recommend the adoption of the merger agreement to Phillips stockholders or changes such recommendation or fails to call the Phillips special meeting as required by the merger agreement; or

- prior to receipt of the approval of Phillips stockholders, Phillips terminates the merger agreement in connection with a superior proposal as described under "-- Termination of the Merger Agreement;" or

- (1) either Conoco or Phillips terminates the merger agreement because Phillips stockholders fail to adopt the merger agreement or Phillips fails to hold the Phillips special meeting on or before May 18, 2003, (2) an acquisition proposal with respect to Phillips is publicly announced or otherwise communicated to Phillips management, the Phillips Board of Directors or Phillips stockholders after the date of the merger agreement, and (3) within 12 months of such termination, Phillips enters into a definitive agreement with respect to or completes an acquisition proposal with the person that made the acquisition proposal referred to in clause (2).

OTHER EXPENSES

Whether or not the merger is completed, and except as provided under "-- Termination Fees," all expenses and fees incurred in connection with the merger agreement and the merger will be paid by the party incurring the expenses or fees, except that all expenses and fees incurred in connection with the filing, printing and mailing of this joint proxy statement/prospectus and the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part and all expenses and fees incurred in connection with any consultants that Conoco and Phillips shall have retained to assist in obtaining the approvals and clearances under the antitrust laws, will, in each case, be shared equally by Conoco and Phillips.

INDEMNIFICATION AND INSURANCE

The merger agreement provides that New Parent (1) will indemnify and hold harmless, and provide advancement of expenses to, all past and present directors, officers and employees of Conoco and Phillips and their subsidiaries to the same extent as such individuals are indemnified or have the right to advancement of expenses as of the date of the merger agreement and (2) will not take any action to amend, modify or repeal the provisions for indemnification of directors, officers and employees contained in Conoco's restated certificate of incorporation or by-laws or the indemnification provisions contained in Phillips' restated certificate of incorporation or by-laws for acts or omissions occurring at or prior to the completion of the merger. In addition, the merger agreement requires New Parent to maintain the current (or, in the aggregate, no less advantageous) provisions in Conoco's restated certificate of incorporation or by-laws and Phillips' restated certificate of incorporation or by-laws regarding directors', officers' and employees' liability and indemnification and directors and officers' liability (and fiduciary) insurance policies of Conoco and its subsidiaries, and Phillips and its subsidiaries, in each case, for six years following the completion of the merger.

ADDITIONAL AGREEMENTS

Each of Conoco and Phillips has agreed to cooperate with each other and to use its reasonable best efforts to take all actions and do all things necessary, proper and advisable under the merger agreement and applicable laws to complete the merger as soon as practicable. Accordingly, each has agreed to use its reasonable best efforts to:

- as promptly as practicable, prepare and file all applications, notices, petitions, filings, tax ruling requests and other documents, and to obtain all consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances from any third party or any domestic or foreign governmental entity necessary to complete the merger; and

- take all reasonable steps to obtain all necessary consents and required approvals, including those required under applicable antitrust laws.

Conoco and Phillips have also agreed to use their reasonable best efforts, including (1) selling, holding separate or otherwise disposing of or conducting their respective businesses in a specified manner,

or (2) agreeing to sell, hold separate or otherwise dispose of or conduct their business in a specified manner, or (3) permitting the sale, holding separate or other disposition of their assets or the conduct of their respective businesses in a specified manner, to contest and resist actions challenging the merger as illegal and laws or orders making the merger illegal or prohibiting or materially impairing or delaying the merger. However, neither Conoco nor Phillips shall be required to take any action that could reasonably be expected to have a material adverse effect on New Parent after giving effect to the merger or to impair substantially the benefits that Conoco and Phillips expected to realize from the merger at the time they entered into the merger agreement. Also, neither Phillips nor Conoco shall be required to agree to, or effect any divestiture, hold separate any business or take any other action that is not conditional on the completion of the merger.

The merger agreement provides that the executive headquarters for New Parent will be located in the Houston, Texas area and also provides for other governance related matters. See "Directors and Management Following the Merger."

AMENDMENT; EXTENSION AND WAIVER

The merger agreement may be amended by Conoco and Phillips, by action taken or authorized by their respective boards of directors at any time before or after the adoption of the merger agreement by Conoco stockholders or Phillips stockholders. After the adoption of the merger agreement, no amendment may be made that by law or in accordance with the rules of the New York Stock Exchange requires further approval by Conoco stockholders or Phillips stockholders, as the case may be, without this further approval. All amendments to the merger agreement must be in writing signed by each party.

At any time prior to the completion of the merger, Conoco and Phillips, by action taken or authorized by their respective boards of directors may, to the extent legally allowed, extend the time for performance of any obligations and waive any inaccuracies in representations and warranties or compliance with any agreements or conditions contained in the merger agreement. Any agreement to any of these extensions or waivers must be in writing.

DIRECTORS AND MANAGEMENT FOLLOWING THE MERGER

DIRECTORS

The merger agreement provides that, at the completion of the merger, the New Parent Board of Directors will consist of 16 members divided into three classes with each class serving a staggered three-year term. Initially:

- Class I will consist of five directors, two directors nominated by Conoco and three directors nominated by Phillips, who will hold office until the first annual meeting following the completion of the merger;

- Class II will consist of five directors, three directors nominated by Conoco and two directors nominated by Phillips, who will hold office until the second annual meeting following the completion of the merger; and

- Class III will consist of six directors, three directors nominated by Conoco (including Archie W. Dunham, Chairman and Chief Executive Officer of Conoco) and three directors nominated by Phillips (including J. J. Mulva, Chairman and Chief Executive Officer of Phillips), who will hold office until the third annual meeting following the completion of the merger. Conoco and Phillips will select their designees from the current members of the Conoco Board of Directors and the Phillips Board of Directors, respectively.

Messrs. Dunham and Mulva will serve as directors of New Parent. Mr. Dunham will serve as Chairman of the New Parent Board, subject to the terms of Mr. Dunham's new employment agreement, and Mr. Mulva will become the Chairman of the New Parent Board of Directors following the retirement of Mr. Dunham. For further details on the roles and responsibilities of Mr. Dunham and Mr. Mulva see "The Merger Interests of Conoco Directors and Management in the Merger -- Employment Agreement with Archie W. Dunham" and "The Merger Interests of Phillips Directors and Management in the Merger -- Employment Agreement with James J. Mulva." Conoco and Phillips have not yet selected any other directors who will be designated to serve on the New Parent Board of Directors. See also "The Merger -- Interest of Conoco Directors and Management in the Merger."

COMMITTEES OF THE BOARD OF DIRECTORS

Each of the committees of the New Parent Board of Directors initially will consist of an equal number of the directors designated by Conoco and Phillips. The New Parent Board of Directors shall have

- an Executive Committee,

- an Audit and Compliance Committee,

- a Compensation Committee,

- a Committee on Directors' Affairs, and

- a Public Policy Committee,

each consisting of at least three directors, to perform the functions traditionally performed by these committees. In addition, the New Parent Board of Directors may designate other committees, each consisting of one or more of the directors of New Parent.

COMPENSATION OF DIRECTORS

The directors may be paid their expenses, if any, of attendance at each meeting of the New Parent Board of Directors and will receive compensation for their services as directors as shall be determined by the New Parent Board of Directors. Members of the committees of the New Parent Board of Directors may be allowed like compensation for attending committee meetings.

Upon completion of the merger, Mr. Dunham will serve as Chairman of the New Parent Board of Directors and Mr. Mulva will serve as President and Chief Executive Officer of New Parent. As described in "The Merger -- Interests of Conoco Directors and Management in the Merger" and "The Merger -- Interests of Phillips Directors and Management in the Merger," New Parent has entered into an employment agreement with each of Mr. Dunham and Mr. Mulva that will become effective upon completion of the merger. Under Mr. Dunham's new employment agreement, Mr. Dunham will serve as the Chairman of the New Parent Board of Directors until the later of (1) October 1, 2004, and (2) the second anniversary of the completion of the merger. Upon Mr. Dunham's retirement, Mr. Mulva will, in accordance with his employment agreement, succeed Mr. Dunham as Chairman of the New Parent Board of Directors.

As Chairman of the New Parent Board of Directors, Mr. Dunham will preside at meetings of the New Parent Board of Directors and of New Parent stockholders. Mr. Dunham will work with Mr. Mulva on external stakeholder relations (community, state, U.S. federal government and foreign government), business development (growth) initiatives, and the creation of an outstanding and cohesive New Parent Board of Directors; and will have other executive responsibilities as he and Mr. Mulva may agree. Mr. Dunham and Mr. Mulva will jointly recommend to the New Parent Board of Directors the long-range strategic plan for New Parent, major acquisitions and divestitures and major changes to New Parent's capital structure. With respect to all other matters, Mr. Mulva will, in consultation with Mr. Dunham, arrange the agenda for meetings of the New Parent Board of Directors, and will report to the New Parent Board of Directors and arrange for other executives and advisors to report to the New Parent Board of Directors.

Mr. Mulva, as President and Chief Executive Officer of New Parent, will have general responsibility for the management of New Parent, reporting directly to the New Parent Board of Directors. Mr. Mulva will have all the customary duties and responsibilities of a chief executive officer, and all of the New Parent executive officers will report directly to him or indirectly to him through another New Parent executive officer who reports to him.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF CONOCO

The following table provides, as of November 30, 2001, information with respect to (1) persons that are known to Conoco to beneficially own more than five percent of Conoco common stock and (2) the beneficial ownership of Conoco common stock by the following directors, nominees and executive officers of Conoco.

COMMON STOCK			NUMBER OF	PERCENT
NAME AND ADDRESS	SHARES(1)(2)	OF CLASS		
FMR Corp. (3).....				
[ ] [ ]% 82 Devonshire Street New York, New York				
10004 Richard A. Auchinleck.....				
8,338 * Archie W. Dunham(4).....				
5,899,267 * Kenneth M. Duberstein.....				
11,173 * Charles C. Krulak.....				
10,072 * Ruth R. Harkin(5).....				
18,908 * Frank A. McPherson.....				
20,779 * William K. Reilly.....				
21,246 * William R. Rhodes.....				
60,858 * A.R. Sanchez, Jr.				
7,570 * Franklin A. Thomas.....				
18,371 * Robert E. McKee III(4).....				
1,742,610 * Jimmy W. Nokes(6).....				
912,589 * Robert W. Goldman(8).....				
576,722 * Directors and executive officers as a group (19 persons)....	11,283,630	2.5		

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* Less than one percent.

(1) Includes restricted or deferred stock units credit under the 1998 Stock and Performance Incentive Plan and the Deferred Compensation Plan for Non-employee Directors, the following number of which may be voted or sold only upon passage of time: Mr. Dunham -- [397,938]; Mr. Duberstein -- [3,414]; Mr. Krulak -- [2,313]; Mr. Auchinleck -- [568]; Mr. McPherson -- [1,194]; Mr. Reilly -- [5,387]; Mr. Thomas -- [2,513]; and Mr. Nokes -- [11,555].

(2) Includes beneficial ownership of the following number of shares of common stock which may be acquired within 60 days of October 31, 2001 through stock options awarded under compensation plans: Mr. Dunham -- [5,191,924]; Mr. Duberstein -- [1,430]; Mr. Krulak -- [1,430]; Ms. Harkin -- [8,264]; Mr. McPherson -- [8,264]; Mr. Reilly -- [8,264]; Mr. Rhodes -- [8,264]; Mr. Sanchez -- [1,430]; Mr. Thomas -- [8,264]; Mr. McKee -- [1,604,682]; Mr. Nokes -- [824,189]; and Mr. Goldman -- [545,605].

(3) Based on schedule 13G/A filed with the Securities and Exchange Commission on May 10, 2001 by FMR Corp. on behalf of itself, Mr. Edward C. Johnson, Chairman of FMR Corp., Ms. Abigail P. Johnson, a director of FMR Corp. and Fidelity Management and Research Company, a wholly owned subsidiary of FMR Corp., FMR Corp. beneficially owned approximately 70,809,603 shares, which represented 16.2%, of Class B common stock as of that date. On October 5, 2001, Conoco eliminated its dual capital structure and, as a result, as of November 30, 2001, FMR Corp. beneficially owned more than five percent of Conoco common stock.

(4) Includes 50,556 shares of Conoco common stock held in Dunham Management Trust, a revocable grantor trust.

(5) Includes 50 shares of common stock owned by Ms. Harkin's daughter.

(6) Includes 80,022 shares of common stock owned by the McKee Family Trust and 1,182 shares of Class B common stock owned by Mr. McKee's son.

(7) Includes 413 shares of common stock owned by Mr. Nokes's daughter.

(8) Includes 1,471 shares of common stock owned by Mr. Goldman's wife and 245 shares of common stock owned by Mr. Goldman's son.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF PHILLIPS

The following tables provide, as of October 31, 2001, information with respect to (1) persons who are known to Phillips to beneficially own more than five percent of Phillips common stock and (2) the beneficial ownership of Phillips common stock by the following current directors, nominees and executives officers of Phillips.

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF CLASS
- Vanguard Fiduciary Trust Company(1).....	35,992,898	8.8%
AXA Financial, Inc. (2).....	26,380,491	6.5

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(1) As of October 31, 2001, Vanguard as Trustee held 35,992,898 shares under the Phillips' Thrift Plan, Long-Term Stock Savings Plan ("LTSSP"), Retirement Savings Plan and Tosco Corporation's Capital Accumulation Plan ("Tosco CAP") (together the "Plans") with shared voting power. Vanguard and the Plans have disclaimed beneficial ownership of the shares held by Vanguard as Trustee of the Plans. Vanguard votes shares held by the Plans which represent the allocated interests of participants in the manner directed by individual participants. Employee participants in the Thrift Plan, LTSSP and Tosco CAP are appointed by Phillips and Tosco as fiduciaries entitled to direct the Trustee as to how to vote allocated shares which are not directed in these plans and unallocated shares held by the Thrift Plan, LTSSP and Tosco CAP. Such shares are allocated pro rata among employee participants accepting their fiduciary appointment and are voted by the Trustee as directed by the employee fiduciaries. The Trustee votes non-directed shares of the Retirement Savings Plan at its discretion. The Trustee will vote other shares held by the Plans at its discretion only if required to do so by ERISA.

Vanguard is also the Trustee and record holder of the 27,556,573 shares in the Compensation and Benefits Trust ("CBT"), without any voting power. Vanguard has disclaimed beneficial ownership of such shares. As Trustee of the CBT, Vanguard will vote shares in the CBT only in accordance with the pro rata directions of eligible domestic employees and the trustees of certain international stock plans of Phillips. Trust agreements for the Plans and CBT each provide that all voting directions of individual employees received by the Trustee will be held in confidence and not be disclosed to any person, including Phillips.

(2) On April 10, 2001, AXA Financial, Inc. ("Alliance"), the parent of Alliance Capital Management L.P. which acquired the investment advisory assets of Sanford C. Bernstein & Co., Inc., reported that it exercised sole voting power over 13,583,791 shares, shared voting power over 3,115,065 shares, sole dispositive power over 26,273,291 shares and shared dispositive power over 107,200 shares, as of March 31, 2001. According to the Schedule 13G filed by Alliance with the Securities and Exchange Commission, such shares equal 10.3% of the outstanding shares of Phillips common stock. However, when shares held as of [October 31, 2001], by the CBT and shares issued in the Tosco merger are included, shares held by Alliance equal only 6.5% of Phillips' outstanding shares.

Beneficial Ownership of Directors and Management of Phillips

AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP					
NAME OF BENEFICIAL OWNER	DIRECT (1)	INDIRECT	PERCENT OF CLASS		
DIRECTORS					
(2) Norman R. Augustine	24,913		*		
David L. Boren	13,404		*		
Robert E. Chappell, Jr.	22,073		*		
Robert M. Devlin	3,049		*		
Larry D. Horner	21,977		*		
J.J. Mulva	744,311		*		
Thomas D. O'Malley	2,725,282	160,000	*		
J. Stapleton Roy	0		*		
Randall L. Tobias	19,726		*		
Victoria J. Tschinkel	19,090		*		
Kathryn C. Turner	12,239		*		
* EXECUTIVE OFFICERS E.L. Batchelder	36,209		*		
Rand C. Berney	46,426		*		
John A. Carrig	140,316		*		
Dodd W. DeCamp	4,982		*		
John E. Lowe	54,563		*		
Kevin O. Meyers	32,209		*		
J.C. Mihm	155,720	1,959	*		
M.J. Panatier	120,775		*		
B.Z. Parker	209,011		*		
R.A. Ridge	86,245		*		
J. Bryan Whitworth	152,985		*		
All directors and executive officers as a group (22 in group)	[4,645,505]	[161,959]	1.07%		

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* Less than 1%

(1) Direct ownership includes shares that may be acquired under Phillips stock options within 60 days of the record date.

(2) The shares stated as being beneficially owned by each director do not include shares beneficially owned by the other companies on whose boards of directors the directors serve. Each director disclaims beneficial ownership of all such shares.

COMPARATIVE STOCK PRICES AND DIVIDENDS

Conoco common stock is listed for trading on the New York Stock Exchange under the symbol "COC" and Phillips common stock is listed for trading on the New York Stock Exchange under the symbol "P." The following table sets forth, for the periods indicated, dividends and the high and low sales prices per share of Conoco common stock and Phillips common stock on the New York Stock Exchange Composite Transaction reporting system. From Conoco's initial public offering on October 27, 1998 until October 5, 2001, when Conoco eliminated its dual capital structure, Conoco had outstanding shares of Conoco Class A and Class B common stock, which were listed on the New York Stock Exchange under the symbols "COC.A" and "COC.B," respectively. For the periods before October 5, 2001, the following table sets forth the data for the Conoco Class B common stock, which represented over 70% of the dual-class common stock then outstanding and over 90% of its voting power and Conoco Class A common stock. For current price information, you should consult publicly available sources.

CONOCO CLASS A COMMON STOCK			CONOCO CLASS B COMMON STOCK		
PERIOD	HIGH	LOW	DIVIDENDS PAID	HIGH	LOW
1998 Fourth Quarter	$25.75	19.38	0.14		
1999 First Quarter	25.44	19.38	0.14		
Second Quarter	31.25	22.94	0.19		
Third Quarter	29.25	25.31	0.19	29.38	24.50
Fourth Quarter	29.06	20.94	0.19	28.94	20.75
2000 First Quarter	27.88	18.81	0.19	28.75	19.00
Second Quarter	27.06	22.00	0.19	29.00	23.25
Third Quarter	27.63	21.38	0.19	28.75	22.31
Fourth Quarter	29.56	24.00	0.19	29.69	24.69
2001 First Quarter	30.79	25.75	0.19	31.10	26.00
Second Quarter	32.99	26.30	0.19	33.35	26.75
Third Quarter	31.60	23.65	0.19	32.00	23.77
Fourth Quarter(1) To October 5	[ ]	[ ]	[ ]	[ ]	[ ]
From October 6 to December	[ ]	[ ]	[ ]	--	--

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(1) Conoco eliminated its dual capital structures on October 5, 2001.

PHILLIPS COMMON STOCK --------------------------
DIVIDENDS CALENDAR PERIOD HIGH LOW PAID - ---------
------ ------ ------ --------- 1998 First
Quarter.....
$53.25 42.75 0.34 Second
Quarter.....
52.00 47.13 0.34 Third
Quarter.....
49.50 40.19 0.34 Fourth
Quarter.....
48.31 40.63 0.34 1999 First
Quarter.....
48.44 37.69 0.34 Second
Quarter.....
54.69 46.44 0.34 Third
Quarter.....
57.25 45.81 0.34 Fourth
Quarter.....
51.88 44.56 0.34 2000 First
Quarter.....
47.13 35.94 0.34 Second
Quarter.....
57.69 45.50 0.34 Third
Quarter.....
70.00 46.81 0.34 Fourth
Quarter.....
68.25 51.50 0.34 2001 First
Quarter.....
59.00 51.70 0.34 Second
Quarter.....
68.00 52.78 0.34 Third
Quarter.....
59.86 50.00 0.36 Fourth Quarter (through December [
], 2001)..... 0.36

The following table sets forth the high and low sales prices per share of Conoco common stock and Phillips common stock on the New York Stock Exchange Composite Transaction reporting system on November 16, 2001, the last full trading day prior to the public announcement of the merger, and on [ ], 2002, the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus:

CONOCO COMMON PHILLIPS COMMON STOCK
STOCK -------------- ---------------
HIGH LOW HIGH LOW ------ ----- ------ --
---- November 16,
2001.....
$25.10 23.95 51.95 50.66 [ ],
2002.....

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma financial statements combine the historical consolidated balance sheets and statements of income of Conoco and Phillips, giving effect to the merger using the purchase method of accounting. The business combination of Conoco and Phillips is a merger of equals. Neither company paid a premium in the stock-for-stock exchange ratio and neither company anticipates dominating the New Parent Board of Directors. However, generally accepted accounting principles require that one of the two companies in the transaction be designated as the acquiror for accounting purposes. Phillips has been designated as the acquiror based on the fact that its stockholders are expected to hold more than 50% of the New Parent stock after the merger.

Conoco's historical income statements have been adjusted for the pro forma impact of the acquisition of Gulf Canada effective July 1, 2001, and Phillips' historical income statements have been adjusted to reflect the pro forma impact of the acquisition of Tosco Corporation on September 14, 2001. In addition, Phillips' historical income statement for 2000 has been adjusted to reflect the pro forma impact of the acquisition of ARCO's Alaska businesses and the formation of the Duke Energy Field Services and Chevron Phillips Chemical Company joint ventures during 2000.

We are providing the following information to aid you in your analysis of the financial aspects of the merger. We derived this information for the year ended December 31, 2000, from the audited financial statements of Conoco and Phillips for that year. The income statement information for the nine-month period ended September 30, 2001, and the balance sheet information at September 30, 2001, were derived from the unaudited financial information of the companies. Conoco has provided all the information set forth herein regarding Conoco and its subsidiaries. Phillips has provided all the information set forth herein regarding Phillips and its subsidiaries. Neither Conoco nor Phillips assumes any responsibility for the accuracy or completeness of the information provided by the other party. THIS INFORMATION SHOULD BE READ TOGETHER WITH OUR HISTORICAL FINANCIAL STATEMENTS AND RELATED NOTES CONTAINED IN THE ANNUAL REPORTS AND OTHER INFORMATION THAT WE HAVE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AND INCORPORATED BY REFERENCE IN THIS JOINT PROXY STATEMENT/PROSPECTUS. SEE "WHERE YOU CAN FIND MORE INFORMATION" ON PAGE [ ].

The unaudited pro forma combined statements of income assume the merger was effected on January 1, 2000. The unaudited pro forma combined balance sheet gives effect to the merger as if it had occurred on September 30, 2001. Except for planned major maintenance expenditures, the accounting policies of Conoco and Phillips are substantially comparable.

The unaudited pro forma combined information is for illustrative purposes only. The financial results may have been different had the companies always been combined. Further, the unaudited pro forma combined financial statements do not reflect the effect of asset dispositions, if any, that may be required by order of regulatory authorities, restructuring charges that will be incurred to fully integrate and operate the combined organization more efficiently, or anticipated synergies resulting from the merger. You should not rely on the pro forma combined financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that New Parent will experience.

NEW PARENT
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2000	PHILLIPS AND PHILLIPS PRO FORMA ADJUSTMENTS	CONOCO PRO FORMA	CONOCO AS ADJUSTED(A)	AS ADJUSTED(B)	COMBINED
			MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA		
REVENUES					
Sales and other operating revenues	$48,896	40,674	--		89,570
Equity in earnings of affiliated companies	231	252	(51)(c)	432	
Other revenues	275	317	--	592	
Total Revenues	49,402	41,243	(51)	90,594	
COSTS AND EXPENSES					
Purchased crude oil and products	30,969	24,267	--		55,236
Production and operating expenses	3,817	2,624	(9)(d)		6,432
Exploration expenses	319	367	--	686	
Selling, general and administrative expenses	852	849	--	1,701	
Depreciation, depletion and amortization	1,550	1,847	(98)(c)(e)		3,299
Property impairments	100	5	--	105	
Taxes other than income taxes	6,122	6,986	--		13,108
Accretion on discounted liabilities	13	--	7(f)	20	
Interest expense	596	776	(96)(g)		1,276
Foreign currency transaction losses (gains)	57	(22)	--	35	
Preferred dividend requirements of capital trusts	53	--	--	53	
Total Costs and Expenses	44,448	37,699	(196)		81,951
Income before income taxes	4,954	3,544	145		8,643
Provision for income taxes	2,385	1,654	69(h)		4,108
INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ 2,569	1,890	76		4,535
INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE PER SHARE OF COMMON STOCK					
Basic	$ 6.79	3.03	6.76(k)		
Diluted	6.70	2.99	6.67(k)		
AVERAGE COMMON SHARES OUTSTANDING (IN THOUSANDS)					
Basic	378,549	624,354			670,559(k)
Diluted	383,211	632,760			679,813(k)

See Notes to Unaudited Pro Forma Financial Statements.

NEW PARENT
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2001				
	PHILLIPS AS ADJUSTED(A)	CONOCO AS ADJUSTED(B)	PRO FORMA ADJUSTMENTS	PHILLIPS AND CONOCO PRO FORMA COMBINED
	MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS			
REVENUES				
Sales and other operating revenues	$ 37,445	31,521	--	68,966
Equity in earnings of affiliated companies	106	156	(39)(c)	223
Other revenues	61	353	--	414
Total Revenues	37,612	32,030	(39)	69,603
COSTS AND EXPENSES				
Purchased crude oil and products	23,736	18,614	--	42,350
Production and operating expenses	3,160	2,385	11(d)	5,556
Exploration expenses	202	261	--	463
Selling, general and administrative expenses	913	627	--	1,540
Depreciation, depletion and amortization	1,153	1,398	(102)(c)(e)	2,449
Property impairments	23	69	--	92
Taxes other than income taxes	4,272	5,143	--	9,415
Accretion on discounted liabilities	16	--	5(f)	21
Interest expense	350	455	(72)(g)	733
Foreign currency transaction losses	10	69	--	79
Preferred dividend requirements of capital trusts	40	--	--	40
Total Costs and Expenses	33,875	29,021	(158)	62,738
Income before income taxes, extraordinary item and cumulative effect of change in accounting principle	3,737	3,009	119	6,865
Provision for income taxes	1,782	1,445	57(h)	3,284
INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ 1,955	1,564	62	3,581
INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE PER SHARE OF COMMON STOCK				
Basic	$ 5.14	2.50	5.32(k)	
Diluted	5.09	2.46	5.26(k)	
AVERAGE COMMON SHARES OUTSTANDING (IN THOUSANDS)				
Basic	380,540	625,332	673,008(k)	
Diluted	384,068	635,345	681,127(k)	

See Notes to Unaudited Pro Forma Financial Statements.

NEW PARENT
UNAUDITED PRO FORMA COMBINED BALANCE SHEET

AT SEPTEMBER 30, 2001	PHILLIPS AND CONOCO PRO FORMA	PRO FORMA ADJUSTMENTS	PHILLIPS CONOCO COMBINED
MILLIONS OF DOLLARS			
ASSETS			
Cash and cash equivalents	$ 199	214	-- 413
Accounts and notes receivable	1,568	2,061	-- 3,629
Inventories	2,617	1,127	538(c) 4,282
Deferred income taxes	85	41	-- 126
Prepaid expenses and other current assets	319	900	-- 1,219
Total Current Assets	4,788	4,343	538 9,669
Investments and long-term receivables	3,306	1,950	978(c) 6,234
Properties, plants and equipment (net)	23,443	17,760	1,967(c) 43,170
Goodwill	2,366	2,982	6,327(c) 11,675
Intangibles	1,313	3	1,147(c) 2,463
Deferred income taxes	7	20	-- 27
Deferred charges and other assets	127	625	-- 752
Total	$35,350	27,683	10,957 73,990
LIABILITIES			
Accounts payable	$ 3,417	2,019	-- 5,436
Notes payable and long-term debt due within one year	43	1,611	-- 1,654
Accrued income and other taxes	1,406	788	194(c) 2,388
Other accruals	839	1,660	(53)(d) 2,446
Total Current Liabilities	5,705	6,078	141 11,924
Long-term debt	7,838	8,040	-- 15,878
Accrued dismantlement, removal and environmental costs	1,150	558	(415)(e)(f) 1,293
Deferred income taxes	4,027	4,047	1,733(c) 9,807
Employee benefit obligations	614	594	276(i) 1,484
Other liabilities and deferred credits	938	1,020	-- 1,958
Total Liabilities	20,272	20,337	1,735 42,344
COMPANY-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES	656	709	-- 1,365
MINORITY INTERESTS	14,422	6,637	9,222(j)(k) 30,281
TOTAL COMMON STOCKHOLDERS' EQUITY			
Total	$35,350	27,683	10,957 73,990

See Notes to Unaudited Pro Forma Financial Statements.

NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

(a) Phillips' historical income statements for the year ended December 31, 2000, and the nine months ended September 30, 2001, have been adjusted on a pro forma basis to reflect the acquisition of Tosco on September 14, 2001, as if it had occurred on January 1, 2000. During the third quarter of 2001, Phillips began including excise taxes on the sales of petroleum products in operating revenues, with the corresponding expense included in taxes other than income taxes. Prior periods have been restated to reflect this change in presentation.

The significant pro forma adjustments that were made for the acquisition of Tosco were:

- Estimated income statement impacts resulting from the purchase price allocation to the Tosco assets and liabilities -- for example increased depreciation due to the step-up of the property, plant and equipment to fair value. These preliminary purchase price allocations have not yet been finalized;

- The conforming of Tosco's accounting policies to Phillips'; and

- An increase in average common shares outstanding for stock and stock options issued in the acquisition.

For additional information on this transaction, including pro forma financial presentations, see Phillips' Current Report on Form 8-K filed on September 28, 2001, as amended by filings on Form 8-K/A on October 31, and November 13, 2001.

Phillips' income statement information for the year ended December 31, 2000, has been further adjusted on a pro forma basis to reflect four significant transactions that were consummated during 2000:

- The disposition of Phillips' gas gathering, processing and marketing business, and the simultaneous acquisition of a 30.3% equity interest in Duke Energy Field Services on March 31, 2000;

- The acquisition of ARCO's Alaska businesses, completed in two phases on April 26 and August 1, 2000;

- The disposition of Phillips' chemicals business, and the simultaneous acquisition of a 50% equity interest in Chevron Phillips Chemical Company on July 1, 2000; and

- The disposition of Tosco's Avon refinery on August 31, 2000;

as if they had occurred January 1, 2000.

The significant pro forma adjustments that were made for the Duke Energy Field Services and Chevron Phillips Chemical Company transactions were:

- The removal of Phillips' chemical and gas gathering, processing, and marketing businesses from consolidation;

- The inclusion of Phillips' estimated 50% and 30.3% equity interest earnings from Chevron Phillips Chemical Company and Duke Energy Field Services, respectively, based on the pro forma financial results of those two entities prior to their inception; and

- The amortization of the basis difference between the book value of Phillips' contributions to Duke Energy Field Services and Chevron Phillips Chemical Company, and its equity in the two entities.

For additional information about these two transactions, including pro forma financial presentations, see Phillips' Current Report on Form 8-K filed on April 13, 2000, related to the Duke Energy Field Services transaction; and Phillips' Current Report on Form 8-K filed on July 14, 2000, related to the Chevron Phillips Chemical Company transaction.

The significant pro forma adjustments that were made for the acquisition of ARCO's Alaska businesses were:

- Estimated income statement impacts resulting from the purchase price allocation to the Alaska assets and liabilities -- for example, increased depreciation due to the step-up of the property, plant and equipment to fair-market value. These preliminary purchase price allocations continued to be refined during 2000 and into 2001;

- The conforming of ARCO's accounting policies to Phillips'; and

- An increase in interest expense due to the debt incurred to partially fund the acquisition.

For additional information on this transaction, including pro forma financial presentations, see Phillips' Current Report on Form 8-K filed on May 18, 2000.

(b) Conoco's historical income statements for the year ended December 31, 2000, and the nine months ended September 30, 2001, have been adjusted on a pro forma basis to reflect the July 1, 2001, acquisition of Gulf Canada, as if it occurred on January 1, 2000.

The as-adjusted income for the year ended December 31, 2000, of $1,890 million is the total of Conoco's historical income of $1,902 million, Gulf Canada's as-adjusted income of $183 million (which includes the November 2000 Crestar acquisition), and net purchase price adjustments related to Gulf Canada of $(195) million (see Conoco's Current Report on Form 8-K filed on July 31, 2001, as amended by Form 8-K/A filed September 10, 2001, and Current Report on Form 8-K filed October 22, 2001).

The as-adjusted income for the nine months ended September 30, 2001, of $1,564 million is the total of Conoco's historical income of $1,449 million (see Form 10-Q filed on November 7, 2001), Gulf Canada's historical income of $185 million for the six months ended June 30, 2001, and net purchase price adjustments related to Gulf Canada of $(70) million (see Conoco's Current Report on Form 8-K filed on July 31, 2001, as amended by Form 8-K/A filed September 10, 2001, and Current Report on Form 8-K filed October 22, 2001).

(c) The following is a preliminary estimate of the deemed purchase price for Conoco on a purchase accounting basis:

Number of shares of New Parent common stock expected to be issued in the exchange.....		292.5	million
Multiplied by Phillips' average stock price two days before and after the announcement date.....	X	$ 53.15	
		$15,546	million
Estimated fair value of Conoco stock options expected to be exchanged for New Parent stock options.....		327	million
Estimated transaction-related costs.....		50	million
Total.....		$15,923	million

For purposes of this pro forma analysis, the above deemed purchase price has been allocated based on a preliminary assessment of the fair value of the assets and liabilities of Conoco at September 30, 2001. The pro forma income statement adjustments reflect the estimated effects of depreciating and amortizing these purchase accounting adjusted balances in properties, plants and equipment, equity method investments, and identifiable intangible assets over their estimated useful lives. The preliminary assessment of fair value resulted in $950 million of tradename assets with indefinite lives and $9,309 million of goodwill, both of which will be subject to periodic impairment testing instead of amortization.

Due to the non-taxable nature of this transaction, Conoco's tax basis in its assets would carry over to the New Parent. The difference between the financial and tax bases is estimated to result in approximately $6,067 million of net deferred tax liabilities and an increase in goodwill in the purchase price allocation.

(d) Conforms Conoco's accounting policy on planned major maintenance to Phillips', expensing the costs of such maintenance as incurred.

(e) Under Phillips' current accounting policy and current prevalent industry accounting practice for the acquisition of oil and gas businesses, the New Parent will not record an initial liability for the estimated costs of removing Conoco's properties, plants and equipment at the end of their useful lives. Instead, a preliminary estimate of $1,100 million of such removal costs will be accrued as an additional component of future depreciation, building the liability for removal over the remaining lives of the properties, plants and equipment on a unit-of-production basis.

(f) Includes the impact of discounting Conoco's estimated environmental liabilities and recording the related accretion.

(g) Capitalization of interest based on the estimated fair value of Conoco's qualifying assets.

(h) Reflects the estimated income tax effects of the pro forma adjustments to Conoco's pretax income.

(i) Adjustment to increase Conoco's pension and other post-retirement benefit obligations to the estimated difference between projected benefit obligations and plan assets.

(j) Included in the preliminary assessment of fair value of Conoco was an estimated $100 million for the value of in-process research and development projects. Under generally accepted accounting principles, this value, net of its related deferred tax liability, would be charged against earnings immediately after consummation of the merger. Due to the non-recurring nature of this one-time charge, the pro forma income statements do not include this charge. The after-tax effect of the charge is reflected in the pro forma balance sheet as a reduction of common stockholders' equity.

(k) Reflects the exchange of outstanding Conoco stock, the issuance of 292.5 million shares of New Parent common stock, and the effect of New Parent's stock options issued in the exchange to Conoco stock option holders.

DESCRIPTION OF NEW PARENT CAPITAL STOCK

The following description of the material terms of the capital stock of New Parent includes a summary of specified provisions of New Parent's restated certificate of incorporation and by-laws that will be in effect upon completion of the merger. This description is subject to the relevant provisions of Delaware law and is qualified by reference to New Parent's restated certificate of incorporation and by-laws, copies of which are attached as Annex B and C, respectively, to this joint proxy statement/prospectus and are incorporated in this joint proxy statement/prospectus by reference.

AUTHORIZED CAPITAL STOCK

New Parent will be authorized to issue 2.5 billion shares of common stock, par value $0.01 per share, and 500 million shares of preferred stock, par value $0.01 per share.

COMMON STOCK

The shares of New Parent common stock to be issued in the merger will be duly authorized, validly issued, fully paid and nonassessable. Each holder of New Parent common stock will be entitled to one vote per share in the election of directors and on all other matters submitted to the vote of stockholders; provided, however, that, except as otherwise required by law, holders of New Parent common stock will not be entitled to vote on any amendment to New Parent's restated certificate of incorporation that relates solely to the terms of any series of New Parent preferred stock if holders of the New Parent preferred stock are entitled to vote on the amendment under New Parent's restated certificate of incorporation or Delaware law. No holder of New Parent common stock may cumulate votes in voting for New Parent directors.

Subject to the rights of the holders of any New Parent preferred stock that may be outstanding from time to time, each share of New Parent common stock will have an equal and ratable right to receive dividends as may be declared by the New Parent Board of Directors out of funds legally available for the payment of dividends, and, in the event of the liquidation, dissolution or winding up of New Parent, will be entitled to share equally and ratably in the assets available for distribution to New Parent stockholders. No holder of New Parent common stock will have any preemptive right to subscribe for any securities of New Parent.

Application will be made to list New Parent common stock on the New York Stock Exchange under the trading symbol "COP." [ ] will be the transfer agent and registrar for New Parent common stock.

PREFERRED STOCK

New Parent's restated certificate of incorporation permits New Parent to issue up to 500 million shares of New Parent preferred stock in one or more series with designations and powers, preferences, and rights, and such qualifications, limitations and restrictions thereof, as may be fixed by the New Parent Board of Directors without any further action by New Parent stockholders.

In connection with New Parent's adoption of a rights plan (as described below), [10] million shares of New Parent preferred stock will be designated Series A Junior Participating Preferred Stock. New Parent Series A preferred stock will be issuable only in connection with the exercise of rights under the rights plan.

Each share of New Parent Series A preferred stock will be entitled to a minimum preferential quarterly dividend payment per share of the greater of $1 or 100 times the dividend declared per share of New Parent common stock. In the event of the liquidation, dissolution or winding up of New Parent, the holders of New Parent Series A preferred stock will be entitled to a minimum preferential liquidation payment per share equal to the greater of $100 (plus all accrued and unpaid dividends) or 100 times the liquidation payment made per share of New Parent common stock. Each share of New Parent Series A preferred stock will have 100 votes on all matters submitted to a vote of New Parent stockholders, voting together with the New Parent common stock. In the event of any merger, consolidation or other

transaction in which shares of New Parent common stock are exchanged for securities, cash and/or any other property, each share of New Parent Series A preferred stock will be entitled to receive 100 times the amount of securities, cash and/or other properties received per share of New Parent common stock. These rights will be protected by customary antidilution provisions.

RIGHTS PLAN

Before the effective time of the merger, New Parent will enter into a rights agreement. As with most rights agreements, the terms of the New Parent rights agreement are complex and not easily summarized, particularly as they relate to the acquisition of New Parent common stock and to the exercisability of the rights. Accordingly, this summary may not contain all of the information that is important to you, and is qualified in its entirety by reference to the form of the New Parent rights agreement which we have filed as an exhibit to the registration statement on Form S-4 of which this joint proxy statement/prospectus is a part.

Under the terms of the New Parent rights agreement, each share of New Parent common stock issued will have attached to it a right to purchase one one-hundredth of a share of New Parent Series A preferred stock. The purchase price per one-hundredth of a share of New Parent Series A preferred stock under our rights agreement will be determined prior to the effective time of the merger.

Initially, the rights under the New Parent rights agreement will be attached to certificates representing New Parent common stock and no separate certificates representing the rights will be distributed. The rights will separate from the New Parent common stock and be represented by separate certificates at the earlier of (1) the first date of a public announcement that a person has acquired 15% or more of the outstanding New Parent common stock or (2) the date as may be determined by the New Parent Board of Directors after the commencement by a person of a tender offer or exchange offer for 15% or more of the outstanding New Parent common stock.

After the rights separate from the New Parent common stock, certificates representing the rights will be mailed to record holders of New Parent common stock. Once distributed, the rights certificates alone will represent the rights.

The rights will not be exercisable until the date the rights separate from the New Parent common stock. The rights will expire on the tenth anniversary of the date of the rights agreement unless earlier redeemed or exchanged by New Parent.

If an acquiror obtains beneficial ownership of 15% or more of New Parent common stock, then each right will be adjusted so that it will entitle the holder (other than the acquiror, whose rights will become void) to purchase a number of shares of New Parent common stock equal to two times the exercise price of the right.

If an acquiror obtains beneficial ownership of 15% or more of New Parent common stock and any of the following occurs:

- New Parent merges into or consolidates with another entity,

- an acquiring entity merges into New Parent with New Parent as the surviving entity and the outstanding shares of New Parent common stock are converted into cash, property or securities, or

- New Parent sells more than 50% of its assets or earning power;

then each right will entitle the holder to purchase a number of shares of common stock of the acquiror having a then-current market value of twice the exercise price of the right.

In the event of a public announcement of an acquiror obtaining beneficial ownership of 15% or more of the outstanding shares of New Parent common stock (but only if the beneficial ownership of the acquiror is less than 50%), the New Parent Board of Directors may, at its option, exchange all or a part of the outstanding rights for New Parent common stock at an exchange ratio of one share of New Parent common stock per right, adjusted to reflect stock splits, stock dividends or similar transactions.

The New Parent Board of Directors may, at its option, redeem the rights, in whole but not in part, at any time prior to the time an acquiror obtains beneficial ownership of 15% or more of the outstanding shares of New Parent common stock. The redemption price will be $.01 per right, adjusted to reflect stock splits, stock dividends or similar transactions. New Parent may, at its option, pay the redemption price in cash, common stock or other consideration as deemed appropriate by the New Parent Board of Directors.

The terms of the rights may be amended by the New Parent Board of Directors without the consent of the holders of the rights, except that, after an acquiror obtains 15% or more of New Parent common stock, the New Parent rights agreement may not be amended in any manner that would adversely affect the interests of the rights holders.

The New Parent rights agreement will contain rights that will have certain anti-takeover effects. The rights will cause substantial dilution to a person or group that attempts to acquire New Parent on terms not approved by the New Parent Board of Directors. However, since the rights may either be redeemed or otherwise made inapplicable by New Parent prior to an acquiror obtaining beneficial ownership of 15% or more of New Parent common stock, the rights should not interfere with any merger or business combination approved by the New Parent Board of Directors prior to that occurrence. In addition, the rights should not interfere with a proxy contest.

COMPARISON OF STOCKHOLDER RIGHTS

Conoco, Phillips and New Parent are incorporated under the laws of the State of Delaware. In accordance with the merger agreement, at the effective time of the merger, the holders of Conoco common stock and Phillips common stock will exchange their respective shares of common stock for New Parent common stock. Your rights as a New Parent stockholder will be governed by Delaware law and New Parent's restated certificate of incorporation and by-laws of New Parent. The following is a comparison of the material rights of Conoco stockholders, Phillips stockholders and New Parent stockholders under each company's organizational documents and the statutory framework in Delaware.

The forms of the New Parent restated certificate of incorporation and by-laws are included in this joint proxy statement/prospectus as Annex B and Annex C, respectively, and are incorporated herein by reference. Copies of the restated certificates of incorporation and by-laws of Conoco and Phillips were previously filed with the Securities and Exchange Commission. See "References to Additional Information" and "Where You Can Find More Information" on page [ ]. The following description does not purport to be complete and is qualified by reference to Delaware law, and the restated certificates of incorporation and by-laws of Conoco, Phillips and New Parent.

COMPARISON OF CERTAIN CERTIFICATE OF INCORPORATION AND BYLAW PROVISIONS

PROVISION	CONOCO	PHILLIPS	NEW PARENT
AUTHORIZED CAPITAL	4,850 million, of which (1) 4,600 million are shares of common stock, par value $0.01 per share, and (2) 250 million are shares of preferred stock, par value $0.01 per share.	1,300 million, of which (1) 1,000 million are shares of common stock, par value $1.25 per share, and (2) 300 million are shares of preferred stock, par value $1.00 per share.	3,000 million, of which (1) 2,500 million are shares of common stock, par value $0.01 per share, and (2) 500 million are shares of preferred stock, par value $0.01 per share.
BOARD OF DIRECTORS			
SIZE OF BOARD	The board of directors must have at	The board of directors must have	The board of directors must have at

least 6 and not at least 9 and not at least 6 and not more than 15 more than 21 more than 20 directors. The exact directors. The exact directors. The exact number is determined number is fixed from number is determined from time to time by time to time by from time to time by resolution adopted by resolution of the resolution adopted by a majority of the board of directors. a majority of the entire board of Phillips currently entire board of directors. Conoco has 11 directors. directors. Initially, currently has 10 New Parent will have directors. 16 directors. QUALIFICATION OF Directors need not be Directors need not be Directors need not be DIRECTORS stockholders. stockholders. Any stockholders. Any individual is individual is eligible for election eligible for election as a director, as a director, provided that the provided that (1) a individual is less director who is also than 70 years old. an employee of New Any employee who is Parent (a) is not also a director, eligible for including the appointment as a Chairman of

the director after Board, must resign as attaining the age of a director upon 65 and (b) retiring as an automatically ceases employee. A majority to be a director on of the board termination of

PROVISION	CONOCO PHILLIPS	NEW PARENT
	must be "independent employment with New outside directors." Parent and (2) no individual is eligible for appointment as a director after attaining the age of 70. These restrictions do not apply to Archie W. Dunham, who may continue to be reelected as a director until he is 70.	New Parent's restated certificate of incorporation prohibits any other limitation on the qualification of directors, other than as required by applicable law or as set forth in New Parent's restated certificate of incorporation or as set forth in a by-law adopted by the board with respect to age and cessation of employment by the company.
REMOVAL OF DIRECTORS	A director may only	Delaware law provides Same as Conoco. be removed for cause that a director or upon the affirmative the entire board of vote of the shares directors of a	representing a Delaware corporation majority of the votes may be removed, with entitled to

be cast or without cause, by by the Company's the holders of a voting stock majority of the (excluding any shares then entitled preferred stock to vote at an entitled to vote only election of in the event of directors. dividend arrearages). In general, unless the board of directors determines that the removal of the director is in the best interests of the company (in which case the following definition does not apply), "cause" is defined to mean (1) a felony conviction, no longer subject to direct appeal, (2) willful misconduct in performance of duties to

PROVISION
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---- the
Company, or (3)
mental
incompetence.
Notwithstanding
the foregoing,
directors
elected by
preferred
stockholders,
pursuant to
provisions
applicable in
the case of
arrearages in
dividend
payments or
other defaults
contained in
the board of
directors'
resolutions
establishing
such series of
preferred
stock, may be
removed by the
preferred
stockholders in
accordance with
the provisions
of the
resolutions.
CUMULATIVE
VOTING None.
None. None.
CLASSES OF
DIRECTORS The
board of All
directors serve
Same as Conoco.
directors is
one-year terms
and Initially
Class I,
classified into
three are
elected at each
Class II and
Class classes
of annual
meeting. III
directors will
directors --
hold office
until the
designated
Class I, first,
second and
Class II and
Class third,
respectively,
III. Each class
annual meeting
consists, as
nearly
following the
as possible, of
completion of
the one-third
of the merger.
See total
number of
"Directors and
directors
Management
Following
constituting
the the
Merger." entire
board of
directors. Each
director serves
for a three-
year term.
VACANCIES ON
THE Vacancies
(unless
Vacancies and
newly- Same as
Conoco. BOARD
they are the

result created directorships of the action of are filled by an stockholders) and individual elected by newly-created a majority vote of directorships are the remaining filled by the directors, even majority vote of the though less than a remaining directors quorum. in office, even though less than a quorum, or by a sole remaining director. Vacancies that result from the action of stockholders are filled by the stockholders.

BOARD QUORUM AND VOTE A	majority of the	A majority of
the Same as	Conoco.	
REQUIREMENTS	entire board of	total number of
directors	constitutes	directors then in
Additionally,	the New a	quorum. office
constitutes a	Parent's	restated
quorum.		

PROVISION	CONOCO	PHILLIPS	NEW PARENT
certificate of incorporation, which is attached as Annex B to this joint proxy statement/prospectus.	The affirmative vote of a majority of the directors then in office constitutes action by the board of directors.	The affirmative vote of a majority of the special directors present at a meeting at which there is a quorum by the board of directors.	The affirmative vote of a majority of the total directors then in office constitutes action by the New Board of Parent Directors other than those required by law or set forth in the certificate of incorporation, which is attached as Annex B to this joint proxy statement/prospectus.
STOCKHOLDER MEETINGS			
ANNUAL MEETINGS			
Date, time and place of the annual meeting is determined by the board of directors.	Same as Conoco.	Same as Conoco.	Date, time and place of the annual meeting is determined by the board of directors.
Notice must be mailed to stockholders no less than 10 and no more than 60 days prior to the meeting.			
SPECIAL MEETINGS			
Special meetings may be called by a resolution of the board of directors or by a majority of the entire board of directors.	Same as Conoco.	Special meetings may only be called by the Chairman of the Board or by the President.	Special meetings may only be called by a resolution approved by the Chairman of the Board. The power of stockholders to call a special meeting is specifically denied.
QUORUM REQUIREMENTS			
The holders of a majority of the issued and outstanding shares of stock entitled to vote, present in person or by proxy, constitute a quorum for all purposes at any meeting of the stockholders.	Same as Conoco.	The presence, in person or by proxy, of the holders of shares of capital stock entitled to cast a majority of the votes that could be cast at the meeting by the holders of all of the shares of common stock,	The presence, in person or by proxy, of the holders of a majority of the shares of capital stock entitled to cast a majority of the votes that could be cast at the meeting by the holders of all of the shares of common stock,

outstanding shares of stockholders. capital stock entitled to vote at the meeting constitutes a quorum. ACTION BY WRITTEN None permitted. None permitted. None permitted. CONSENT NOTICE REQUIREMENTS In general, to bring In general, to bring See Conoco first FOR STOCKHOLDER a matter before an a matter before an paragraph. NOMINATIONS AND OTHER annual meeting or to annual meeting or to PROPOSALS nominate nominate

PROVISION
CONOCO
PHILLIPS NEW
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candidate for
a candidate
for If the
annual
meeting
director, a
director, a
is not within
30 days
stockholder
must give
stockholder
must give
before or
after the
notice of the
notice of the
anniversary
date of
proposed
matter or
proposed
matter or the
preceding
annual
nomination
not less
nomination
not less
meeting, the
than 90 and
not more than
60 and not
more
stockholder
notice than
120 days
prior than 90
days prior to
must be
received no
to the first
the first
anniversary
later than
the later
anniversary
date of date
of the of (1)
90 days prior
the
immediately
immediately
preceding to
the
anniversary
preceding
annual annual
meeting. date
and (2) close
of meeting.
business on
the 10th If
the annual
meeting day
following the
day If the
annual
meeting is
not within 30
days on which
notice of is
not within 30
days before
or 60 days
the annual
meeting
before or
after the
after the
anniversary
was mailed or
first
anniversary
date of date
of the
preceding
publicly
disclosed,
the preceding

annual annual
meeting, the
whichever
first
meeting, the
stockholder
notice
occurs.
stockholder
notice must
be received
no must be
received no
earlier than
the 90th
later than
the close day
prior to the
of business
on the annual
meeting and
no 10th day
following
later than
the close the
day on which
of business
the later
notice of the
annual of (1)
the 60th day
meeting was
mailed or
prior to the
first
publicly
anniversary
date and
disclosed,
whichever (2)
close of
business
first occurs.
on the 10th
day following
the day on
which notice
of the annual
meeting was
announced
publicly.
CERTIFICATE
TAKEOVER
Conoco's
restated
Phillips'
restated Same
as Conoco.
RESTRICTIONS
certificate
of
certificate
of
incorporation
incorporation
requires that
certain
requires the
business
combinations
affirmative
vote of
(including
mergers 75%
of the and
consolidations
outstanding
shares and
sales, leases
and entitled
to vote for
exchanges of
a merger,
substantially
all of
consolidation,
sale Conoco's
assets) or
lease of all
or involving
a person or
any
substantial
part entity
that of the
assets of
beneficially
owns 15%
Phillips, or
or more of

the liquidation, outstanding shares of spin-off, split-off, Conoco voting stock split-up or any or is an affiliate of similar transaction that person, which we involving an refer to as a related interested person person, must be that beneficially approved by (1) at owns 10% or more of least 80% of the the outstanding votes entitled to be shares of Phillips cast by the voting common stock or is an stock and (2) at affiliate of that least 66 2/3% of the person. This votes entitled to be supermajority requirement does not apply if:

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by the voting
- directors
who are stock
other than
unaffiliated
with voting
stock owned
by the
interested
the related
person.
person and
were in These
supermajority
office before
the
requirements
do not
interested
person apply
if: became an
interested
person - a
majority of
the or were
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are
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unaffiliated
with approved
by 75% of the
related
person the
unaffiliated
and who were
in directors
to become
office before
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director,
which
interested
person we
refer to as
the became an
continuing
interested
person
directors,
approve the
constitute a
transaction,
or majority
of the -
certain fair
price entire
board of
conditions
are met
directors,
and a that in
general
majority of
such provide
that the
continuing
payment
received by
directors
approve the
stockholders
in the
transaction
the business
with the
interested
combination
is not
person, or
less than the
- a number of
other amount
the related
conditions
are met,
person paid
or including
that the
agreed to pay
for payment

received by
any shares of
the
stockholders
must
company's
voting be at
least equal
stock
acquired to
the highest
within one
year of price
paid by the
the business
person for
shares
combination.
prior to the
transaction.
AMENDMENTS TO
ORGANIZATIONAL
DOCUMENTS
CERTIFICATE
OF Amendments
generally See
Conoco first
See Conoco
first
INCORPORATION
must be
approved by
paragraph.
paragraph.
the board of
directors and
by a majority
of the
outstanding
stock
entitled to
vote on the
amendment,
and, if
applicable,
by a majority
of the
outstanding
stock of each
class or
series
entitled to
vote on the
amendment as
a class or
series. The
affirmative
vote The
affirmative
vote The
affirmative
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shares of at
least 80% of
of shares
representing
not less the
voting power
of
representing
not less than
80% of the
votes all
outstanding
than 80% of
the votes
entitled to
be cast
shares
entitled to
entitled to
be cast by
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stock vote by
the voting
stock

PROVISION
CONOCO
PHILLIPS NEW
PARENT - ----
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(excluding
any generally
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(excluding
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vote only to
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entitled to
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the event of
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arrearages)
deny
stockholders
the dividend
arrearages)
is required
to alter,
right to call
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to alter,
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adopt any
special
meeting or to
amend or
adopt any
provision act
by written
provision
inconsistent
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consent and
(2)
inconsistent
with or
repeal the
provisions
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provisions
that (1)
control the
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majority that
(1) control
the
constitution
of the
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of the board
and (2) deny
business
transactions
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directors,
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(2) deny
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described the
right to call
a special
meeting or to
under "--
Certificate
special
meeting or to
act by
written
Takeover act
by written
consent.
Restrictions."
consent, (3)
limit or

eliminate the
Additionally,
the liability
of
affirmative
vote of
directors to
the shares
representing
corporation,
(4) (1) not
less than 80%
establish the
name of of
the votes
entitled the
corporation
as to be cast
by the "New
Parent" (and,
in voting
stock the
case of this
(excluding
any clause
(4), any such
preferred
stock
amendment or
entitled to
vote only
alteration
must also in
the event of
be
recommended
dividend
arrearages)
unanimously
by the voting
together as a
entire board
of single
class and (2)
directors),
and (5) not
less than 66
2/3% set the
80% of the
votes
entitled
supermajority
to be cast by
the threshold
applicable
voting stock
with respect
to the
(excluding
any
provisions
above.
preferred
stock
entitled to
vote only
Additionally,
the in the
event of
affirmative
vote of
dividend
arrearages)
shares
representing
not
beneficially
(1) not less
than 80%
owned,
directly or
of the votes
entitled
indirectly,
by any to be
cast by the
related
person is
voting stock
required to
amend,
(excluding
any repeal,
or adopt any
preferred
stock
provisions
entitled to
vote only
inconsistent

with the in the event of provisions dividend arrearages) restricting certain voting together as a business combinations single class and (2) with related persons, not less than 66 2/3% as described above of the votes entitled under "-- Certificate to be cast by the Takeover voting stock not Restrictions." beneficially owned, directly or indirectly, by any related person is required to amend, repeal, or adopt any provisions inconsistent

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PHILLIPS NEW
PARENT - ----
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provisions
restricting
certain
business
combinations
with related
persons, as
described
under "--
Certificate
Takeover
Restrictions."
BY-LAWS In
general,
Conoco's
Phillips' by-
laws may In
general, New
by-laws may
be be
altered,
amended
Parent's by-
laws may
altered,
amended or or
repealed by
the be
altered,
amended
repealed by
(1)
affirmative
vote of a or
repealed by
(1) action of
the board
majority of
action of the
board of
directors or
(2)
stockholders
present of
directors or
(2) by the
affirmative
in person or
by by the
affirmative
vote of a
majority of
proxy, at any
annual vote
of a majority
of votes
entitled to
be meeting
(or a special
votes
entitled to
be cast by
the voting
meeting
called for
cast by the
voting stock
at a meeting
of this
purpose) at
stock
(excluding
any
stockholders,
which a
quorum is
preferred
stock
provided that
the present.
Except for
entitled to
vote only
proposed
alteration,
those by-
laws in the
event of
amendment or

repeal
adopted by
the dividend
arrearages)
was contained
in the
stockholders
and at a
meeting of
notice of
that those
by-laws as to
stockholders,
meeting.
which the
power to
provided that
the make,
alter, repeal
proposed
alteration,
or amend is
reserved
amendment or
repeal to the
stockholders,
was contained
in the the
board of
notice of
that
directors may
also meeting.
make, alter,
repeal or
amend the by-
laws.
However, the
However, the
alteration,
amendment
alteration,
amendment or
repeal of, or
the or repeal
of, or the
adoption of a
by-law
adoption of a
by- law
inconsistent
with any
inconsistent
with any of
the following
of the
following
provisions by
provisions by
stockholder
action
stockholder
action
requires (a)
an requires
an
affirmative
vote of
affirmative
vote of 80%
of the votes
80% of the
votes
entitled to
be cast
entitled to
be cast by
the voting
stock by the
voting stock
(excluding
any
(excluding
any preferred
stock
preferred
stock
entitled to
vote only
entitled to
vote only in
the event of
in the event
of dividend
arrearages)
dividend
arrearages):
and (b) if
there are
multiple

classes of - provisions common stock, a regarding special majority of the votes meetings of entitled to be cast stockholders, by each class, voting - provisions separately: regarding prohibition on action by - provisions written consent of regarding special stockholders, meetings of - provisions stockholders, regarding procedures for nomination of

PROVISION
CONOCO PHILLIPS
NEW PARENT - --
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---- -
provisions
directors,
regarding
prohibition -
provisions on
action by
regarding
business
written consent
of properly
brought
stockholders,
before the
annual -
provisions
meeting of
regarding
procedures
stockholders,
for nomination
of - provisions
directors,
regarding the
number, -
provisions
classification
and regarding
business
qualification
of properly
brought
directors,
before the
annual -
procedures for
meeting of
filling
vacancies on
stockholders,
the board of -
provisions
directors,
regarding the
number -
provisions and
classification
regarding
procedures of
directors, for
removing -
provisions
directors,
regarding
procedures -
provisions
setting for
filling forth
the roles and
vacancies on
the
responsibility
of board of
directors, the
Chairman of the
and Board of
Directors, -
provisions the
Chief Executive
regarding
procedures
Officer and for
removing
President,
directors. -
provisions
regarding the
succession
arrangements
and
modification of
Mr. Dunham's
and Mr. Mulva's
employment
contracts.
EXCULPATION AND
INDEMNIFICATION
OF DIRECTORS,
OFFICERS AND
EMPLOYEES
EXCULPATION A
director shall

not Same as Conoco. No director shall be be personally liable liable to the company to the company for or its stockholders monetary damages for for breach of breach of fiduciary fiduciary duty as a duty as a director, director to the except for liability: fullest extent that the Delaware General - for any breach of Corporation Law or the director's duty other law of the of loyalty to the state of Delaware company or its permits the stockholders, limitation or - for acts or elimination of omissions not in good liability of faith or that directors. involve intentional misconduct or knowing violation of law,

PROVISION	CONOCO	PHILLIPS	NEW PARENT - --
---- - for unlawful payment of dividends under Section 174 of the Delaware General Corporation Law, or - for any transaction from which the directors derived an improper personal benefit. Each of the above provisions protects Conoco, Phillips and New Parent directors, as the case may be, against personal liability for monetary damages related to breaches of their fiduciary duty of care. None of the above provisions eliminates the director's duty of care nor has any effect on the availability of equitable remedies, such as an injunction or rescission, based upon a director's breach of his or her duty of care.			
INDEMNIFICATION	In general, the by-laws provide for indemnification, to the fullest extent authorized by a party to any threatened, pending or completed action is a party to, or by reason of his or otherwise involved in, any proceeding against any expenses, judgments, fines or settlements actually of	In general, the by-laws provide for indemnification of any director or officer who was or is a party to any Delaware law, individual who was a director, officer or employee	Same as Conoco.

Phillips. and reasonably incurred by the Indemnification in director or officer, connection with a if the individual: proceeding brought by the director, officer - acted in good faith or employee is and in a manner permitted only if the reasonably believed proceeding was to be in, or not authorized by the opposed to, the board of directors. best interests of the company; and The company must - with respect to any advance expenses to a criminal action, director, officer or had no reasonable employee upon receipt cause to believe of an undertaking to the conduct was repay the advanced unlawful. amount if it is ultimately determined The company will that the individual advance expenses to a is not entitled to director or officer indemnification. upon receipt of an undertaking to repay the advanced amount if it is ultimately determined that the individual is not entitled to indemnification.

LEGAL MATTERS

The validity of the New Parent common stock offered by this joint proxy statement/prospectus will be passed upon for New Parent by [ ].

EXPERTS

The historical financial statements of Conoco as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, incorporated in this prospectus by reference to the Current Report on Form 8-K/A of Conoco filed with the SEC on September 10, 2001, and the financial statement schedule incorporated in this prospectus by reference to the Annual Report on Form 10-K of Conoco for the year ended December 31, 2000, have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

Ernst & Young LLP, independent auditors, have audited the consolidated financial statements and schedule of Phillips included in Phillips' Annual Report on Form 10-K for the year ended December 31, 2000, as amended, as set forth in their report, which is incorporated by reference in this joint proxy statement/prospectus. Phillips' financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

Ernst & Young LLP have also audited the consolidated balance sheet of CorvettePorsche Corp. at December 4, 2001, as set forth in their report. We have included the CorvettePorsche Corp. balance sheet in this joint proxy statement/prospectus in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

INDEPENDENT AUDITORS

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Conoco special meeting, and representatives of Ernst & Young LLP are expected to be present at the Phillips special meeting. The representatives of the independent auditors will have the opportunity to make a statement regarding the merger if they desire to do so, and they are expected to be available to respond to appropriate questions from the stockholders at their respective meetings.

STOCKHOLDER PROPOSALS

CONOCO

For a stockholder proposal to be included in the proxy statement for the 2002 Conoco annual meeting, including a proposal for the election of a director, the proposal must be received by Conoco at its principal offices no later than November 26, 2001. Also, under Conoco's by-laws, Conoco stockholders must give advance notice of nominations for director or other business to be addressed at the annual meeting not later than the close of business on February 7, 2002 and not earlier than January 8, 2002.

PHILLIPS

For a stockholder proposal to be included in the proxy statement for the 2002 Phillips annual meeting, including a proposal for the election of a director, the proposal must be received by Phillips at its principal offices no later than December 4, 2001. Also, under Phillips' by-laws, Phillips stockholders must give advance notice of nominations for director or other business to be addressed at the annual meeting not later than the close of business on March 8, 2002 and not earlier than February 6, 2002.

OTHER MATTERS

As of the date of this joint proxy statement/prospectus, neither the Conoco Board of Directors nor the Phillips Board of Directors knows of any matter that will be presented for consideration at the Conoco special meeting or the Phillips special meeting, respectively, other than as described in this joint proxy statement/prospectus.

WHERE YOU CAN FIND MORE INFORMATION

New Parent filed a registration statement on Form S-4 on [ ], 2001, to register with the Securities and Exchange Commission the New Parent common stock to be issued to Conoco stockholders and Phillips stockholders in the merger. This joint proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of New Parent in addition to being a joint proxy statement of Conoco and Phillips. As allowed by Securities and Exchange Commission rules, this joint proxy statement/prospectus does not contain all the information you can find in New Parent's registration statement or the exhibits to the registration statement. Conoco and Phillips file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information that Conoco and Phillips file with the Securities and Exchange Commission at the Securities and Exchange Commission's public reference rooms at Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549.

Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. These Securities and Exchange Commission filings are also available to the public from commercial document retrieval services and at the Internet worldwide web site maintained by the Securities and Exchange Commission at http://www.sec.gov. Reports, proxy statements and other information concerning Conoco and Phillips may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005.

The Securities and Exchange Commission allows Conoco, Phillips and New Parent to "incorporate by reference" information in this joint proxy statement/prospectus, which means that Conoco, Phillips and New Parent can disclose important information to you by referring you to other documents filed separately with the Securities and Exchange Commission. The information incorporated by reference is considered part of this joint proxy statement/prospectus, except for any information superseded by information contained directly in this joint proxy statement/prospectus or in later filed documents incorporated by reference in this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the documents set forth below that Conoco and Phillips have previously filed with the Securities and Exchange Commission. These documents contain important business and financial information about Conoco and Phillips that is not included in or delivered with this joint proxy statement/prospectus.

CONOCO FILINGS (FILE NO. 1-14521)
PERIOD/FILING DATE
Annual Report on Form 10-K
Year ended December 31, 2000
Quarterly Reports on Form 10-Q
Quarters ended March 31, June 30, and September 30, 2001
Current Reports on Form 8-K
November 19, 2001
November 16, 2001
October 22, 2001
October 9, 2001
October 5, 2001
September 24, 2001
September 20, 2001
September 17, 2001
September 10, 2001
(amended) July 31, 2001
July 17, 2001
May 30, 2001
March 29, 2001
March 29, 2001 (amended)
February 23, 2001
February 22, 2001

PHILLIPS FILINGS (FILE NO. 1-00720)	PERIOD/FILING DATE
-- Annual Report on Form 10-K, as amended.....	Year ended December 31, 2000
Quarterly Reports on Form 10-Q.....	Quarters ended March 31, June 30, and September 30, 2001
Current Reports on Form 8-K.....	November 19, 2001
	November 13, 2001
	October 31, 2001
	September 28, 2001
	September 18, 2001
	April 11, 2001
	February 21, 2001
	February 5, 2001

This joint proxy statement/prospectus also incorporates by reference all additional documents that may be filed by Conoco and Phillips with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this joint proxy statement/prospectus and the date of the Conoco special meeting and the date of the Phillips special meeting, as applicable. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

Conoco has supplied all information contained or incorporated by reference in this joint proxy statement/prospectus relating to Conoco, and Phillips has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Phillips. Conoco and Phillips have jointly supplied all information contained or incorporated by reference in this joint proxy statement/ prospectus relating to New Parent, Corvette Merger Corp. and Porsche Merger Corp.

If you are a Conoco stockholder or a Phillips stockholder, we may have sent you some of the documents incorporated by reference, but you can also obtain any of them through Conoco or Phillips, the Securities and Exchange Commission or the Securities and Exchange Commission's Internet web site as described above. Documents incorporated by reference are available from Conoco or Phillips without charge, excluding all exhibits, except that, if Conoco or Phillips have specifically incorporated by reference an exhibit in this joint proxy statement/prospectus, the exhibit will also be provided without charge. You may obtain documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses:

Conoco Inc.
600 North Dairy Ashford Road
Houston, Texas 77079
(281) 293-6800
Attention: Shareholder Relations

Phillips Petroleum Company
1234 Adams Building
4th Street and Keeler Avenue
Bartlesville, Oklahoma 74004
(918) 661-[ ]
Attention: Secretary

If you would like to request documents, please do so by [ ], in order to receive them before your special meeting.

You should rely only on the information contained or incorporated by reference in this joint proxy statement/prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this joint proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this document or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. This joint proxy statement/ prospectus is dated [ ]. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. Neither the mailing of this joint proxy statement/prospectus to Conoco stockholders and Phillips stockholders nor the issuance of New Parent common stock in the merger creates any implication to the contrary.

REPORT OF INDEPENDENT AUDITORS

CorvettePorsche Corp.
The Board of Directors and Stockholders

We have audited the accompanying consolidated balance sheet of CorvettePorsche Corp. as of December 4, 2001. This balance sheet is the responsibility of the company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the consolidated financial position of CorvettePorsche Corp. at December 4, 2001, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

Tulsa, Oklahoma
December 7, 2001

CORVETTEPORSCHE CORP.
CONSOLIDATED BALANCE SHEET

AT DECEMBER 4, 2001 ----
ASSETS Cash
$200 - -----
Total Assets
$200 - -----
STOCKHOLDERS' EQUITY
Preferred stock -- 100 shares authorized at $.01 par value; none issued or outstanding
$-- Common stock -- 100 shares authorized at $.01 par value Issued (2 shares)
Par value --
Additional paid-in capital 200
- ----------
Total Stockholders' Equity $200
- ----------
------- - --

See accompanying Note to Consolidated Balance Sheet

CORVETTEPORSCHE CORP.
NOTE TO CONSOLIDATED BALANCE SHEET

BASIS OF PRESENTATION

CorvettePorsche Corp. (the company) was incorporated in the state of Delaware on November 16, 2001. CorvettePorsche Corp. has two stockholders, Conoco Inc. (Conoco) and Phillips Petroleum Company (Phillips), each holding one share of the company's common stock, par value $.01. Phillips contributed $100 for its share on November 30, 2001, while Conoco contributed $100 for its share on December 4, 2001. The company was formed in connection with the anticipated merger of Conoco and Phillips.

The company has two wholly owned subsidiaries -- Corvette Merger Corp. and Porsche Merger Corp. At the effective date of the merger, Corvette Merger Corp. would merge with and into Conoco, and Porsche Merger Corp. would merge with and into Phillips, at which point Corvette Merger Corp. and Porsche Merger Corp. would no longer exist as separate corporate entities, and the company's only two wholly owned subsidiaries would be Conoco and Phillips. Upon completion of the merger, the name of the company will change to ConocoPhillips. Also at that time, each outstanding share of Conoco common stock would be converted into 0.4677 of a share of the company's common stock, and each outstanding share of Phillips common stock would be converted into one share of the company's common stock. This action will necessitate the authorization of additional common shares of the company before the merger takes place.

The consolidated balance sheet includes the accounts of the company and its two wholly owned subsidiaries, Corvette Merger Corp. and Porsche Merger Corp. Intercompany accounts have been eliminated. Other than its formation, the company and its subsidiaries have not conducted any activities.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated balance sheet.

ANNEX A

AGREEMENT AND PLAN OF MERGER

DATED AS OF NOVEMBER 18, 2001

BY AND AMONG

PHILLIPS PETROLEUM COMPANY,

CORVETTEPORSCHE CORP.,

PORSCHE MERGER CORP.,

CORVETTE MERGER CORP.

AND

CONOCO INC.

TABLE OF CONTENTS

LIST OF EXHIBITS

AGREEMENT AND PLAN OF MERGER, dated as of November 18, 2001 (this "Agreement"), by and among PHILLIPS PETROLEUM COMPANY, a Delaware corporation ("Phillips"), CORVETTEPORSCHE CORP., a Delaware corporation ("New Parent"), PORSCHE MERGER CORP., a Delaware corporation and direct wholly owned subsidiary of New Parent ("Merger Sub One"), CORVETTE MERGER CORP., a Delaware corporation and direct wholly owned subsidiary of New Parent ("Merger Sub Two"), and CONOCO INC., a Delaware corporation ("Conoco").

W I T N E S S E T H:

WHEREAS, the Boards of Directors of Phillips, New Parent, Merger Sub One, Merger Sub Two and Conoco deem it advisable and in the best interests of their respective corporations and stockholders that Phillips and Conoco engage in a business combination in a merger of equals in order to advance the long-term strategic business interests of Phillips and Conoco;

WHEREAS, to effect such merger of equals, upon the terms and subject to the conditions set forth herein, (i) Merger Sub One will merge with and into Phillips with Phillips continuing as the surviving corporation (the "Phillips Merger") and (ii) Merger Sub Two will merge with and into Conoco with Conoco continuing as the surviving corporation (the "Conoco Merger" and together with the Phillips Merger, the "Mergers");

WHEREAS, upon consummation of the Mergers, (i) each of Phillips and Conoco will become a wholly owned subsidiary of New Parent, which has been formed by Phillips and Conoco solely for the purpose of the transactions contemplated by this Agreement and (ii) New Parent will change its name to ConocoPhillips; and

WHEREAS, for U.S. federal income tax purposes, it is intended that the Phillips Merger and the Conoco Merger shall each qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") and that the Mergers, taken together, shall qualify as an exchange described in Section 351 of the Code.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Acquisition Proposal" shall have the meaning set forth in Section 6.5(a)(i).

"Affiliate Agreement" shall have the meaning set forth in Section 6.12(a).

"Agreement" shall have the meaning set forth in the preamble.

"Antitrust Laws" means the HSR Act, the EC Merger Regulation, the Canadian Investment Regulations or other antitrust, competition or premerger notification, trade regulation law, regulation or order.

"beneficial ownership" or "beneficially own" shall have the meaning ascribed to such terms under Section 13(d) of the Exchange Act.

"Benefit Plan" means, with respect to any entity, any employee benefit plan, program, policy, practice, agreement, contract or other arrangement providing benefits to any current or former employee, officer or director of such entity or any of its affiliates or any beneficiary or dependent thereof that is sponsored or maintained by such entity or any of its affiliates or to which such entity or any of its affiliates contributes or is obligated to contribute, whether or not written, including any "employee welfare benefit plan" within

the meaning of Section 3(1) of ERISA, any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), any employment or severance agreement, and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, change of control or fringe benefit plan, program or policy.

"Business Day" means any day on which banks are not required or authorized to close in the City of New York.

"Canadian Investment Regulations" means the Competition Act (Canada) and the Investment Canada Act of 1984 (Canada).

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and the rules and regulations promulgated thereunder.

"Certificates of Merger" shall have the meaning set forth in Section 2.3.

"Change in the Conoco Recommendation" shall have the meaning set forth in Section 6.1(b).

"Change in the Phillips Recommendation" shall have the meaning set forth in Section 6.1(c).

"Closing" shall have the meaning set forth in Section 2.5.

"Closing Date" shall have the meaning set forth in Section 2.5.

"Code" shall have the meaning set forth in the recitals.

"Confidentiality Agreement" shall have the meaning set forth in Section 6.3.

"Conoco" shall have the meaning set forth in the preamble.

"Conoco 2000 10-K" means Conoco's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the SEC.

"Conoco 10-Q" means Conoco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, as filed with the SEC.

"Conoco Benefit Plan" means a Benefit Plan maintained or contributed to by Conoco or any of its Subsidiaries, or to which Conoco or any of its Subsidiaries is required to contribute.

"Conoco Capital Stock" means the Conoco Common Stock together with the Conoco Preferred Stock.

"Conoco Certificate" shall have the meaning set forth in Section 3.2(b).

"Conoco Certificate of Merger" shall have the meaning set forth in Section 2.3.

"Conoco Common Stock" means common stock, par value $.01 per share, of Conoco.

"Conoco Disclosure Schedule" means the disclosure schedule delivered by Conoco to Phillips concurrently herewith.

"Conoco Merger" shall have the meaning set forth in the recitals.

"Conoco Merger Consideration" shall have the meaning set forth in Section 3.2(b).

"Conoco Necessary Consents" shall have the meaning set forth in Section 4.1(d).

"Conoco Preferred Stock" means the preferred stock, par value $.01, of Conoco.

"Conoco Recommendation" shall have the meaning set forth in Section 6.1(b).

"Conoco Right" means a preferred share purchase right issuable pursuant to the Conoco Rights Agreement.

"Conoco Rights Agreement" means the Rights Agreement, dated as of July 29, 1999, between Conoco and Equiserve Trust Company, N.A., as successor to First Chicago Trust Company of New York, as rights agent, as amended.

"Conoco SAR" shall have the meaning set forth in Section 3.4(a).

"Conoco SEC Documents" shall have the meaning set forth in Section 4.1(e).

"Conoco Stock-Based Award" shall have the meaning set forth in Section 3.4(b).

"Conoco Stock Option" shall have the meaning set forth in Section 3.4(a).

"Conoco Stock Plans" shall have the meaning set forth in Section 3.4(a).

"Conoco Stockholder Approval" shall have the meaning set forth in Section 4.1(c)(i).

"Conoco Stockholders Meeting" shall have the meaning set forth in Section 4.1(c)(i).

"Conoco Surviving Corporation" shall have the meaning set forth in Section 2.2(b).

"Conoco Termination Fee" means $550 million.

"Controlled Group Liability" means any and all liabilities (a) under Title IV of ERISA, other than for payment of premiums to the Pension Benefit Guaranty Corporation, (b) under Section 302 of ERISA, (c) under Sections 412 and 4971 of the Code, (d) for violation of the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code or the group health requirements of Sections 9801 et seq. of the Code and Sections 701 et seq. of ERISA, and (e) under corresponding or similar provisions of foreign laws or regulations.

"Delaware Secretary" shall have the meaning set forth in Section 2.3.

"DGCL" means the General Corporation Law of the State of Delaware.

"DOJ" means the Antitrust Division of the U.S. Department of Justice.

"EC Merger Regulation" shall have the meaning set forth in Section 4.1(d).

"Effective Time" shall have the meaning set forth in Section 2.3.

"Environmental Claims" means, in respect of any person, (i) any and all administrative, regulatory or judicial actions, suits, orders, decrees, suits, demands, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any person, alleging potential presence or Release of, or exposure to, any Hazardous Materials at any location, whether or not owned, operated, leased or managed by such person, (ii) circumstances forming the basis of any actual or alleged violation of, or liability under, any Environmental Law or (iii) any and all indemnification, cost recovery, compensation or injunctive relief resulting from the presence or Release of, or exposure to, any Hazardous Materials.

"Environmental Laws" means all applicable federal, state, local and foreign laws (including international conventions, protocols and treaties), common law, rules, regulations, orders, decrees, judgments, binding agreements or Environmental Permits issued, promulgated or entered into, by or with any Governmental Entity, relating to pollution, Hazardous Materials, natural resources or the protection, investigation or restoration of the environment.

"Environmental Permits" means all permits, licenses, registrations and other governmental authorizations required under applicable Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exchange Agent" shall have the meaning set forth in Section 3.6.

"Exchange Fund" shall have the meaning set forth in Section 3.6.

"Exchange Ratio" shall have the meaning set forth in Section 3.2(b).

"Expenses" means all out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its affiliates) incurred by a party hereto or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby, including the preparation, printing, filing and mailing of the Joint Proxy Statement/Prospectus and the Form S-4 and the solicitation of stockholder approvals and all other matters related to the transactions contemplated hereby and thereby.

"Form S-4" shall have the meaning set forth in Section 4.1(d)(iv).

"FTC" means the U.S. Federal Trade Commission.

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Entity" means any supranational, national, state, municipal or local government, foreign or domestic, any instrumentality, subdivision, court, administrative agency or commission or other authority thereof, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

"GIRL" means Gulf Indonesia Resources Limited, a corporation formed in Canada.

"Gulf" means Conoco Canada Resources Limited, a corporation formed in Canada.

"Hazardous Materials" means any petroleum or petroleum products, radioactive materials or wastes, asbestos, polychlorinated biphenyls and any chemical, material, substance or waste, in each case that is prohibited, limited or regulated pursuant to any Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"IRS" means the Internal Revenue Service.

"Joint Proxy Statement/Prospectus" shall have the meaning set forth in Section 4.1(d)(iv).

"knowledge" or "known" means, with respect to any entity, the knowledge of such entity's executive officers after reasonable inquiry.

"Liens" shall have the meaning set forth in Section 2.1(b).

"Material Adverse Effect" means, with respect to any entity, a material adverse effect on (a) the business, operations, results of operations or financial condition of such entity and its Subsidiaries taken as a whole or (b) the ability of such entity to timely consummate the transactions contemplated by this Agreement, except, in each case, for any such effect reasonably attributable to (i) general political and economic conditions (including prevailing interest rate and stock market levels) in the United States or the other countries in which such entity operates, (ii) the general state of the industries in which such entity operates or (iii) other than with respect to Sections 4.1(c)(ii), 4.1(d), 4.2(c)(ii), 4.2(d), 6.4(a) or 7.1(c), the negotiation, announcement, execution, delivery or consummation of the transactions contemplated by, or in compliance with, this Agreement.

"Merger Sub One" shall have the meaning set forth in the preamble.

"Merger Sub One Common Stock" shall have the meaning set forth in Section 2.1(b).

"Merger Sub Two" shall have the meaning set forth in the preamble.

"Merger Sub Two Common Stock" shall have the meaning set forth in Section 2.1(b).

"Mergers" shall have the meaning set forth in the recitals.

"New Parent" shall have the meaning set forth in the preamble.

"New Parent Common Stock" shall have the meaning set forth in Section 2.1(a).

"New Parent Rights Agreement" shall have the meaning set forth in Section 6.11(c).

"New Parent SAR" shall have the meaning set forth in Section 3.4(a).

"New Parent Stock Option" shall have the meaning set forth in Section 3.4(a).

"New Parent Stock-Based Award" shall have the meaning set forth in Section 3.4(b).

"New Plans" shall have the meaning set forth in Section 6.8(b).

"Newco Employees" shall have the meaning set forth in Section 6.8(a).

"NYSE" means the New York Stock Exchange, Inc.

"other party" means, with respect to Phillips, Conoco, and with respect to Conoco, Phillips.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act).

"Phillips" shall have the meaning set forth in the preamble.

"Phillips 2000 10-K" means Phillips's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the SEC.

"Phillips 10-Q" means Phillips's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, as filed with the SEC.

"Phillips Benefit Plan" means a Benefit Plan maintained or contributed to by Phillips or a Subsidiary of Phillips, or to which Phillips or any Subsidiary of Phillips is required to contribute.

"Phillips Capital Stock" means the Phillips Common Stock together with the Phillips Preferred Stock.

"Phillips Certificate" shall have the meaning set forth in Section 3.7(b).

"Phillips Certificate of Merger" shall have the meaning set forth in Section 2.3.

"Phillips Common Stock" means common stock, par value $1.25 per share, of Phillips.

"Phillips Disclosure Schedule" means the disclosure schedule delivered by Phillips to Conoco concurrently herewith.

"Phillips Merger" shall have the meaning set forth in the recitals.

"Phillips Merger Consideration" shall have the meaning set forth in Section 3.1(b).

"Phillips Necessary Consents" shall have the meaning set forth in Section 4.2(d).

"Phillips Preferred Stock" means the preferred stock, par value $1.00 per share, of Phillips.

"Phillips Recommendation" shall have the meaning set forth in Section 6.1(c).

"Phillips Right" means a preferred share purchase right issuable pursuant to the Phillips Rights Agreement.

"Phillips Rights Agreement" means the Rights Agreement, dated as of August 1, 1999, between Phillips and ChaseMellon Shareholder Services, L.L.C., as rights agent.

"Phillips SAR" shall have the meaning set forth in Section 3.5(a).

"Phillips SEC Documents" shall have the meaning set forth in Section 4.2(e).

"Phillips Stock Option" shall have the meaning set forth in Section 3.5(a).

"Phillips Stock Plans" shall have the meaning set forth in Section 3.5(a).

"Phillips Stock-Based Award" shall have the meaning set forth in Section 3.5(b).

"Phillips Stockholder Approval" shall have the meaning set forth in Section 4.2(c)(i).

"Phillips Stockholders Meeting" shall have the meaning set forth in Section 4.2(c)(i).

"Phillips Surviving Corporation" shall have the meaning set forth in Section 2.2(a).

"Phillips Termination Fee" means $550 million dollars.

"Qualifying Amendment" means an amendment or supplement to the Joint Proxy Statement/ Prospectus or Form S-4 (including by incorporation by reference) to the extent it contains (i) a Change in the Phillips Recommendation or a Change in the Conoco Recommendation (as the case may be), (ii) a statement of the reasons of the Board of Directors of Phillips or Conoco (as the case may be) for making such Change in the Phillips Recommendation or Change in the Conoco Recommendation (as the case may be) and (iii) additional information reasonably related to the foregoing.

"Regulatory Law" means the HSR Act, and all other U.S. federal and state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate (a) mergers, acquisitions or other business combinations, (b) foreign investment, or (c) actions having the purpose or effect of monopolization or restraint of trade or lessening of competition.

"Release" means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment.

"Required Approvals" shall have the meaning set forth in Section 6.4(a)(i).

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Significant Subsidiary" shall have the meaning ascribed to such term in Rule 1-02 of Regulation S-X of the SEC.

"Subsidiary" shall have the meaning ascribed to such term in Rule 1-02 of Regulation S-X of the SEC.

"Superior Proposal" means, with respect to Phillips or Conoco, as the case may be, a bona fide written proposal made by a Person other than a party hereto that is (a) for an Acquisition Proposal (except that references in the definition of "Acquisition Proposal" to "20%" shall be "50%") involving such party and (b) is on terms which its Board of Directors in good faith concludes (following receipt of the advice of its financial advisors and outside counsel), taking into account, among other things, all legal, financial, regulatory and other aspects of the proposal and the Person making the proposal, (i) would, if consummated, result in a transaction that is more favorable to its stockholders (in their capacities as stockholders), from a financial point of view, than the transactions contemplated by this Agreement and (ii) is reasonably capable of being completed.

"Tosco" means Tosco Corporation, a Nevada corporation and a wholly owned subsidiary of Phillips.

"Tosco Merger Agreement" shall have the meaning set forth in Section 6.8(a).

"Tax Return" means any return, report or similar statement (including any attached schedules) required to be filed with respect to any Tax, including any information return, claim for refund, amended return or declaration of estimated Tax.

"Taxes" means any and all U.S. federal, state or local, foreign or other taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any taxing authority, including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social

security, workers' compensation, unemployment compensation, or net worth, and taxes or other charges in the nature of excise, withholding, ad valorem or value added.

"Termination Date" shall have the meaning set forth in Section 8.1(b).

"Voting Debt" means any bonds, debentures, notes or other indebtedness having the right to vote on any matters on which holders of capital stock of the same issuer may vote.

ARTICLE II

FORMATION OF NEW PARENT; THE MERGERS

2.1 Formation of New Parent; Merger Subs. (a) Phillips and Conoco have caused New Parent to be organized under the laws of the State of Delaware and each owns 50% of the capital stock of New Parent. The authorized capital stock of New Parent consists of 100 shares of common stock, par value $.01 per share (the "New Parent Common Stock"), of which one share has been issued to Phillips and one share has been issued to Conoco. Phillips and Conoco shall take, and shall cause New Parent to take, all requisite action to cause the certificate of incorporation of New Parent to be in the form of Exhibit A (the "New Parent Charter") and the by-laws of the New Parent to be in the form of Exhibit B (the "New Parent By-Laws"), in each case, at the Effective Time.

(b) Merger Subs. Phillips and Conoco have caused New Parent to organize, and New Parent has organized, Merger Sub One and Merger Sub Two under the laws of the State of Delaware. The authorized capital stock of Merger Sub One consists of 100 shares of common stock, par value $.01 per share (the "Merger Sub One Common Stock"), all of which are validly issued, fully paid and nonassessable, and are owned by New Parent free and clear of any liens, pledges, charges, encumbrances and security interests whatsoever ("Liens"). The authorized capital stock of Merger Sub Two consists of 100 shares of common stock, par value $.01 per share (the "Merger Sub Two Common Stock"), all of which are validly issued, fully paid and nonassessable, and are owned by New Parent free and clear of any Liens.

2.2 The Mergers. Upon the terms and subject to the conditions hereof, in accordance with the DGCL, at the Effective Time:

(a) The Phillips Merger. Merger Sub One shall merge with and into Phillips, with Phillips continuing as the surviving corporation in the Phillips Merger (the "Phillips Surviving Corporation") and the separate corporate existence of Merger Sub One shall cease. As a result of the Phillips Merger, Phillips will become a wholly owned subsidiary of New Parent.

(b) The Conoco Merger. Merger Sub Two shall merge with and into Conoco, with Conoco continuing as the surviving corporation in the Conoco Merger (the "Conoco Surviving Corporation") and the separate corporate existence of Merger Sub Two shall cease.

As a result of the Conoco Merger, Conoco will become a wholly owned subsidiary of New Parent.

2.3 Effective Time of the Mergers. As soon as practicable on the Closing Date, Phillips shall file with the Secretary of State of the State of Delaware (the "Delaware Secretary") a certificate of merger with respect to the Phillips Merger (the "Phillips Certificate of Merger") and Conoco shall file with the Delaware Secretary a certificate of merger with respect to the Conoco Merger (the "Conoco Certificate of Merger," together with the Phillips Certificate of Merger, the "Certificates of Merger"), which Certificates of Merger shall be in such form as is required by, and executed and acknowledged in accordance with, the DGCL. The Mergers shall become effective at such date and time as Phillips and Conoco shall agree and shall be specified in the Certificates of Merger; provided that (i) such date and time shall be after the time of filing of the Certificates of Merger and (ii) both Mergers shall become effective at the same date and time. As used in this Agreement, the term "Effective Time" shall mean the date and time when the Mergers become effective.

2.4 Effects of the Mergers. The Mergers shall have the effects set forth in the applicable provisions of the DGCL.

2.5 Closing. Upon the terms and subject to the conditions set forth in Article VII and the termination rights set forth in Article VIII, the closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York, 10019 at 10:00 A.M. on the first Business Day following the satisfaction or waiver (subject to applicable law) of the conditions (excluding conditions that, by their nature, cannot be satisfied until the Closing Date) set forth in Article VII, unless this Agreement has been theretofore terminated pursuant to its terms or unless another place, time or date is agreed to in writing by Phillips and Conoco (the date of the Closing, the "Closing Date").

2.6 Certificates of Incorporation. (a) At the Effective Time, the certificate of incorporation of the Phillips Surviving Corporation shall be amended in its entirety to read as set forth in Exhibit C, until thereafter changed or amended as provided therein or by applicable law.

(b) At the Effective Time, the certificate of incorporation of the Conoco Surviving Corporation shall be amended in its entirety to read as set forth in Exhibit D, until thereafter changed or amended as provided therein or by applicable law.

2.7 By-Laws. At the Effective Time, the by-laws of Merger Sub One shall be the by-laws of the Phillips Surviving Corporation and the by-laws of Merger Sub Two shall be the by-laws of the Conoco Surviving Corporation.

2.8 Directors and Officers. (a) The directors and officers of New Parent at the Effective Time shall be as Phillips and Conoco shall hereafter agree subject to the covenants and agreements set forth in Section 6.2.

(b) The directors of Merger Sub One immediately prior to the Effective Time shall be the directors of the Phillips Surviving Corporation and the officers of Phillips immediately prior to the Effective Time shall be the officers of the Phillips Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

(c) The directors of Merger Sub Two immediately prior to the Effective Time shall be the directors of the Conoco Surviving Corporation and the officers of Conoco immediately prior to the Effective Time shall be the officers of the Conoco Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

(d) Phillips and Conoco shall cause such persons as shall be mutually agreed upon by Phillips and Conoco to be appointed directors of Merger Sub One and Merger Sub Two, respectively, effective as of immediately prior to the Effective Time.

2.9 Actions of Phillips and Conoco. Phillips and Conoco, as the holders of all the outstanding shares of New Parent Common Stock, have approved this Agreement and the transactions contemplated hereby and shall cause New Parent, as the sole stockholder of each of Merger Sub One and Merger Sub Two, to adopt this Agreement. Each of Phillips and Conoco shall take all actions necessary to cause New Parent, Merger Sub One and Merger Sub Two to take any actions necessary in order to consummate the Mergers and the other transactions contemplated hereby.

2.10 Actions of New Parent. New Parent shall honor, and shall cause the Phillips Surviving Corporation and the Conoco Surviving Corporation, as applicable, to honor, in accordance with their respective terms, the obligations under the employment agreements and severance plans and arrangements listed in the Phillips Disclosure Schedule and the Conoco Disclosure Schedule, as applicable, and under the Phillips Stock Plans and the Conoco Stock Plans, as applicable, for rights and benefits arising as a result of this Agreement and the transactions contemplated hereby.

ARTICLE III

CONVERSION OF SECURITIES

3.1 Effect on Capital Stock of Phillips and Merger Sub One. At the Effective Time, by virtue of the Phillips Merger and without any action on the part of Phillips, New Parent, Merger Sub One or any holder of any shares of Phillips Common Stock:

(a) All shares of Phillips Capital Stock that are held by Phillips as treasury stock or that are owned by New Parent, Phillips, Merger Sub One or Merger Sub Two immediately prior to the Effective Time shall cease to be outstanding and shall be cancelled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor.

(b) Subject to Section 3.1(a), each outstanding share of Phillips Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive one fully paid and nonassessable share of New Parent Common Stock (the "Phillips Merger Consideration"). All shares of New Parent Common Stock issued pursuant to this Section 3.1(b) shall be duly authorized and validly issued and free of preemptive rights, with no personal liability attaching to the ownership thereof.

(c) All of the shares of Phillips Common Stock converted into the right to receive New Parent Common Stock pursuant to this Section 3.1 shall cease to be outstanding and shall be cancelled and retired and shall cease to exist and, as of the Effective Time, the holders of Phillips Common Stock shall be deemed to have received shares of New Parent Common Stock (without the requirement for the surrender of any certificate previously representing any such shares of Phillips Common Stock or issuance of new certificates representing New Parent Common Stock), with each certificate representing shares of Phillips Common Stock prior to the Effective Time being deemed to represent automatically an equivalent number of shares of New Parent Common Stock.

(d) Each share of Merger Sub One Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Phillips Surviving Corporation.

3.2 Effect on Capital Stock of Conoco and Merger Sub Two. At the Effective Time, by virtue of the Mergers and without any action on the part of Conoco, New Parent, Merger Sub Two or any holder of any shares of Conoco Common Stock:

(a) All shares of Conoco Capital Stock that are held by Conoco as treasury stock or that are owned by New Parent, Conoco, Merger Sub One or Merger Sub Two immediately prior to the Effective Time shall cease to be outstanding and shall be cancelled and retired and shall cease to exist.

(b) Subject to Sections 3.2(a) and 3.10, each outstanding share of Conoco Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive 0.4677 (the "Exchange Ratio") of a fully paid and nonassessable share of New Parent Common Stock (the "Conoco Merger Consideration"). All of such shares of New Parent Common Stock shall be duly authorized and validly issued and free of preemptive rights, with no personal liability attaching to the ownership thereof. All shares of Conoco Common Stock shall cease to be outstanding and shall be cancelled and retired and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any such shares of Conoco Common Stock (a "Conoco Certificate") shall thereafter cease to have any rights with respect to such shares of Conoco Common Stock, except the right to receive the Conoco Merger Consideration to be issued in consideration therefor, any cash in lieu of fractional shares of applicable New Parent Common Stock with respect thereto to be issued in consideration therefor and any dividends or other distributions to which holders of Conoco Common Stock become entitled all in accordance with this Article III upon the surrender of such Conoco Certificate.

(c) If, between the date of this Agreement and the Effective Time, there is a reclassification, recapitalization, stock split, split-up, stock dividend, combination or exchange of shares with respect to, or rights issued in respect of, Conoco Common Stock or Phillips Common Stock, the Exchange Ratio shall be adjusted accordingly to provide to the holders of Conoco Common Stock and Phillips Common Stock the same economic effect as contemplated by this Agreement prior to such event.

(d) Each share of Merger Sub Two Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Conoco Surviving Corporation.

3.3 Effect on New Parent Common Stock. At the Effective Time, each share of the capital stock of New Parent issued and outstanding immediately prior to the Effective Time shall remain outstanding. Immediately following the Effective Time, shares of the capital stock of New Parent owned by the Phillips Surviving Corporation or the Conoco Surviving Corporation shall be cancelled by New Parent without payment therefor.

3.4 Conoco Stock Options and Other Equity-Based Awards. (a) Each option to purchase shares of Conoco Common Stock (a "Conoco Stock Option") and each stock appreciation right with respect to shares of Conoco Common Stock (a "Conoco SAR") granted under the employee and director stock plans of Conoco (the "Conoco Stock Plans"), whether vested or unvested, that is outstanding immediately prior to the Effective Time shall cease to represent respectively a right to acquire shares of Conoco Common Stock or a stock appreciation right with respect to shares of Conoco Common Stock and shall be converted, at the Effective Time, into respectively an option to purchase shares of New Parent Common Stock (a "New Parent Stock Option") and a stock appreciation right with respect to shares of New Parent Common Stock (a "New Parent SAR"), on the same terms and conditions as were applicable under such Conoco Stock Option or Conoco SAR (but taking into account any changes thereto, including the acceleration thereof, provided for in the Conoco Stock Plans, in any award agreement or in such Conoco Stock Option or Conoco SAR by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock Option or New Parent SAR shall be the number of shares of Conoco Common Stock subject to each such Conoco Stock Option or Conoco SAR multiplied by the Exchange Ratio, rounded, if necessary, to the nearest whole share of New Parent Common Stock, and such New Parent Stock Option or New Parent SAR shall have an exercise price (or base price) per share (rounded to the nearest one-hundredth of a cent) equal to the per share exercise price (or base price) specified in such Conoco Stock Option or Conoco SAR divided by the Exchange Ratio; provided, however, that, in the case of any Conoco Stock Option to which Section 421 of the Code as of the Effective Time (after taking into account the effect of any accelerated vesting thereof) applies by reason of its qualification under Section 422 of the Code, the exercise price, the number of shares of New Parent Common Stock subject to such option and the terms and conditions of exercise of such option and any related SAR shall be determined in a manner consistent with the requirements of Section 424(a) of the Code.

(b) At the Effective Time, each right of any kind, contingent or accrued, to receive shares of Conoco Common Stock or benefits measured by the value of a number of shares of Conoco Common Stock, and each award of any kind consisting of shares of Conoco Common Stock, granted under the Conoco Stock Plans (including restricted stock, restricted stock units, deferred stock units and dividend equivalents), other than Conoco Stock Options or Conoco SARs (each, a "Conoco Stock-Based Award"), whether vested or unvested, which is outstanding immediately prior to the Effective Time shall cease to represent a right or award with respect to shares of Conoco Common Stock and shall be converted, at the Effective Time, into a right or award with respect to New Parent Common Stock (a "New Parent Stock-Based Award"), on the same terms and conditions as were applicable under the Conoco Stock-Based Awards (but taking into account any changes thereto, including the acceleration thereof, provided for in the Conoco Stock Plans, in any award agreement or in such Conoco Stock-Based Award by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock-Based Award shall be equal to the number of shares of Conoco Common Stock subject to the Conoco Stock-Based Award, multiplied by the Exchange Ratio,

rounded if necessary to the nearest whole share of New Parent Common Stock. All dividend equivalents credited to the account of each holder of a Conoco Stock-Based Award as of the Effective Time shall remain credited to such holder's account immediately following the Effective Time, subject to adjustment in accordance with the foregoing.

(c) As soon as practicable after the Effective Time, New Parent shall deliver to the holders of Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards appropriate notices setting forth such holders' rights pursuant to the respective Conoco Stock Plans and agreements evidencing the grants of such Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards, and stating that such Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards and agreements have been assumed by New Parent and shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 3.4 after giving effect to the Mergers and the terms of the Conoco Stock Plans).

(d) Prior to the Effective Time, Conoco shall take all necessary action for the adjustment of Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards under this Section 3.4. New Parent shall reserve for issuance a number of shares of New Parent Common Stock at least equal to the number of shares of New Parent Common Stock that will be subject to New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards as a result of the actions contemplated by this Section 3.4. As soon as practicable following the Effective Time, New Parent shall file a registration statement on Form S-8 (or any successor form, or if Form S-8 is not available, other appropriate forms) with respect to the shares of New Parent Common Stock subject to such New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards and shall maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such New Parent Stock Options, New Parent SARs or New Parent Stock-Based Awards remain outstanding.

3.5 Phillips Stock Options and Other Equity-Based Awards. (a) Each option to purchase shares of Phillips Common Stock (a "Phillips Stock Option") and each stock appreciation right with respect to shares of Phillips Common Stock (a "Phillips SAR") granted under the employee and director stock plans of Phillips (the "Phillips Stock Plans"), whether vested or unvested, that is outstanding immediately prior to the Effective Time shall cease to represent respectively a right to acquire shares of Phillips Common Stock and shall be converted, at the Effective Time, into a New Parent Stock Option and a New Parent SAR, on the same terms and conditions as were applicable under such Phillips Stock Option or Phillips SAR (but taking into account any changes thereto, including the acceleration thereof, provided for in the Phillips Stock Plans, in any award agreement or in such Phillips Stock Option or Phillips SAR by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock Option or New Parent SAR shall be equal to the number of shares of Phillips Common Stock subject to each such Phillips Stock Option or Phillips SAR and such New Parent Stock Option or New Parent SAR shall have an exercise price (or base price) per share equal to the per share exercise price (or base price) specified in such Phillips Stock Option or Phillips SAR.

(b) At the Effective Time, each right of any kind, contingent or accrued, to receive shares of Phillips Common Stock or benefits measured by the value of a number of shares of Phillips Common Stock, and each award of any kind consisting of shares of Phillips Common Stock, granted under the Phillips Stock Plans (including restricted stock, restricted stock units, deferred stock units and dividend equivalents), other than Phillips Stock Options or Phillips SARs (each, a "Phillips Stock-Based Award"), whether vested or unvested, which is outstanding immediately prior to the Effective Time shall cease to represent a right or award with respect to shares of Phillips Common Stock and shall be converted, at the Effective Time, into a New Parent Stock-Based Award, on the same terms and conditions as were applicable under the Phillips Stock-Based Awards (but taking into account any changes thereto, including the acceleration thereof, provided for in the Phillips Stock Plans, in any award agreement or in such Phillips Stock-Based Award by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock-Based Award shall be equal to the

number of shares of Phillips Common Stock subject to the Phillips Stock-Based Award. All dividend equivalents credited to the account of each holder of a Phillips Stock-Based Award as of the Effective Time shall remain credited to such holder's account immediately following the Effective Time, subject to adjustment in accordance with the foregoing.

(c) As soon as practicable after the Effective Time, New Parent shall deliver to the holders of Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards appropriate notices setting forth such holders' rights pursuant to the respective Phillips Stock Plans and agreements evidencing the grants of such Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards and stating that such Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards and agreements have been assumed by New Parent and shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 3.5 after giving effect to the Mergers and the terms of the Phillips Stock Plans).

(d) Prior to the Effective Time, Phillips shall take all necessary action for the adjustment of Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards under this Section 3.5. New Parent shall reserve for issuance a number of shares of New Parent Common Stock at least equal to the number of shares of New Parent Common Stock that will be subject to New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards as a result of the actions contemplated by this Section 3.5. As soon as practicable following the Effective Time, New Parent shall file a registration statement on Form S-8 (or any successor form, or if Form S-8 is not available, other appropriate forms) with respect to the shares of New Parent Common Stock subject to such New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards and shall maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards remain outstanding.

3.6 Exchange Fund. Prior to the Effective Time, Phillips and New Parent shall appoint Mellon Investor Services LLC, or a commercial bank or trust company, or a subsidiary thereof, reasonably acceptable to Conoco, to act as exchange agent hereunder for the purpose of exchanging Conoco Certificates for the Conoco Merger Consideration (the "Exchange Agent"). At or prior to the Effective Time, New Parent shall deposit with the Exchange Agent, in trust for the benefit of holders of shares of Conoco Common Stock, certificates representing the shares of New Parent Common Stock issuable pursuant to Section 3.2 in exchange for outstanding shares of Conoco Common Stock. Following the Effective Time, New Parent agrees to make available to the Exchange Agent from time to time as needed, cash sufficient to pay any amounts required under Sections 3.8 and 3.10. Any cash and certificates representing New Parent Common Stock deposited with the Exchange Agent shall hereinafter be referred to as the "Exchange Fund."

3.7 Exchange Procedures. (a) Promptly after the Effective Time, New Parent shall cause the Exchange Agent to mail to each holder of a Conoco Certificate (i) a letter of transmittal that shall specify that delivery shall be effected, and risk of loss and title to the Conoco Certificates shall pass, only upon proper delivery of the Conoco Certificates to the Exchange Agent, and which letter shall be in customary form and have such other provisions as Phillips or Conoco may reasonably specify (such letter to be reasonably acceptable to Phillips and Conoco prior to the Effective Time) and (ii) instructions for effecting the surrender of such Conoco Certificates in exchange for the Conoco Merger Consideration, together with any dividends and other distributions with respect thereto and any cash in lieu of fractional shares of New Parent Common Stock. Upon surrender of a Conoco Certificate to the Exchange Agent together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Conoco Certificate shall be entitled to receive in exchange therefor (A) certificates representing shares of New Parent Common Stock representing, in the aggregate, the whole number of shares of New Parent Common Stock that such holder has the right to receive pursuant to Section 3.2 (after taking into account all shares of Conoco Common Stock then held by such holder) and (B) a check in the amount equal to the cash that such holder has the right to receive pursuant to the provisions of this Article III,

including cash in lieu of any fractional shares of New Parent Common Stock pursuant to Section 3.10 and dividends and other distributions pursuant to Section 3.8. Any uncertificated shares of Conoco Common Stock in book-entry form shall be deemed surrendered to the Exchange Agent at the Effective Time, and each holder thereof shall be entitled to receive (A) certificates representing shares of New Parent Common Stock representing, in the aggregate, the whole number of shares of New Parent Common Stock that such holder has the right to receive pursuant to Section 3.2 (after taking into account all shares of Conoco Common Stock then held by such holder) and (B) a check in the amount equal to the cash that such holder has the right to receive pursuant to the provisions of this Article III, including cash in lieu of any fractional shares of New Parent Common Stock pursuant to Section 3.10 and dividends and other distributions pursuant to Section 3.8. Until such time as a certificate representing New Parent Common Stock is issued to or at the direction of the holder of a surrendered Conoco Certificate, such New Parent Common Stock shall be deemed not outstanding and shall not be entitled to vote on any matter. No interest will be paid or will accrue on any cash payable pursuant to Section 3.8 or Section 3.10. In the event of a transfer of ownership of Conoco Common Stock that is not registered in the transfer records of Conoco, one or more shares of New Parent Common Stock evidencing, in the aggregate, the proper number of shares of New Parent Common Stock, a check in the proper amount of cash that such holder has the right to receive pursuant to the provisions of this Article III, including cash in lieu of any fractional shares of New Parent Common Stock pursuant to Section 3.10 and any dividends or other distributions to which such holder is entitled pursuant to Section 3.8, may be issued with respect to such Conoco Common Stock to such a transferee if the Conoco Certificate is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid.

(b) Each certificate representing shares of Phillips Common Stock prior to the Effective Time (a "Phillips Certificate") (and each uncertificated share of Phillips Common Stock in book-entry form, if any, prior to the Effective Time) shall be deemed to represent an equivalent number of shares of New Parent Common Stock without any action on the part of the holder thereof provided, however, that if an exchange of Phillips Certificates for new certificates is required by law or applicable rule or regulation, or is requested by any holder thereof, the parties will cause New Parent to arrange for such exchange on a one-share-for-one-share basis.

3.8 Distributions with Respect to Unexchanged Shares. No dividends or other distributions with a record date after the Effective Time shall be paid to the holder of any unsurrendered Conoco Certificate with respect to the shares of New Parent Common Stock that such holder would be entitled to receive upon surrender of such Conoco Certificate, and no cash payment in lieu of fractional shares of New Parent Common Stock shall be paid to any such holder pursuant to Section 3.10 until such holder shall surrender such Conoco Certificate in accordance with Section 3.7. Subject to the effect of applicable law, following surrender of any such Conoco Certificate, there shall be paid to the record holder thereof without interest, (a) promptly after the time of such surrender, the amount of any cash payable in lieu of fractional shares of New Parent Common Stock to which such holder is entitled pursuant to Section 3.10 and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of New Parent Common Stock and (b) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and a payment date subsequent to such surrender payable with respect to such shares of New Parent Common Stock.

3.9 No Further Ownership Rights in Conoco Common Stock or Phillips Common Stock. All shares of New Parent Common Stock issued and cash paid upon conversion of shares of Conoco Common Stock or Phillips Common Stock in accordance with the terms of this Article III (including any cash paid pursuant to Section 3.8 or 3.10) shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to the shares of Conoco Common Stock or Phillips Common Stock.

3.10 No Fractional Shares of New Parent Common Stock. No certificates or scrip or shares of New Parent Common Stock representing fractional shares of New Parent Common Stock or book-entry credit of the same shall be issued upon the surrender for exchange of Conoco Certificates, and such fractional share interests will not entitle the owner thereof to vote or to have any rights of a stockholder of New

Parent or a holder of shares of New Parent Common Stock. For purposes of this Section 3.10, all fractional shares to which a single record holder would be entitled shall be aggregated and calculations shall be rounded to three decimal places. Notwithstanding any other provision of this Agreement, each holder of Conoco Certificates who would otherwise have been entitled to receive a fraction of a share of New Parent Common Stock (determined after taking into account all Conoco Certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to the product of (a) such fractional part of a share of New Parent Common Stock multiplied by (b) the closing price for a share of New Parent Common Stock as reported on the NYSE on the first trading day following the date on which the Effective Time occurs. As soon as practicable after the determination of the amount of cash to be paid to such former holders of Conoco Common Stock in lieu of any fractional interests, the Exchange Agent shall notify New Parent, and New Parent shall ensure that there is deposited with the Exchange Agent and shall cause the Exchange Agent to make available in accordance with this Agreement such amounts to such former holders of Conoco Common Stock.

3.11 Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of Conoco Certificates one year after the Effective Time shall, at New Parent's request, be delivered to New Parent or otherwise on the instruction of New Parent, and any holders of Conoco Certificates who have not theretofore complied with this Article III shall after such delivery look only to New Parent for the Conoco Merger Consideration with respect to the shares of Conoco Common Stock formerly represented thereby to which such holders are entitled pursuant to Sections 3.2 and 3.7, any cash in lieu of fractional shares of New Parent Common Stock to which such holders are entitled pursuant to Section 3.10 and any dividends or distributions with respect to shares of New Parent Common Stock to which such holders are entitled pursuant to Section 3.8. Any such portion of the Exchange Fund remaining unclaimed by holders of shares of Conoco Common Stock immediately prior to such time as such amounts would otherwise escheat to or become property of any Governmental Entity shall, to the extent permitted by law, become the property of New Parent free and clear of any claims or interest of any Person previously entitled thereto.

3.12 No Liability. None of Phillips, New Parent, Merger Sub One, Merger Sub Two, Conoco or the Exchange Agent shall be liable to any Person in respect of any Conoco Merger Consideration from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

3.13 Investment of the Exchange Fund. The Exchange Agent shall invest any cash included in the Exchange Fund as directed by New Parent, on a daily basis, provided that no such investment or loss thereon shall affect the amounts payable or the timing of the amounts payable to Conoco stockholders pursuant to Article II and the other provisions of this Article III. Any interest and other income resulting from such investments shall promptly be paid to New Parent.

3.14 Lost Certificates. If any Conoco Certificate or Phillips Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Conoco Certificate or Phillips Certificate to be lost, stolen or destroyed and, if required by New Parent, the posting by such Person of a bond in such reasonable amount as New Parent may direct as indemnity against any claim that may be made against it with respect to such Conoco Certificate or Phillips Certificate, the Exchange Agent will deliver in exchange for such lost, stolen or destroyed Conoco Certificate or Phillips Certificate, the Conoco Merger Consideration or Phillips Merger Consideration, as applicable, with respect to the shares of Conoco Common Stock or Phillips Common Stock formerly represented thereby, any cash in lieu of fractional shares of New Parent Common Stock, and unpaid dividends and distributions on shares of New Parent Common Stock deliverable in respect thereof, pursuant to this Agreement.

3.15 Withholding Rights. New Parent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld or paid over to or deposited with the relevant Governmental Entity by New Parent, such withheld amounts shall be treated for all purposes of this

Agreement as having been paid to the Person in respect of which such deduction and withholding was made by New Parent.

3.16 Further Assurances. At and after the Effective Time, the officers and directors of New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation, as applicable, shall be authorized to execute and deliver, in the name and on behalf of the Phillips Surviving Corporation, Merger Sub One or Phillips, or the Conoco Surviving Corporation, Merger Sub Two or Conoco, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Phillips Surviving Corporation, Merger Sub One or Phillips, or the Conoco Surviving Corporation, Merger Sub Two or Conoco, any other actions and things necessary to vest, perfect or confirm of record or otherwise in New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets acquired or to be acquired by New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation, as applicable, as a result of, or in connection with, the Mergers.

3.17 Stock Transfer Books. The stock transfer books of Phillips and Conoco shall be closed immediately upon the Effective Time, and there shall be no further registration of transfers of shares of Conoco Common Stock or Phillips Common Stock thereafter on the records of Conoco or Phillips. On or after the Effective Time, any Conoco Certificates or Phillips Certificates presented to the Exchange Agent, New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation for any reason shall be converted into the right to receive the Conoco Merger Consideration or Phillips Merger Consideration, as applicable, with respect to the shares of Conoco Common Stock or Phillips Common Stock formerly represented thereby (including any cash in lieu of fractional shares of New Parent Common Stock to which the holders thereof are entitled pursuant to Section 3.10 and any dividends or other distributions to which the holders thereof are entitled pursuant to Section 3.8).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Conoco. Except as disclosed in the Conoco Disclosure Schedule or in the Conoco SEC Documents filed with the SEC prior to the date of this Agreement, Conoco hereby represents and warrants to Phillips as follows:

(a) Corporate Organization. (i) Conoco is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Conoco has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, have a Material Adverse Effect on Conoco. True and complete copies of the Restated Certificate of Incorporation and By-Laws of Conoco, as in effect as of the date of this Agreement, have previously been made available by Conoco to Phillips.

(ii) Each Subsidiary of Conoco (A) is duly organized and validly existing under the laws of its jurisdiction of organization, (B) is duly qualified to do business and in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (C) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, in each case, except as would not have a Material Adverse Effect on Conoco.

(b) Capitalization. (i) The authorized capital stock of Conoco consists of (A) 4,600,000,000 shares of Conoco Common Stock, of which, as of November 15, 2001, 625,486,343 shares were issued and outstanding and 3,451,703 shares were held in treasury and (B) 250,000,000 shares of Conoco Preferred Stock, of which no shares are issued and outstanding. From November 16, 2001 to the date

of this Agreement, no shares of Conoco Capital Stock have been issued except pursuant to the Conoco Stock Plans. All issued and outstanding shares of Conoco Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. As of the date of this Agreement, except pursuant to the terms of stock options and stock issued pursuant to Conoco Stock Plans and pursuant to the Conoco Rights, Conoco does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Conoco Capital Stock or any other equity securities of Conoco or any securities of Conoco representing the right to purchase or otherwise receive any shares of Conoco Capital Stock. As of November 15, 2001, no shares of Conoco Capital Stock were reserved for issuance, except for 45,000,000 shares of Conoco Common Stock reserved for issuance upon the exercise of stock options pursuant to the Conoco Stock Plans and in respect of the employee and director savings, compensation and deferred compensation plans described in the Conoco 2000 10-K, and 1,000,000 shares of Series A Junior Participating Preferred Stock reserved for issuance in connection with the Conoco Rights Agreement. Conoco has no Voting Debt issued or outstanding. As of November 15, 2001, 43,195,351 shares of Conoco Common Stock are subject to Conoco Stock Options. Since November 16, 2001, except as permitted by this Agreement, (i) no Conoco Common Stock has been issued except in connection with the exercise of issued and outstanding Conoco Stock Options and (ii) no options, warrants, securities convertible into, or commitments with respect to the issuance of, shares of Conoco Common Stock have been issued, granted or made.

(ii) Except for immaterial amounts of directors' qualifying shares in foreign Subsidiaries of Conoco, as of the date hereof Conoco owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each Significant Subsidiary of Conoco, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Significant Subsidiary of Conoco has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

(c) Authority; No Violation. (i) Conoco has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of Conoco. The Board of Directors of Conoco has directed that this Agreement be submitted to Conoco stockholders at a meeting of Conoco stockholders for the purpose of adopting this Agreement (the "Conoco Stockholders Meeting"), and, except for the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Conoco Common Stock (the "Conoco Stockholder Approval"), no other corporate proceedings on the part of Conoco are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Conoco and (assuming due authorization, execution and delivery by Phillips, New Parent, Merger Sub One and Merger Sub Two) constitutes a valid and binding obligation of Conoco, enforceable against Conoco in accordance with its terms.

(ii) Neither the execution and delivery of this Agreement by Conoco, nor the consummation by Conoco of the transactions contemplated hereby, nor compliance by Conoco with any of the terms or provisions hereof, will (A) violate any provision of the Restated Certificate of Incorporation or By-Laws of Conoco, or (B) assuming that the consents and approvals referred to in Section 4.1(d) are duly obtained, (I) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Conoco or any of its Subsidiaries or any of their respective properties or assets or (II) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that, with notice or lapse of time, or both, would constitute a

default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, accelerate any right or benefit provided by, or result in the creation of any Lien upon any of the respective properties or assets of Conoco or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Conoco or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (B) above) for such violations, conflicts, breaches, losses, defaults, terminations, cancellations, accelerations or Liens that, either individually or in the aggregate, would not have a Material Adverse Effect on Conoco, the Conoco Surviving Corporation or New Parent.

(d) Consents and Approvals. Except for (i) the filing of a notification and report form under the HSR Act and the termination or expiration of the waiting period under the HSR Act, (ii) the filings under Council Regulation No. 4064/89 of the European Community, as amended (the "EC Merger Regulation"), (iii) the filings under the Canadian Investment Regulations, (iv) the filing with the SEC of a joint proxy statement/prospectus relating to the matters to be submitted to Phillips stockholders at the Phillips Stockholders Meeting and the matters to be submitted to Conoco stockholders at the Conoco Stockholders Meeting (such joint proxy statement/prospectus, and any amendments or supplements thereto, the "Joint Proxy Statement/Prospectus") and a registration statement on Form S-4 with respect to the issuance of New Parent Common Stock in the Mergers (such Form S-4, and any amendments or supplements thereto, the "Form S-4"), (v) the filing of the Certificates of Merger pursuant to the DGCL, (vi) any consents, authorizations, approvals, filings or exemptions in connection with compliance with the rules of the NYSE, (vii) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of New Parent Common Stock pursuant to this Agreement (the consents, approvals, filings and registration required under or in relation to clauses (ii) through (vii) above, "Conoco Necessary Consents") and (viii) such other consents, approvals, filings and registrations the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect on Conoco, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the execution and delivery by Conoco of this Agreement and (B) the consummation by Conoco of the transactions contemplated by this Agreement.

(e) Financial Reports and SEC Documents. The Conoco 2000 10-K and all other reports, registration statements, definitive proxy statements or information statements filed or to be filed by Conoco or any of its Subsidiaries subsequent to December 31, 1999 under the Securities Act or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act in the form filed, or to be filed, with the SEC (collectively, the "Conoco SEC Documents"), (i) complied or will comply in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (ii) as of its filing date (except as amended or supplemented prior to the date of this Agreement), (A) did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (B) each of the balance sheets contained in or incorporated by reference into any such Conoco SEC Document (including the related notes and schedules thereto) fairly presents or will fairly present the financial position of the entity or entities to which it relates as of its date, and each of the statements of income and changes in stockholders' equity and cash flows or equivalent statements in such Conoco SEC Documents (including any related notes and schedules thereto) fairly presents or will fairly present the results of operations, changes in stockholders' equity and changes in cash flows, as the case may be, of the entity or entities to which it relates for the periods to which it relates, in each case in accordance with GAAP consistently applied during the periods involved, except, in each case, as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements; provided that, with respect to Gulf or GIRL only, in no event shall any non-compliance as to form, untrue statements, omissions or failures of the balance sheets or financial statements to fairly present the financial position be deemed material unless such non-compliance, untrue

statements, omissions or failures would, in the aggregate, be material with respect to Conoco and its Subsidiaries taken as a whole.

(f) Absence of Undisclosed Liabilities. Neither Conoco nor any of its Subsidiaries had at September 30, 2001, or has incurred since that date through the date hereof, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except (i) liabilities, obligations or contingencies that (A) are accrued or reserved against in the financial statements in the Conoco 10-Q or reflected in the notes thereto or (B) were incurred in the ordinary course of business, (ii) liabilities, obligations or contingencies that (A) would not reasonably be expected to have a Material Adverse Effect on Conoco, or (B) have been discharged or paid in full prior to the date hereof, and (iii) liabilities, obligations and contingencies that are of a nature not required to be reflected in the consolidated financial statements of Conoco and its Subsidiaries prepared in accordance with GAAP consistently applied.

(g) Absence of Certain Changes or Events. Since September 30, 2001, Conoco has conducted its business only in the ordinary course, and since such date there has not been:

(i) any event, change, effect or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Conoco;

(ii) prior to the date of this Agreement, any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Conoco Capital Stock or any repurchase for value by Conoco of any Conoco Capital Stock;

(iii) prior to the date of this Agreement, any split, combination or reclassification of any Conoco Capital Stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of Conoco Capital Stock;

(iv) prior to the date of this Agreement, (A) any granting by Conoco to any director or executive officer of Conoco of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements included in the Conoco SEC Documents, (B) any granting by Conoco to any such director or executive officer of any increase in severance or termination pay, except as was required under any employment, severance or termination agreements included in the Conoco SEC Documents, or (C) any entry by Conoco into, or any amendment of, any employment, severance or termination agreement with any such director or executive officer; or

(v) prior to the date of this Agreement, any change in financial accounting methods, principles or practices by Conoco or any of its Subsidiaries materially affecting the consolidated assets, liabilities or results of operations of Conoco, except insofar as may have been required by a change in GAAP.

(h) Legal Proceedings. There is no suit, action or proceeding or investigation pending or, to the knowledge of Conoco, threatened, against or affecting Conoco or any of its Subsidiaries or, to the knowledge of Conoco, any basis for any such suit, action, proceeding or investigation that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Conoco, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Conoco or its Subsidiaries having, or which would reasonably be expected to have, any such effect.

(i) Compliance with Applicable Law. Conoco and each of its Subsidiaries hold all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to each, and have complied in all respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Conoco or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default would not,

either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Conoco.

(j) Environmental Liability. Except for matters that individually or in the aggregate, would not have a Material Adverse Effect on Conoco, (i) Conoco and each of its Subsidiaries are and have been in compliance with all applicable Environmental Laws and have obtained or applied for all Environmental Permits necessary for their operations as currently conducted; (ii) there have been no Releases of any Hazardous Materials that could be reasonably likely to form the basis of any Environmental Claim against Conoco or any of its Subsidiaries; (iii) there are no Environmental Claims pending or, to the knowledge of Conoco, threatened against Conoco or any of its Subsidiaries; (iv) none of Conoco and its Subsidiaries is subject to any agreement, order, judgment, decree, letter or memorandum by or with any Governmental Entity or third party imposing any liability or obligation under any Environmental Law; and (v) none of Conoco and its Subsidiaries has retained or assumed, either contractually or by operation of law, any liability or obligation that could reasonably be expected to have formed the basis of any Environmental Claim against Conoco or any of its Subsidiaries.

(k) Employee Benefit Plans; Labor Matters. (i) There do not now exist, and to the knowledge of Conoco, there are no existing, circumstances that could reasonably be expected to result in, any Controlled Group Liability to Conoco or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Conoco. No Conoco Benefit Plan is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(ii) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on Conoco, (A) each of the Conoco Benefit Plans has been operated and administered in all material respects in accordance with applicable law and administrative rules and regulations of any Governmental Entity, including, but not limited to, ERISA and the Code, and (B) there are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the knowledge of Conoco, no set of circumstances exists that may reasonably give rise to a claim or lawsuit, against the Conoco Benefit Plans, any fiduciaries thereof with respect to their duties to the Conoco Benefit Plans or the assets of any of the trusts under any of the Conoco Benefit Plans that could reasonably be expected to result in any material liability of Conoco or any of its Subsidiaries to the Pension Benefit Guaranty Corporation, the U.S. Department of the Treasury, the U.S. Department of Labor, any Conoco Benefit Plan, any participant in a Conoco Benefit Plan, or any other party.

(iii) As of the date of this Agreement, neither Conoco nor any of its Subsidiaries is a party to any material collective bargaining or other labor union contract applicable to individuals employed by Conoco or any of its Subsidiaries, and no such collective bargaining agreement or other labor union contract is being negotiated by Conoco or any of its Subsidiaries. Except as would not reasonably be expected to have a Material Adverse Effect on Conoco, (A) there is no labor dispute, strike, slowdown or work stoppage against Conoco or any of its Subsidiaries pending or, to the knowledge of Conoco, threatened against Conoco or any of its Subsidiaries and (B) no unfair labor practice or labor charge or complaint has occurred with respect to Conoco or any of its Subsidiaries.

(iv) Section 4.1(k)(iv) of the Conoco Disclosure Schedule sets forth an accurate and complete list of each Benefit Plan under which the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby could (either alone or in conjunction with any other event), result in, cause the accelerated vesting, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer or director of Conoco or any of its Subsidiaries, or could limit the right of Conoco or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Conoco Benefit Plan or related trust or any material employment agreement or related trust.

(l) Taxes. (i) Each of Conoco and its Subsidiaries has duly and timely filed all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and accurate in all respects,

except to the extent that any failure to have filed or any inaccuracies in such Tax Returns would not reasonably be expected to have a Material Adverse Effect on Conoco. Conoco and each of its Subsidiaries has paid all Taxes required to be paid by it, and has paid all Taxes that it was required to withhold from amounts owing to any employee, creditor or third party, except to the extent that any failure to pay such Taxes would not reasonably be expected to have a Material Adverse Effect on Conoco. There are no pending or, to the knowledge of Conoco, threatened audits, examinations, investigations, deficiencies, claims or other proceedings in respect of Taxes relating to Conoco or any of its Subsidiaries, except for those that would not reasonably be expected to have a Material Adverse Effect on Conoco. There are no Liens for Taxes upon the assets of Conoco or any of its Subsidiaries, other than Liens for current Taxes not yet due, Liens for Taxes that are being contested in good faith by appropriate proceedings, and Liens for Taxes that would not reasonably be expected to have a Material Adverse Effect on Conoco. Neither Conoco nor any of its Subsidiaries has requested any extension of time within which to file any Tax Returns in respect of any taxable year that have not since been filed, nor made any request for waivers of the time to assess any Taxes that are pending or outstanding, except where such request or waiver would not reasonably be expected to have a Material Adverse Effect on Conoco. The consolidated U.S. federal income Tax Returns of Conoco have been examined, or the statute of limitations has closed, with respect to all taxable years through and including 1995. Neither Conoco nor any of its Subsidiaries has any liability for Taxes of any Person (other than Conoco and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any comparable provision of U.S. state or local or foreign law), except as would not reasonably be expected to have a Material Adverse Effect on Conoco. Neither Conoco nor any of its Subsidiaries is a party to any agreement (with any Person other than Conoco and/or any of its Subsidiaries), other than the Tax Sharing Agreement, dated as of October 27, 1998, by and among E. I. du Pont de Nemours and Company and Conoco (a copy of which has been delivered to Phillips), relating to the allocation or sharing of Taxes, except as would not reasonably be expected to have a Material Adverse Effect on Conoco.

(ii) To Conoco's knowledge, Conoco has not constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement (or will constitute such a corporation in the two years prior to the Closing Date) or (B) in a distribution that otherwise constitutes part of a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Mergers.

(m) Reorganization under the Code. As of the date of this Agreement, neither Conoco nor any of its Subsidiaries has taken any action or knows of any fact that is reasonably likely to prevent the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(n) Form S-4; Joint Proxy Statement/Prospectus. None of the information to be supplied by Conoco or its Subsidiaries in the Form S-4 or the Joint Proxy Statement/Prospectus will, at the time of the mailing of the Joint Proxy Statement/Prospectus and any amendments or supplements thereto, and at the time of each of the Phillips Stockholders Meeting and the Conoco Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Joint Proxy Statement/Prospectus will comply, as of its mailing date, as to form in all material respects with all applicable law, including the provisions of the Securities Act and the Exchange Act, except that no representation is made by Conoco with respect to information supplied by Phillips for inclusion therein.

(o) State Takeover Laws; Rights Plan. (i) The Board of Directors of Conoco has approved this Agreement and the transactions contemplated by this Agreement as required under any applicable state takeover laws so that any such state takeover laws will not apply to this Agreement or any of the transactions contemplated hereby.

(ii) Conoco has taken all action, if any, necessary or appropriate so that the entering into of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not result in the ability of any Person to exercise any Conoco Rights under the Conoco Rights Agreement or enable or require the Conoco Rights to separate from the shares of Conoco Common Stock to which they are attached or to be triggered or become exercisable. No "Distribution Date" or "Stock Acquisition Date" (as such terms are defined in the Conoco Rights Agreement) has occurred.

(p) Opinion of Financial Advisors. Conoco has received the opinions of Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc., dated the date hereof, to the effect that the Conoco Merger Consideration to be received by holders of Conoco Common Stock in the Conoco Merger is fair to such stockholders from a financial point of view.

(q) Board Approval. The Board of Directors of Conoco, at a meeting duly called and held, has by unanimous vote of those directors present (i) determined that this Agreement and the transactions contemplated hereby are advisable, fair to and in the best interests of Conoco stockholders, (ii) approved this Agreement and (iii) recommended that this Agreement be adopted by the holders of Conoco Common Stock.

(r) Brokers' Fees. Neither Conoco nor any of its Subsidiaries nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any brokers' fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement, excluding fees to be paid to Morgan Stanley & Co. Incorporated, Salomon Smith Barney Inc. and Credit Suisse First Boston Corporation.

(s) Ownership of Phillips Capital Stock. As of the date of this Agreement, Conoco does not beneficially own any shares of Phillips Capital Stock.

4.2 Representations and Warranties of Phillips. Except as disclosed in the Phillips Disclosure Schedule or in the Phillips SEC Documents filed with the SEC prior to the date of this Agreement, Phillips hereby represents and warrants to Conoco as follows:

(a) Corporate Organization. (i) Phillips is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Phillips has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, have a Material Adverse Effect on Phillips. True and complete copies of the Restated Certificate of Incorporation and By-Laws of Phillips, as in effect as of the date of this Agreement, have previously been made available by Phillips to Conoco.

(ii) Each Subsidiary of Phillips (A) is duly organized and validly existing under the laws of its jurisdiction of organization, (B) is duly qualified to do business and in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (C) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, in each case, except as would not have a Material Adverse Effect on Phillips.

(b) Capitalization. (i) The authorized capital stock of Phillips consists of (A) 1,000,000,000 shares of Phillips Common Stock, of which, as of November 15, 2001, 408,879,521 shares were issued and outstanding and 21,560,222 shares were held in treasury and (B) 300,000,000 shares of Phillips Preferred Stock, of which no shares are issued and outstanding. From November 16, 2001 to the date of this Agreement, no shares of Phillips Capital Stock have been issued except pursuant to the Phillips Stock Plans. All issued and outstanding shares of Phillips Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. As of the date of this Agreement, except pursuant to the terms of stock options and stock issued pursuant to Phillips Stock Plans and pursuant

to the Phillips Rights, Phillips does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Phillips Capital Stock or any other equity securities of Phillips or any securities of Phillips representing the right to purchase or otherwise receive any shares of Phillips Capital Stock. As of November 15, 2001, no shares of Phillips Capital Stock were reserved for issuance, except for 15,671,607 shares of Phillips Common Stock reserved for issuance upon the exercise of stock options pursuant to the Phillips Stock Plans and in respect of the employee and director savings, compensation and deferred compensation plans described in the Phillips 2000 10-K and 5,000,000 shares of Series B Junior Participating Preferred Stock reserved for issuance in connection with the Phillips Rights Agreement. Phillips has no Voting Debt issued or outstanding. As of November 15, 2001, 15,671,607 shares of Phillips Common Stock are subject to Phillips Stock Options. Since November 16, 2001, except as permitted by this Agreement, (i) no Phillips Common Stock has been issued except in connection with the exercise of issued and outstanding Phillips Stock Options and (ii) no options, warrants, securities convertible into, or commitments made with respect to the issuance of, shares of Phillips Common Stock have been issued, granted or made.

(ii) Except for immaterial amounts of directors' qualifying shares in foreign Subsidiaries of Phillips, Phillips as of the date hereof owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each Significant Subsidiary of Phillips, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Significant Subsidiary of Phillips has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

(c) Authority; No Violation. (i) Phillips has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of Phillips. The Board of Directors of Phillips has directed that this Agreement be submitted to Phillips's stockholders at a meeting of Phillips stockholders for the purpose of adopting this Agreement (the "Phillips Stockholders Meeting") and, except for the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Phillips Common Stock (the "Phillips Stockholder Approval"), no other corporate proceedings on the part of Phillips are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Phillips and (assuming due authorization, execution and delivery by Conoco, New Parent, Merger Sub One and Merger Sub Two) constitutes a valid and binding obligation of Phillips, enforceable against Phillips in accordance with its terms.

(ii) Neither the execution and delivery of this Agreement by Phillips nor the consummation by Phillips of the transactions contemplated hereby, nor compliance by Phillips with any of the terms or provisions hereof, will (A) violate any provision of the Restated Certificate of Incorporation or By-Laws of Phillips, or (B) assuming that the consents and approvals referred to in Section 4.2(d) are duly obtained, (I) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Phillips or any of its Subsidiaries or any of their respective properties or assets or (II) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, accelerate any right or benefit provided by, or result in the creation of any Lien upon any of the respective properties or assets of Phillips or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Phillips or any of its Subsidiaries

is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (B) above) for such violations, conflicts, breaches, losses, defaults, terminations, cancellations, accelerations or Liens that, either individually or in the aggregate, would not have a Material Adverse Effect on Phillips, the Phillips Surviving Corporation or New Parent.

(d) Consents and Approvals. Except for (i) the filing of a notification and report form under the HSR Act and the termination or expiration of the waiting period under the HSR Act, (ii) the filings under the EC Merger Regulation, (iii) the filings under the Canadian Investment Regulations, (iv) the filing with the SEC of the Joint Proxy Statement/Prospectus and the Form S-4, (v) the filing of the Certificates of Merger pursuant to the DGCL, (vi) any consents, authorizations, approvals, filings or exemptions in connection with compliance with the rules of the NYSE, (vii) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of New Parent Common Stock pursuant to this Agreement (the consents, approvals, filings and registration required under or in relation to clauses (ii) through (vii) above, "Phillips Necessary Consents") and (viii) such other consents, approvals, filings and registrations the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect on Phillips, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the execution and delivery by Phillips of this Agreement and (B) the consummation by Phillips of the transactions contemplated by this Agreement.

(e) Financial Reports and SEC Documents. The Phillips 2000 10-K and all other reports, registration statements, definitive proxy statements or information statements filed or to be filed by Phillips or any of its Subsidiaries subsequent to December 31, 1999 under the Securities Act or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, in the form filed, or to be filed, with the SEC (collectively, the "Phillips SEC Documents") (i) complied or will comply in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (ii) as of its filing date (except as amended or supplemented prior to the date of this Agreement), (A) did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (B) each of the balance sheets contained in or incorporated by reference into any such Phillips SEC Document (including the related notes and schedules thereto) fairly presents or will fairly present the financial position of the entity or entities to which it relates as of its date, and each of the statements of income and changes in stockholders' equity and cash flows or equivalent statements in such Phillips SEC Documents (including any related notes and schedules thereto) fairly presents or will fairly present the results of operations, changes in stockholders' equity and changes in cash flows, as the case may be, of the entity or entities to which it relates for the periods to which it relates, in each case in accordance with GAAP consistently applied during the periods involved, except, in each case, as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements; provided that, with respect to Tosco only, in no event shall any non-compliance as to form, untrue statements, omissions or failures of the balance sheets or financial statements to fairly present the financial position be deemed material unless such non-compliance, untrue statements, omissions or failures would, in the aggregate, be material with respect to Phillips and its Subsidiaries taken as a whole.

(f) Absence of Undisclosed Liabilities. Neither Phillips nor any of its Subsidiaries had at September 30, 2001, or has incurred since that date through the date hereof, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except (i) liabilities, obligations or contingencies that (A) are accrued or reserved against in the financial statements in the Phillips 10-Q or reflected in the notes thereto or (B) were incurred in the ordinary course of business, (ii) liabilities, obligations or contingencies that (A) would not reasonably be expected to have a Material Adverse Effect on Phillips, or (B) have been discharged or paid in full prior to the date hereof, and (iii) liabilities, obligations and contingencies that are of a nature not required to be

reflected in the consolidated financial statements of Phillips and its Subsidiaries prepared in accordance with GAAP consistently applied.

(g) Absence of Certain Changes or Events. Since September 30, 2001, Phillips has conducted its business only in the ordinary course, and since such date there has not been:

(i) any event, change, effect or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Phillips;

(ii) prior to the date of this Agreement, any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Phillips Capital Stock or any repurchase for value by Phillips of any Phillips Capital Stock;

(iii) prior to the date of this Agreement, any split, combination or reclassification of any Phillips Capital Stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of Phillips Capital Stock;

(iv) prior to the date of this Agreement, (A) any granting by Phillips to any director or executive officer of Phillips of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements included in the Phillips SEC Documents, (B) any granting by Phillips to any such director or executive officer of any increase in severance or termination pay, except as was required under any employment, severance or termination agreements included in the Phillips SEC Documents, or (C) any entry by Phillips into, or any amendment of, any employment, severance or termination agreement with any such director or executive officer; or

(v) prior to the date of this Agreement, any change in financial accounting methods, principles or practices by Phillips or any of its Subsidiaries materially affecting the consolidated assets, liabilities or results of operations of Phillips, except insofar as may have been required by a change in GAAP.

(h) Legal Proceedings. There is no suit, action or proceeding or investigation pending or, to the knowledge of Phillips, threatened, against or affecting Phillips or any of its Subsidiaries or, to the knowledge of Phillips, any basis for any such suit, action, proceeding or investigation that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Phillips, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Phillips or its Subsidiaries having, or which would reasonably be expected to have, any such effect.

(i) Compliance with Applicable Law. Phillips and each of its Subsidiaries hold all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to each, and have complied in all respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Phillips or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Phillips.

(j) Environmental Liability. Except for matters that individually or in the aggregate, would not have a Material Adverse Effect on Phillips, (i) Phillips and each of its Subsidiaries are and have been in compliance with all applicable Environmental Laws and have obtained or applied for all Environmental Permits necessary for their operations as currently conducted; (ii) there have been no Releases of any Hazardous Materials that could be reasonably likely to form the basis of any Environmental Claim against Phillips or any of its Subsidiaries; (iii) there are no Environmental Claims pending or, to the knowledge of Phillips, threatened against Phillips or any of its Subsidiaries; (iv) none of Phillips and its Subsidiaries is subject to any agreement, order, judgment, decree, letter or memorandum by or with any Governmental Entity or third party imposing any liability or

obligation under any Environmental Law; and (v) none of Phillips and its Subsidiaries has retained or assumed, either contractually or by operation of law, any liability or obligation that could reasonably be expected to have formed the basis of any Environmental Claim against Phillips or any of its Subsidiaries.

(k) Employee Benefit Plans; Labor Matters. (i) There do not now exist, and to the knowledge of Phillips, there are no existing circumstances that could reasonably be expected to result in, any Controlled Group Liability to Phillips or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Phillips. No Phillips Benefit Plan is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(ii) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on Phillips, (A) each of the Phillips Benefit Plans has been operated and administered in all material respects in accordance with applicable law and administrative rules and regulations of any Governmental Entity, including, but not limited to, ERISA and the Code, and (B) there are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the knowledge of Phillips, no set of circumstances exists that may reasonably give rise to a claim or lawsuit, against the Phillips Benefit Plans, any fiduciaries thereof with respect to their duties to the Phillips Benefit Plans or the assets of any of the trusts under any of the Phillips Benefit Plans that could reasonably be expected to result in any material liability of Phillips or any of its Subsidiaries to the Pension Benefit Guaranty Corporation, the U.S. Department of the Treasury, the U.S. Department of Labor, any Phillips Benefit Plan, any participant in a Phillips Benefit Plan, or any other party.

(iii) As of the date of this Agreement, neither Phillips nor any of its Subsidiaries is a party to any material collective bargaining or other labor union contract applicable to individuals employed by Phillips or any of its Subsidiaries, and no such collective bargaining agreement or other labor union contract is being negotiated by Phillips or any of its Subsidiaries. Except as would not reasonably be expected to have a Material Adverse Effect on Phillips, (A) there is no labor dispute, strike, slowdown or work stoppage against Phillips or any of its Subsidiaries pending or, to the knowledge of Phillips, threatened against Phillips or any of its Subsidiaries and (B) no unfair labor practice or labor charge or complaint has occurred with respect to Phillips or any of its Subsidiaries.

(iv) Section 4.2(k)(iv) of the Phillips Disclosure Schedule sets forth an accurate and complete list of each Benefit Plan under which the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby could (either alone or in conjunction with any other event), result in, cause the accelerated vesting, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer or director of Phillips or any of its Subsidiaries, or could limit the right of Phillips or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Phillips Benefit Plan or related trust or any material employment agreement or related trust.

(l) Taxes. (i) Each of Phillips and its Subsidiaries has duly and timely filed all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and accurate in all respects, except to the extent that any failure to have filed or any inaccuracies in such Tax Returns would not reasonably be expected to have a Material Adverse Effect on Phillips. Phillips and each of its Subsidiaries has paid all Taxes required to be paid by it, and has paid all Taxes that it was required to withhold from amounts owing to any employee, creditor or third party, except to the extent that any failure to pay such Taxes would not reasonably be expected to have a Material Adverse Effect on Phillips. There are no pending or, to the knowledge of Phillips, threatened audits, examinations, investigations, deficiencies, claims or other proceedings in respect of Taxes relating to Phillips or any of its Subsidiaries, except for those that would not reasonably be expected to have a Material Adverse Effect on Phillips. There are no Liens for Taxes upon the assets of Phillips or any of its Subsidiaries, other than Liens for current Taxes not yet due, Liens for Taxes that are being contested in good faith by appropriate proceedings, and Liens for Taxes that would not reasonably be expected to have a

Material Adverse Effect on Phillips. Neither Phillips nor any of its Subsidiaries has requested any extension of time within which to file any Tax Returns in respect of any taxable year that have not since been filed, nor made any request for waivers of the time to assess any Taxes that are pending or outstanding, except where such request or waiver would not reasonably be expected to have a Material Adverse Effect on Phillips. The consolidated U.S. federal income Tax Returns of Phillips have been examined, or the statute of limitations has closed, with respect to all taxable years through and including 1995. Neither Phillips nor any of its Subsidiaries has any liability for Taxes of any Person (other than Phillips and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any comparable provision of U.S. state or local or foreign law), except as would not reasonably be expected to have a Material Adverse Effect on Phillips. Neither Phillips nor any of its Subsidiaries is a party to any agreement (with any Person other than Phillips and/or any of its Subsidiaries) relating to the allocation or sharing of Taxes, except as would not reasonably be expected to have a Material Adverse Effect on Phillips.

(ii) Phillips has not constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement (or will constitute such a corporation in the two years prior to the Closing Date) or (B) in a distribution that otherwise constitutes part of a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Mergers.

(iii) To Phillips's knowledge, Conoco has not constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement (or will constitute such a corporation in the two years prior to the Closing Date) or (B) in a distribution that otherwise constitutes a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Mergers.

(m) Reorganization under the Code. As of the date of this Agreement, neither Phillips nor any of its Subsidiaries has taken any action or knows of any fact that is reasonably likely to prevent the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(n) Form S-4; Joint Proxy Statement/Prospectus. None of the information to be supplied by Phillips or its Subsidiaries in the Form S-4 or the Joint Proxy Statement/Prospectus will, at the time of the mailing of the Joint Proxy Statement/Prospectus and any amendments or supplements thereto, and at the time of each of the Phillips Stockholders Meeting and the Conoco Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Joint Proxy Statement/Prospectus will comply, as of its mailing date, as to form in all material respects with all applicable law, including the provisions of the Securities Act and the Exchange Act, except that no representation is made by Phillips with respect to information supplied by Conoco for inclusion therein.

(o) State Takeover Laws; Rights Plan. (i) The Board of Directors of Phillips has approved this Agreement and the transactions contemplated by this Agreement as required under any applicable state takeover laws so that any such state takeover laws will not apply to this Agreement or any of the transactions contemplated hereby.

(ii) Phillips has taken all action, if any, necessary or appropriate so that the entering into of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not result in the ability of any Person to exercise any Phillips Rights under the Phillips Rights Agreement or enable or require the Phillips Rights to separate from the shares of Phillips Common Stock to which they are attached or to be triggered or become exercisable. No "Distribution Date" or "Shares Acquisition Date" (as such terms are defined in the Phillips Rights Agreement) has occurred.

(p) Opinion of Financial Advisors. Phillips has received the opinions of Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Merrill Lynch & Co., dated the date hereof, to the effect that the Phillips Merger Consideration relative to the Exchange Ratio pursuant to this Agreement is fair from a financial point of view to holders of Phillips Common Stock.

(q) Board Approval. The Board of Directors of Phillips, at a meeting duly called and held, has by unanimous vote of those directors present (i) determined that this Agreement and the transactions contemplated hereby are advisable, fair to and in the best interests of Phillips stockholders, (ii) approved this Agreement and (iii) recommended that this Agreement be adopted by the holders of Phillips Common Stock.

(r) Brokers' Fees. Neither Phillips nor any of its Subsidiaries nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any brokers' fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement, excluding fees to be paid to Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Merrill Lynch & Co.

(s) Ownership of Conoco Capital Stock. As of the date of this Agreement, Phillips does not beneficially own any shares of Conoco Capital Stock.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

5.1 Covenants of Conoco. During the period from the date of this Agreement and continuing until the Effective Time, Conoco agrees as to itself and its Subsidiaries that (except (i) as expressly contemplated or permitted by this Agreement or disclosed in the Conoco Disclosure Schedule, (ii) subject to Section 5.1(a)(iii), for transactions by GIRL and (iii) for transactions between and among Conoco and its wholly owned Subsidiaries):

(a) Ordinary Course. (i) Conoco and its Subsidiaries shall carry on their respective businesses in the usual, regular and ordinary course in all material respects, in substantially the same manner as heretofore conducted, and shall use their reasonable best efforts to keep available the services of their respective present officers and key employees, preserve intact their present lines of business, maintain their rights and franchises and preserve their relationships with customers, suppliers and others having business dealings with them to the end that their ongoing businesses shall not be impaired in any material respect at the Effective Time.

(ii) Conoco shall not, and shall not permit any of its Subsidiaries to, (A) enter into any new material line of business or (B) incur or commit to any capital expenditures or any obligations or liabilities in connection therewith other than capital expenditures and obligations or liabilities in connection therewith incurred or committed to in the ordinary course of business or contemplated by the 2001 capital budget of Conoco and previously disclosed to Phillips or by future capital budgets of Conoco approved by the Board of Directors of Conoco consistent with past practice.

(iii) Notwithstanding anything to the contrary in this Section 5.1, subject to the fiduciary duties of Conoco or its officers serving as directors of GIRL, Conoco shall cause GIRL to carry on its business in the usual, regular and ordinary course in all material respects, in substantially the same manner as heretofore conducted, and shall cause GIRL to use its reasonable best efforts to keep available the services of its present officers and key employees, preserve intact its present lines of business, maintain its rights and franchises and preserve its relationships with customers, suppliers and others having business dealings with it to the end that its ongoing businesses shall not be impaired in any material respect at the Effective Time.

(b) Dividends; Changes in Share Capital. Conoco shall not, and shall not permit any of its Subsidiaries to, and shall not propose to, (i) declare or pay any dividends on or make other distributions in respect of any of its capital stock, except (A) the declaration and payment of regular

quarterly cash dividends not in excess of $0.19 per share of Conoco Common Stock with usual record and payment dates for such dividends in accordance with past dividend practice and (B) the declaration and payment of regular dividends from a Subsidiary of Conoco to Conoco or to another Subsidiary of Conoco in accordance with past dividend practice, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, except for any such transaction by a wholly owned Subsidiary of Conoco that remains a wholly owned Subsidiary after consummation of such transaction, or (iii) repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock, except for the purchase from time to time by Conoco of Conoco Common Stock (and the associated Conoco Rights) in connection with the Conoco Benefit Plans in the ordinary course of business.

(c) Issuance of Securities. Conoco shall not, and shall not permit any of its Subsidiaries to, issue, deliver, sell, pledge or dispose of, or authorize or propose the issuance, delivery, sale, pledge or disposition of, any shares of its capital stock of any class, any Voting Debt or any securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such shares or Voting Debt, or enter into any commitment, arrangement, undertaking or agreement with respect to any of the foregoing, other than (i) the issuance of Conoco Common Stock (and the associated Conoco Rights) upon the exercise of Conoco Stock Options or Conoco SARs or the settlement of Conoco Stock-Based Awards, in each case in accordance with their present terms or pursuant to Conoco Stock Options, Conoco SARs or Conoco Stock-Based Awards granted in accordance with Section 5.1(c) of the Conoco Disclosure Schedule, (ii) issuances, sales or deliveries by a wholly owned Subsidiary of Conoco of capital stock to such Subsidiary's parent or another wholly owned Subsidiary of Conoco, (iii) pursuant to acquisitions and investments as disclosed in Section 5.1(e) or 5.1(g) of the Conoco Disclosure Schedule or the financings therefor, (iv) issuances or deliveries in accordance with the Conoco Rights Agreement, (v) sales or dispositions of capital stock of a Subsidiary of Conoco in connection with a disposition permitted pursuant to Section 5.1(f), (vi) issuances or deliveries of capital stock of Subsidiaries of Conoco in the ordinary course of business in connection with joint venture agreements existing as of the date hereof or (vii) issuances of Conoco Stock Options to the extent required pursuant to reload options that are outstanding on the date hereof.

(d) Governing Documents. Except to the extent required to comply with its obligations hereunder or with applicable law, Conoco shall not amend or propose to so amend its Restated Certificate of Incorporation or By-Laws.

(e) No Acquisitions. Other than acquisitions in the ordinary course of business that do not present a material risk of making it materially more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law, Conoco shall not, and shall not permit any of its Subsidiaries to, acquire or agree to acquire by merger or consolidation, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets (excluding the acquisition of assets used in the operations of the business of Conoco and its Subsidiaries in the ordinary course, which assets do not constitute a business unit, division or all or substantially all of the assets of the transferor).

(f) No Dispositions. Other than dispositions referred to in the Conoco SEC Documents filed prior to the date of this Agreement, Conoco shall not, and shall not permit any of its Subsidiaries to, sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any of its assets (including capital stock of Subsidiaries of Conoco), other than in the ordinary course of business and dispositions in the aggregate amount of up to $700 million per year in fair market value.

(g) Investments; Indebtedness. Conoco shall not, and shall not permit any of its Subsidiaries to (i) make any loans, advances or capital contributions to, or investments in, any other Person, other

than (A) loans or investments by Conoco or a Subsidiary of Conoco to or in Conoco or any Subsidiary of Conoco, (B) in the ordinary course of business (provided that none of such transactions referred to in this clause (B) presents a material risk of making it more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law) and (C) any capital contributions to or other obligations in respect of any joint ventures of Conoco or any of its Subsidiaries pursuant to an agreement in existence on or prior to the date of this Agreement, or (ii) except in the ordinary course, incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Conoco or any of its Subsidiaries, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of another Person (other than any wholly owned Subsidiary) or enter into any arrangement having the economic effect of any of the foregoing, other than refinancings of pre-existing indebtedness.

(h) Tax-Free Qualification. Conoco shall use its reasonable best efforts to, and to cause each of its Subsidiaries to, (i) cause the Conoco Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and the Mergers, taken together, to qualify as an exchange described in Section 351 of the Code and (ii) obtain the opinions of counsel referred to in Sections 7.2(c) and 7.3(c), including the execution of the officers' certificates referred to therein. Conoco shall use its reasonable best efforts not to, and shall use its reasonable best efforts not to permit any of its Subsidiaries to, take any action (including any action otherwise permitted by this Section 5.1) that would prevent or impede the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(i) Compensation. Except as required by applicable law or by the terms of any collective bargaining agreement or other binding agreement currently in effect, Conoco and its Significant Subsidiaries shall not: (A) increase the amount of compensation of, or pay any severance to, any director or officer of Conoco or any Significant Subsidiary of Conoco, except in the ordinary course of business consistent with past practice; or (B) adopt or amend or make any commitment to adopt or amend any Benefit Plan or fund or make any contribution to any Conoco Benefit Plan or any related trust or other funding vehicles, except for amendments in the ordinary course of business consistent with past practice and regularly scheduled contributions to trusts funding qualified plans.

(j) Financial Accounting Methods. Except as disclosed in Conoco SEC Documents filed prior to the date of this Agreement, or as required by a Governmental Entity, Conoco shall not change in any material respect its methods of financial accounting in effect at September 30, 2001, except as required by changes in GAAP as concurred in by Conoco's independent public accountants.

(k) Standstill. Conoco shall not, and shall not permit any of its Subsidiaries to, waive the benefits of, or commit or agree to modify in any manner, any standstill or similar covenant or agreement for the benefit of Conoco or any Subsidiary.

(l) Certain Actions. Conoco and its Subsidiaries shall not take any action or omit to take any action for the purpose of preventing, delaying or impeding the consummation of the Mergers or the other transactions contemplated by this Agreement.

5.2 Covenants of Phillips. During the period from the date of this Agreement and continuing until the Effective Time, Phillips agrees as to itself and its Subsidiaries that (except (i) as expressly contemplated or permitted by this Agreement or disclosed in the Phillips Disclosure Schedule and (ii) for transactions between and among Phillips and its wholly owned Subsidiaries):

(a) Ordinary Course. (i) Phillips and its Subsidiaries shall carry on their respective businesses in the usual, regular and ordinary course in all material respects, in substantially the same manner as heretofore conducted, and shall use their reasonable best efforts to keep available the services of their respective present officers and key employees, preserve intact their present lines of business, maintain their rights and franchises and preserve their relationships with customers, suppliers and others having

business dealings with them to the end that their ongoing businesses shall not be impaired in any material respect at the Effective Time.

(ii) Phillips shall not, and shall not permit any of its Subsidiaries to, (A) enter into any new material line of business or (B) incur or commit to any capital expenditures or any obligations or liabilities in connection therewith other than capital expenditures and obligations or liabilities in connection therewith incurred or committed to in the ordinary course of business or contemplated by the 2001 capital budget of Phillips and previously disclosed to Conoco or by future capital budgets of Phillips approved by the Board of Directors of Phillips consistent with past practice.

(b) Dividends; Changes in Share Capital. Phillips shall not, and shall not permit any of its Subsidiaries to, and shall not propose to, (i) declare or pay any dividends on or make other distributions in respect of any of its capital stock, except (A) the declaration and payment of regular quarterly cash dividends not in excess of $0.36 per share of Phillips Common Stock with usual record and payment dates for such dividends in accordance with past dividend practice and (B) the declaration and payment of regular dividends from a Subsidiary of Phillips to Phillips or to another Subsidiary of Phillips in accordance with past dividend practice, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, except for any such transaction by a wholly owned Subsidiary of Phillips that remains a wholly owned Subsidiary after consummation of such transaction or (iii) repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock, except for the purchase from time to time by Phillips of Phillips Common Stock (and the associated Phillips Rights) in connection with the Phillips Benefit Plans in the ordinary course of business.

(c) Issuance of Securities. Phillips shall not, and shall not permit any of its Subsidiaries to, issue, deliver, sell, pledge or dispose of, or authorize or propose the issuance, delivery, sale, pledge or disposition of, any shares of its capital stock of any class, any Voting Debt or any securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such shares or Voting Debt, or enter into any commitment, arrangement, undertaking or agreement with respect to any of the foregoing, other than (i) the issuance of Phillips Common Stock (and the associated Phillips Rights) upon the exercise of Phillips Stock Options or Phillips SARs, or the settlement of Phillips Stock-Based Awards, in each case in accordance with their present terms or pursuant to Phillips Stock Options, Phillips SARs or Phillips Stock-Based Awards granted in accordance with Section 5.2(c) of the Phillips Disclosure Schedule, (ii) issuances, sales or deliveries by a wholly owned Subsidiary of Phillips of capital stock to such Subsidiary's parent or another wholly owned Subsidiary of Phillips, (iii) pursuant to acquisitions and investments as disclosed in Section 5.2(e) or 5.2(g) of the Phillips Disclosure Schedule or the financings therefor, (iv) issuances or deliveries in accordance with the Phillips Rights Agreement, (v) sales or dispositions of capital stock of a Subsidiary of Conoco in connection with a disposition permitted pursuant to Section 5.2(f), (vi) issuances of capital stock of Subsidiaries of Phillips in the ordinary course of business in connection with joint venture agreements existing as of the date hereof or (vii) issuances of Phillips Stock Options to the extent required pursuant to reload options that are outstanding on the date hereof.

(d) Governing Documents. Except to the extent required to comply with its obligations hereunder or with applicable law, Phillips shall not amend or propose to so amend its Restated Certificate of Incorporation or By-Laws.

(e) No Acquisitions. Other than acquisitions in the ordinary course of business that do not present a material risk of making it materially more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law, Phillips shall not, and shall not permit any of its Subsidiaries to, acquire or agree to acquire by merger or consolidation, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or

division thereof or otherwise acquire or agree to acquire any assets (excluding the acquisition of assets used in the operations of the business of Phillips and its Subsidiaries in the ordinary course, which assets do not constitute a business unit, division or all or substantially all of the assets of the transferor).

(f) No Dispositions. Other than dispositions referred to in the Phillips SEC Documents filed prior to the date of this Agreement, Phillips shall not, and shall not permit any of its Subsidiaries to, sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any of its assets (including capital stock of Subsidiaries of Phillips), other than in the ordinary course of business and dispositions in the aggregate amount of up to $1,000 million per year in fair market value.

(g) Investments; Indebtedness. Phillips shall not, and shall not permit any of its Subsidiaries to (i) make any loans, advances or capital contributions to, or investments in, any other Person, other than (A) loans or investments by Phillips or a Subsidiary of Phillips to or in Phillips or any Subsidiary of Phillips, (B) in the ordinary course of business (provided that none of such transactions referred to in this clause (B) presents a material risk of making it more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law) and (C) any capital contributions to or other obligations in respect of any joint ventures of Conoco or any of its Subsidiaries pursuant to an agreement in existence on or prior to the date of this Agreement, or (ii) except in the ordinary course, incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Phillips or any of its Subsidiaries, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of another Person (other than any wholly owned Subsidiary) or enter into any arrangement having the economic effect of any of the foregoing, other than refinancings of pre-existing indebtedness.

(h) Tax-Free Qualification. Phillips shall use its reasonable best efforts to, and to cause each of its Subsidiaries to, (i) cause the Phillips Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and the Mergers, taken together, to qualify as an exchange described in Section 351 of the Code and (ii) obtain the opinions of counsel referred to in Sections 7.2(c) and 7.3(c), including the execution of the officers' certificates referred to therein. Phillips shall use its reasonable best efforts not to, and shall use its reasonable best efforts not to permit any of its Subsidiaries to, take any action (including any action otherwise permitted by this Section 5.2) that would prevent or impede the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(i) Compensation. Except as required by applicable law or by the terms of any collective bargaining agreement or other binding agreement currently in effect, Phillips and its Significant Subsidiaries shall not: (A) increase the amount of compensation of, or pay any severance to, any director or officer of Phillips or any Significant Subsidiary of Phillips, except in the ordinary course of business consistent with past practice; or (B) adopt or amend or make any commitment to adopt or amend any Benefit Plan or fund or make any contribution to any Phillips Benefit Plan or any related trust or other funding vehicles, except for amendments in the ordinary course of business consistent with past practice and regularly scheduled contributions to trusts funding qualified plans.

(j) Financial Accounting Methods. Except as disclosed in Phillips SEC Documents filed prior to the date of this Agreement, or as required by a Governmental Entity, Phillips shall not change in any material respect its methods of financial accounting in effect at September 30, 2001, except as required by changes in GAAP as concurred in by Phillips's independent public accountants.

(k) Standstill. Phillips shall not, and shall not permit any of its Subsidiaries to, waive the benefits of, or commit or agree to modify in any manner, any standstill or similar covenant or agreement for the benefit of Phillips or any Subsidiary.

(l) Certain Actions. Phillips and its Subsidiaries shall not take any action or omit to take any action for the purpose of preventing, delaying or impeding the consummation of the Mergers or the other transactions contemplated by this Agreement.

5.3 Governmental Filings. Phillips and Conoco shall (a) confer on a reasonable basis with each other and (b) report to each other (to the extent permitted by applicable law or regulation or any applicable confidentiality agreement) on operational matters. Phillips and Conoco shall file all reports required to be filed by each of them with the SEC (and all other Governmental Entities) between the date of this Agreement and the Effective Time and shall, if requested by the other party and (to the extent permitted by applicable law or regulation or any applicable confidentiality agreement) deliver to the other party copies of all such reports, announcements and publications promptly upon request.

5.4 Control of Other Party's Business. Nothing contained in this Agreement shall give Conoco, directly or indirectly, the right to control or direct Phillips's operations or give Phillips, directly or indirectly, the right to control or direct Conoco's operations prior to the Effective Time. Prior to the Effective Time, each of Phillips and Conoco shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its respective operations.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 Preparation of Proxy Statement; Stockholders Meetings. (a) As promptly as reasonably practicable following the date hereof, Phillips and Conoco shall cooperate in preparing and each shall cause to be filed with the SEC mutually acceptable proxy materials that shall constitute the Joint Proxy Statement/Prospectus and Phillips and Conoco shall prepare, and New Parent shall file with the SEC, the Form S-4. The Joint Proxy Statement/Prospectus will be included as a prospectus in and will constitute a part of the Form S-4 as New Parent's prospectus. Each of Phillips, Conoco and New Parent shall use reasonable best efforts to have the Joint Proxy Statement/Prospectus cleared by the SEC and the Form S-4 declared effective by the SEC and to keep the Form S-4 effective as long as is necessary to consummate the Mergers and the transactions contemplated hereby. Each of Phillips, Conoco and New Parent shall, as promptly as practicable after receipt thereof, provide the other parties with copies of any written comments, and advise each other of any oral comments, with respect to the Joint Proxy Statement/Prospectus or Form S-4 received from the SEC. Phillips, Conoco and New Parent shall cooperate and provide the other parties with a reasonable opportunity to review and comment on any amendment or supplement to the Joint Proxy Statement/Prospectus and the Form S-4 prior to filing such with the SEC, and each will provide each other parties with a copy of all such filings made with the SEC. Notwithstanding any other provision herein to the contrary, no amendment or supplement (including by incorporation by reference) to the Joint Proxy Statement/Prospectus or the Form S-4 shall be made without the approval of both Phillips and Conoco, which approval shall not be unreasonably withheld or delayed; provided that, with respect to documents filed by a party hereto that are incorporated by reference in the Form S-4 or Joint Proxy Statement/Prospectus, this right of approval shall apply only with respect to information relating to the other party or its business, financial condition or results of operations; and provided, further, that Phillips, in connection with a Change in the Phillips Recommendation, and Conoco, in connection with a Change in the Conoco Recommendation, may amend or supplement the Joint Proxy Statement/Prospectus or Form S-4 (including by incorporation by reference) pursuant to a Qualifying Amendment to effect such a Change, and in such event, this right of approval shall apply only with respect to information relating to the other party or its business, financial condition or results of operations, and shall be subject to the right of each party to have its Board of Directors' deliberations and conclusions to be accurately described. Phillips will use reasonable best efforts to cause the Joint Proxy Statement/ Prospectus to be mailed to Phillips stockholders, and Conoco will use reasonable best efforts to cause the Joint Proxy Statement/Prospectus to be mailed to Conoco stockholders, in each case, as promptly as practicable after the Form S-4 is declared effective under the Securities Act. Each of Phillips, Conoco and New Parent will advise the other parties, promptly after it receives notice thereof, of the time when the

Form S-4 has become effective, the issuance of any stop order, the suspension of the qualification of the New Parent Common Stock issuable in connection with the Mergers for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Joint Proxy Statement/Prospectus or the Form S-4. If, at any time prior to the Effective Time, any information relating to Phillips or Conoco, or any of their respective affiliates, officers or directors, is discovered by Phillips or Conoco and such information should be set forth in an amendment or supplement to any of the Form S-4 or the Joint Proxy Statement/Prospectus so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party hereto discovering such information shall promptly notify the other parties and, to the extent required by law, rules or regulations, an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and disseminated to the stockholders of Phillips and Conoco.

(b) Conoco shall duly take all lawful action to call, give notice of, convene and hold the Conoco Stockholders Meeting as soon as practicable on a date determined in accordance with the mutual agreement of Phillips and Conoco for the purpose of obtaining the Conoco Stockholder Approval and, subject to Section 6.5 and Section 8.5, shall take all lawful action to solicit the Conoco Stockholder Approval. The Board of Directors of Conoco shall recommend the adoption of the plan of merger contained in this Agreement by the Conoco stockholders to the effect as set forth in Section 4.1(q) (the "Conoco Recommendation"), and shall not, unless Phillips makes a Change in the Phillips Recommendation, (i) withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Phillips the Conoco Recommendation or (ii) take any action or make any statement in connection with the Conoco Stockholders Meeting inconsistent with the Conoco Recommendation (collectively, a "Change in the Conoco Recommendation"); provided, however, that Conoco and the Board of Directors of Conoco may take any action permitted under Section 6.5, 8.1(i) or 8.5. Notwithstanding any Change in the Conoco Recommendation pursuant to Section 6.5, this Agreement shall be submitted to the Conoco stockholders at the Conoco Stockholders Meeting for the purpose of obtaining the Conoco Stockholder Approval, and nothing contained herein shall be deemed to relieve Conoco of such obligation.

(c) Phillips shall duly take all lawful action to call, give notice of, convene and hold the Phillips Stockholders Meeting as soon as practicable on a date determined in accordance with the mutual agreement of Phillips and Conoco for the purpose of obtaining the Phillips Stockholder Approval and, subject to Section 6.5 and Section 8.5, shall take all lawful action to solicit the Phillips Stockholder Approval. The Board of Directors of Phillips shall recommend the adoption of the plan of merger contained in this Agreement by the Phillips stockholders to the effect as set forth in Section 4.2(q) (the "Phillips Recommendation"), and shall not, unless Conoco makes a Change in the Conoco Recommendation, (i) withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Conoco the Phillips Recommendation or (ii) take any action or make any statement in connection with the Phillips Stockholders Meeting inconsistent with the Phillips Recommendation (collectively, a "Change in the Phillips Recommendation"); provided, however, that Phillips and the Board of Directors of Phillips may take any action permitted under Section 6.5, 8.1(i) or 8.5. Notwithstanding any Change in the Phillips Recommendation pursuant to Section 6.5, this Agreement shall be submitted to the Phillips stockholders at the Phillips Stockholders Meeting for the purpose of obtaining the Phillips Stockholder Approval, and nothing contained herein shall be deemed to relieve Phillips of such obligation.

6.2 Governance Matters; Headquarters; Company Name. (a) Phillips and Conoco shall take, and shall cause New Parent to take, all requisite action to, effective as of the Effective Time, (i) expand the New Parent Board of Directors such that it consists of 16 members, (ii) cause the New Parent Board of Directors to consist of eight current Phillips directors nominated by Phillips and eight current Conoco directors nominated by Conoco, (iii) cause each committee of the New Parent Board of Directors to consist of an equal number of directors nominated by Conoco and Phillips and (iv) cause Archie Dunham to be appointed Chairman of the New Parent Board, subject to the terms of his employment agreement entered into pursuant to Section 6.2(c). Immediately following the Effective Time, James J. Mulva shall become Chief Executive Officer of New Parent, and, subject to the terms of his employment agreement

entered into pursuant to Section 6.2(c), James J. Mulva shall become the Chairman of the Board following the retirement of Archie Dunham.

(b) The New Parent Board of Directors shall be divided into three classes, Class I, Class II and Class III. Two directors nominated by Conoco and three directors nominated by Phillips shall comprise Class I and shall hold office until the first annual meeting of the New Parent Board following the Closing Date. Three directors nominated by Conoco and two directors nominated by Phillips shall comprise Class II and shall hold office until the second annual meeting of the New Parent Board following the Closing Date. Three directors nominated by Conoco (one of whom shall be Archie Dunham) and three directors nominated by Phillips (one of whom shall be James J. Mulva) shall comprise Class III and shall hold office until the third annual meeting of the New Parent Board following the Closing Date.

(c) Concurrently with entering into this Agreement, Phillips and Conoco shall cause New Parent to enter into employment agreements, effective as of the Effective Time, with the executives of Phillips and Conoco in the forms mutually satisfactory to both parties. All other officers of New Parent shall be elected by the Board of Directors of New Parent.

(d) As soon as reasonably practicable following the Effective Time, the executive headquarters for Phillips and New Parent shall be moved to the Houston, Texas area.

(e) Immediately upon consummation of the Mergers, New Parent shall change its name to ConocoPhillips.

6.3 Access to Information. Upon reasonable notice, each of Phillips and Conoco shall (and shall cause its Subsidiaries to) afford to the officers, employees, accountants, counsel, financial advisors and other representatives of the other party reasonable access during normal business hours, during the period prior to the Effective Time, to all its properties, books, contracts, commitments, records, officers and employees and, during such period, each of Phillips and Conoco shall (and shall cause its Subsidiaries to) furnish promptly to the other party (a) a copy of each report, schedule, registration statement and other document filed, published, announced or received by it during such period pursuant to the requirements of U.S. federal or state securities laws or the HSR Act, as applicable (other than documents that such party hereto is not permitted to disclose under applicable law), and (b) all other information concerning it and its business, properties and personnel as such other party may reasonably request; provided, however, that any party hereto may restrict the foregoing access to the extent that (i) any law, treaty, rule or regulation of any Governmental Entity applicable to such party or any contract requires such party or its Subsidiaries to restrict or prohibit access to any such properties or information, (ii) counsel for such party advises that such information should not be disclosed in order to ensure compliance with the Antitrust Laws, (iii) the information is subject to the attorney-client privilege, work product doctrine or any other applicable privilege concerning pending or legal proceedings or government investigations, or (iv) the information is subject to confidentiality obligations to a third party. The parties hereto shall hold any information obtained pursuant to this Section 6.3 in confidence in accordance with, and shall otherwise be subject to, the provisions of the confidentiality agreement dated November 6, 2001, between Phillips and Conoco (the "Confidentiality Agreement"), which Confidentiality Agreement shall continue in full force and effect. Any investigation by either Phillips or Conoco shall not affect the representations and warranties of the other party.

6.4 Reasonable Best Efforts. (a) Subject to the terms and conditions of this Agreement, each party hereto will use its reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable under this Agreement and applicable laws and regulations to consummate the Mergers and the other transactions contemplated by this Agreement as soon as practicable after the date hereof, including (i) preparing and filing as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings, ruling requests, and other documents and to obtain as promptly as practicable all Conoco Necessary Consents or Phillips Necessary Consents, as appropriate, and all other consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Mergers or any of the other transactions

contemplated by this Agreement (collectively, the "Required Approvals") and (ii) taking all reasonable steps as may be necessary to obtain all such Necessary Consents and the Required Approvals. In furtherance and not in limitation of the foregoing, each of Phillips and Conoco agrees (i) to make, as promptly as practicable, (A) an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby, (B) appropriate filings with the European Commission, if required, in accordance with applicable Regulatory Laws, and (C) all other necessary filings with other Governmental Entities relating to the Mergers, and, to supply as promptly as practicable any additional information or documentation that may be requested pursuant to such laws or by such Governmental Entities and to use reasonable best efforts to cause the expiration or termination of the applicable waiting periods under the HSR Act and the receipt of Required Approvals under such other laws or from such authorities as soon as practicable and (ii) not to extend any waiting period under the HSR Act or enter into any agreement with the FTC or the DOJ not to consummate the transactions contemplated by this Agreement, except with the prior written consent of the other parties hereto (which shall not be unreasonably withheld or delayed). Notwithstanding anything to the contrary in this Agreement, neither Phillips nor Conoco nor any of their respective Subsidiaries shall be required to hold separate (including by trust or otherwise) or to divest any of their respective businesses or assets, or to take or agree to take any action or agree to any limitation, in any such case, that could reasonably be expected to have a Material Adverse Effect on New Parent after giving effect to the Mergers or to substantially impair the benefits to Phillips and Conoco expected, as of the date hereof, to be realized from consummation of the Mergers, and neither Phillips or Conoco shall be required to agree to or effect any divestiture, hold separate any business or take any other action that is not conditional on the consummation of the Mergers.

(b) Each of Phillips and Conoco shall, in connection with the efforts referenced in Section 6.4(a) to obtain all Required Approvals, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) subject to applicable law, permit the other party to review in advance any proposed written communication between it and any Governmental Entity, (iii) promptly inform each other of (and, at the other party's reasonable request, supply to such other party) any communication (or other correspondence or memoranda) received by such party from, or given by such party to, the DOJ, the FTC or any other Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iv) consult with each other in advance to the extent practicable of any meeting or conference with the DOJ, the FTC or any other Governmental Entity or, in connection with any proceeding by a private party, with any other Person, and to the extent permitted by the DOJ, the FTC or such other applicable Governmental Entity or other Person, and to the extent (i) such party has not been advised by its counsel that such information should not be disclosed in order to ensure compliance with the Antitrust Laws and (ii) the relevant document or information is not subject to the attorney-client privilege, work product doctrine or any other applicable privilege concerning pending or legal proceedings or government investigations, give the other party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 6.4(a) and 6.4(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law, or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental Entity that would make the Mergers or the other transactions contemplated hereby illegal or would otherwise prohibit or materially impair or delay the consummation of the Mergers or the other transactions contemplated hereby, each of Phillips and Conoco shall cooperate in all respects with each other and use its respective reasonable best efforts, including, subject to Section 6.4(a), selling, holding separate or otherwise disposing of or conducting their business in a specified manner, or agreeing to sell, hold separate or otherwise dispose of or conduct their business in a specified manner or permitting the sale, holding separate or other disposition of, any assets of Phillips, Conoco or their respective Subsidiaries or the

conducting of their business in a specified manner, to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Mergers or the other transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable so as to permit consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 6.4 shall limit either Phillips's or Conoco's right to terminate this Agreement pursuant to Section 8.1(b), 8.1(c), 8.1(i) or 8.5 so long as such party hereto has up to then complied with its obligations under this Section 6.4.

(d) Each party hereto and its respective Board of Directors shall, if any state takeover statute or similar statute becomes applicable to this Agreement, the Mergers or any other transactions contemplated hereby, take all action reasonably necessary to ensure that the Mergers and the other transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and otherwise to minimize the effect of such statute or regulation on this Agreement, the Mergers and the other transactions contemplated hereby.

6.5 Acquisition Proposals. (a) Each of Phillips and Conoco agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall use its reasonable best efforts to cause its and such Subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, directly or indirectly, (i) initiate, solicit, encourage or knowingly facilitate any inquiries or the making of any proposal or offer with respect to, or a transaction to effect, a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving it, or any purchase or sale of 20% or more of the consolidated assets (including stock of its Subsidiaries) of it and its Subsidiaries, taken as a whole, or any purchase or sale of, or tender or exchange offer for, its equity securities that, if consummated, would result in any Person (or the stockholders of such Person) beneficially owning securities representing 20% or more of its total voting power (or of the surviving parent entity in such transaction) (any such proposal, offer or transaction (other than a proposal or offer made by the other party or an affiliate thereof), an "Acquisition Proposal"), (ii) have any discussion with or provide any confidential information or data to any Person relating to an Acquisition Proposal, or engage in any negotiations concerning an Acquisition Proposal, or knowingly facilitate any effort or attempt to make or implement an Acquisition Proposal, (iii) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal or (iv) approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement or propose publicly or agree to do any of the foregoing related to any Acquisition Proposal.

(b) Notwithstanding anything in this Agreement to the contrary, each of Phillips and Conoco (and its respective Board of Directors) shall be permitted to (i) comply with applicable law (including Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act), (ii) effect a Change in the Phillips Recommendation or a Change in the Conoco Recommendation, as the case may be, or (iii) engage in discussions or negotiations with, or provide any information to, any Person in response to an unsolicited bona fide written Acquisition Proposal by any such Person, if and only to the extent that, in any such case referred to in clause (ii) or (iii) above, (A) in the case of Phillips, the vote at the Phillips Stockholders Meeting on the adoption of this Agreement shall not have been taken, or in the case of Conoco, the vote at the Conoco Stockholders Meeting on the adoption of this Agreement shall not have been taken, (B) (I) in the case of clause (ii) above, it has received an unsolicited bona fide written Acquisition Proposal from a third party and its Board of Directors concludes in good faith that such Acquisition Proposal constitutes a Superior Proposal and (II) in the case of clause (iii) above, its Board of Directors concludes in good faith that there is a reasonable likelihood that such Acquisition Proposal would lead to a Superior Proposal, (C) its Board of Directors, after consultation with outside counsel, determines in good faith that there is a reasonable probability that the failure to take such action would be inconsistent with its fiduciary

duties under applicable law, (D) prior to providing any information or data to any Person in connection with an Acquisition Proposal by any such Person, its Board of Directors receives from such Person an executed confidentiality agreement having provisions that are at least as restrictive as the Confidentiality Agreement, and (E) prior to providing any information or data to any Person or entering into discussions or negotiations with any Person, it notifies the other party promptly of such inquiries, proposals or offers received by, any such information requested from, or any such discussions or negotiations sought to be initiated or continued with, any of its representatives indicating, in connection with such notice, the name of such Person and the material terms and conditions of any inquiries, proposals or offers. Each of Phillips and Conoco agrees that it will promptly keep the other party reasonably informed of the status and terms of any inquiries, proposals or offers and the status and terms of any discussions or negotiations, including the identity of the Person making such inquiry, proposal or offer. Each of Phillips and Conoco agrees that it will, and will cause its officers, directors and representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations existing as of the date of this Agreement with any Person (other than the parties hereto) conducted heretofore with respect to any Acquisition Proposal. Each of Phillips and Conoco agrees that it will use reasonable best efforts to promptly inform its directors, officers, key employees, agents and representatives of the obligations undertaken in this Section 6.5. Nothing in this Section 6.5 shall (x) permit Phillips or Conoco to terminate this Agreement (except as specifically provided in Article VIII) or (y) affect or limit any other obligation of Phillips or Conoco under this Agreement (including the provisions of Sections 6.1(b) and 6.1(c)). Except as required by law or its certificate of incorporation or by-laws, neither Phillips nor Conoco shall submit any Acquisition Proposal other than the Mergers and the transactions contemplated by this Agreement to a vote of its stockholders.

6.6 Fees and Expenses. Subject to Section 8.2, whether or not the Mergers are consummated, all Expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party hereto incurring such Expenses, except (i) Expenses incurred in connection with the filing, printing and mailing of the Joint Proxy Statement/Prospectus and Form S-4 and (ii) Expenses incurred in connection with any consultants that Phillips and Conoco shall have agreed to retain to assist in obtaining the approvals and clearances under the Antitrust Laws, which, in each case, shall be shared equally by Phillips and Conoco. The parties hereto shall cooperate with each other in preparing, executing and filing any Tax Returns.

6.7 Directors' and Officers' Indemnification and Insurance. (a) Following the Effective Time, New Parent and the Conoco Surviving Corporation shall (i) jointly and severally indemnify and hold harmless, and provide advancement of expenses to, all past and present directors, officers and employees of Conoco and its Subsidiaries (in all of their capacities) (A) to the same extent such individuals are indemnified or have the right to advancement of expenses as of the date of this Agreement by Conoco pursuant to the Restated Certificate of Incorporation and By-Laws of Conoco and indemnification agreements, if any, in existence on the date hereof with, or for the benefit of, any directors, officers and employees of Conoco and its Subsidiaries and (B) without limitation to subclause (A) above, to the fullest extent permitted by law, in each case for acts or omissions occurring at or prior to the Effective Time (including for acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby), (ii) include and cause to be maintained in effect in the Certificate of Incorporation and By-Laws of the Conoco Surviving Corporation (or any successor to the Conoco Surviving Corporation) for a period of six years after the Effective Time, provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses that are, in the aggregate, no less advantageous to the intended beneficiaries than the corresponding provisions contained in the current Restated Certificate of Incorporation and By-Laws of Conoco and (iii) cause to be maintained for a period of six years after the Effective Time the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by Conoco (provided that New Parent (or any successor thereto) may substitute therefor one or more policies of at least the same coverage and amounts containing terms and conditions that are, in the aggregate, no less advantageous to the insured) with respect to claims arising from facts or events that occurred on or before the Effective Time; provided, however, that in no event shall the Conoco Surviving Corporation be

required to expend in any one year an amount in excess of 200% of the annual premiums currently paid by Conoco for such insurance; and, provided further that if the annual premiums of such insurance coverage exceed such amount, the Conoco Surviving Corporation shall obtain a policy with the greatest coverage available for a cost not exceeding such amount. Notwithstanding any foregoing provision to the contrary, the treatment of past and present directors, officers, and employees of Conoco and its Subsidiaries with respect to elimination of liability, indemnification, advancement of expenses and liability insurance under this Section 6.7(a) shall be, in the aggregate, no less advantageous to the intended beneficiaries thereof than the corresponding treatment of the past and present directors, officers and employees of Phillips and its Subsidiaries under Section 6.7(b).

(b) Following the Effective Time, New Parent and the Phillips Surviving Corporation shall (i) jointly and severally indemnify and hold harmless, and provide advancement of expenses to, all past and present directors, officers and employees of Phillips and its Subsidiaries (in all of their capacities) (A) to the same extent such individuals are indemnified or have the right to advancement of expenses as of the date of this Agreement by Phillips pursuant to the Restated Certificate of Incorporation and By-Laws of Phillips and indemnification agreements, if any, in existence on the date hereof with, or for the benefit of, any directors, officers and employees of Phillips and its Subsidiaries and (B) without limitation to subclause (A) above, to the fullest extent permitted by law, in each case for acts or omissions occurring at or prior to the Effective Time (including for acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby), (ii) include and cause to be maintained in effect in the Certificate of Incorporation and By-Laws of the Phillips Surviving Corporation (or any successor to the Phillips Surviving Corporation) for a period of six years after the Effective Time, provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses that are, in the aggregate, no less advantageous to the intended beneficiaries than the corresponding provisions contained in the current Restated Certificate of Incorporation and By-Laws of Phillips and (iii) cause to be maintained for a period of six years after the Effective Time the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by Phillips (provided that New Parent (or any successor thereto) may substitute therefor one or more policies of at least the same coverage and amounts containing terms and conditions that are, in the aggregate, no less advantageous to the insured) with respect to claims arising from facts or events that occurred on or before the Effective Time; provided, however, that in no event shall the Phillips Surviving Corporation be required to expend in any one year an amount in excess of 200% of the annual premiums currently paid by Phillips for such insurance; and, provided further that if the annual premiums of such insurance coverage exceed such amount, the Phillips Surviving Corporation shall obtain a policy with the greatest coverage available for a cost not exceeding such amount. Notwithstanding any foregoing provision to the contrary, the treatment of past and present directors, officers, and employees of Phillips and its Subsidiaries with respect to elimination of liability, indemnification, advancement of expenses and liability insurance under this Section 6.7(b) shall be, in the aggregate, no less advantageous to the intended beneficiaries thereof than the corresponding treatment of the past and present directors, officers and employees of Conoco and its Subsidiaries under Section 6.7(a).

(c) The obligations of New Parent, the Conoco Surviving Corporation and the Phillips Surviving Corporation under this Section 6.7 shall not be terminated or modified in such a manner as to adversely affect any indemnitee to whom this Section 6.7 applies without the consent of such affected indemnitee (it being expressly agreed that the indemnitees to whom this Section 6.7 applies shall be third-party beneficiaries of this Section 6.7).

6.8 Employee Benefits. (a) From and after the Effective Time, the Conoco Benefit Plans and the Phillips Benefit Plans in effect as of the date of this Agreement and at the Effective Time shall remain in effect with respect to employees and former employees of Conoco or Phillips and their Subsidiaries (the "Newco Employees"), respectively, covered by such plans at the Effective Time, until such time as New Parent shall otherwise determine, subject to applicable laws and the terms of such plans. Prior to the Closing Date, Phillips and Conoco shall cooperate in reviewing, evaluating and analyzing the Conoco Benefit Plans and the Phillips Benefit Plans with a view towards developing appropriate new Benefit Plans

for Newco Employees. It is the intention of Phillips and Conoco, to the extent permitted by applicable laws, to develop new Benefit Plans, as soon as reasonably practicable after the Effective Time, which, among other things, (i) treat similarly situated employees on a substantially equivalent basis, taking into account all relevant factors, including duties, geographic location, tenure, qualifications and abilities and (ii) do not discriminate between Newco Employees who were covered by Conoco Benefit Plans, on the one hand, and those covered by Phillips Benefit Plans on the other, at the Effective Time. It is the current intention of Phillips and Conoco that, for one year following the Effective Time, New Parent shall provide employee benefits under Benefit Plans to Newco Employees that are substantially comparable in the aggregate to those provided to such persons pursuant to the Benefit Plans of Conoco or Phillips (or their Subsidiaries), respectively, in effect on the date hereof and at the Effective Time; provided, that the foregoing shall not be interpreted to prevent the harmonization of benefits provided to Tosco Employees (as that term is defined in the Agreement and Plan of Merger, dated as of February 4, 2001, among Phillips, Ping Acquisition Corp. and Tosco Corporation (the "Tosco Merger Agreement") with the benefits provided to other Phillips employees as and when permitted by Section 6.8 of the Tosco Merger Agreement. Nothing herein shall prohibit any changes to the Conoco Benefit Plans or the Phillips Benefit Plans that may be (i) required by applicable laws (including any applicable qualification requirements of Section 401(a) of the Code), (ii) necessary as a technical matter to reflect the transactions contemplated hereby or (iii) required for New Parent to provide for or permit investment in its securities. Nothing in this Section 6.8 shall be interpreted as preventing New Parent from amending, modifying or terminating any Conoco Benefit Plan or Phillips Benefit Plan or other contract, arrangement, commitment or understanding, in accordance with its terms and applicable laws.

(b) With respect to any Benefit Plans in which any Newco Employees who are employees of Conoco or Phillips (or their Subsidiaries) prior to the Effective Time first become eligible to participate on or after the Effective Time, and in which such Newco Employees did not participate prior to the Effective Time (the "New Plans"), New Parent shall: (A) waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Newco Employees and their eligible dependents under any New Plans in which such employees may be eligible to participate after the Effective Time, except to the extent such pre-existing conditions, exclusions or waiting periods would apply under the analogous Conoco Benefit Plan or Phillips Benefit Plan, as the case may be; (B) provide each Newco Employee and their eligible dependents with credit for any co-payments and deductibles paid prior to the Effective Time under a Conoco Benefit Plan or Phillips Benefit Plan (to the same extent that such credit was given under the analogous Benefit Plan prior to the Effective Time) in satisfying any applicable deductible or out-of-pocket requirements under any New Plans in which such employees may be eligible to participate after the Effective Time; and (C) recognize all service of the Newco Employees with Phillips and Conoco, and their respective affiliates, for all purposes (including, purposes of eligibility to participate, vesting credit, entitlement to benefits, and, except with respect to defined benefit pension plans, benefit accrual) in any New Plan in which such employees may be eligible to participate after the Effective Time, to the extent such service is taken into account under the applicable New Plan; provided that the foregoing shall not apply to the extent it would result in duplication of benefits.

(c) The provisions in any Phillips Benefit Plan or Conoco Benefit Plan providing for the issuance, transfer or grant of any capital stock of Phillips or Conoco (including any stock-based compensation awards) shall be amended, effective as of the Effective Time, to provide for, respectively, the issuance, transfer or grant of capital stock of New Parent, and each of Phillips and Conoco shall ensure that, following the Effective Time, no holder of a Phillips Stock Option, Phillips SAR or Phillips Stock-Based Award and no holder of a Conoco Stock Option, Conoco SAR or Conoco Stock-Based Award, or any participant in any Phillips Stock Plan or Conoco Stock Plan or any other Phillips Benefit Plan or Conoco Benefit Plan shall have any right thereunder to acquire any capital stock (including any stock-based compensation awards) of Phillips or Conoco. Without limitation of the generality of the foregoing, New Parent shall adopt and assume each of the Phillips Stock Plans and the Conoco Stock Plans effective as of the Effective Time.

(d) Phillips shall take all steps necessary to amend the trust established under the Grantor Trust Agreement, dated as of June 1, 1998, between Phillips and Wachovia Bank, N.A. so that neither the execution of this Agreement nor the consummation of any of the transactions contemplated hereby will be considered a "Change of Control" as defined in such trust agreement.

(e) Conoco shall take all steps necessary to amend the trust established under the Rabbi Trust Agreement, dated December 17, 1999, between Conoco and U.S. Trust Company, National Association so that neither the execution of this Agreement nor the consummation of any of the transactions contemplated hereby will be considered a "Change of Control" as defined in such trust agreement.

6.9 Public Announcements. Phillips and Conoco shall, unless otherwise required by applicable law or by obligations pursuant to any listing agreement with or rules of any securities exchange, consult with the other party before issuing, and provide the other party the opportunity to review and comment upon, any press release or, to the extent practical, otherwise making any public statement with respect to this Agreement or the transactions contemplated hereby. In addition to the foregoing, except as required by applicable law and to the extent disclosed in or consistent with the Joint Proxy Statement/Prospectus in accordance with the provisions of Section 6.1, neither Phillips nor Conoco shall issue any press release or otherwise make any public statement or disclosure concerning the other party or the other party's business, financial condition or results of operations without the consent of the other party, which consent shall not be unreasonably withheld or delayed.

6.10 Listing of Shares of New Parent Common Stock. New Parent shall use its reasonable best efforts to cause the shares of New Parent Common Stock to be issued in the Mergers and the shares of New Parent Common Stock to be reserved for issuance upon exercise of the Conoco Stock Options, Conoco Converted Options, Phillips Stock Options or Phillips Converted Options to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing Date.

6.11 Rights Agreements. (a) The Board of Directors of Phillips shall take all action to the extent necessary (including amending the Phillips Rights Agreement) in order to render the Phillips Rights inapplicable to the Mergers and the other transactions contemplated by this Agreement. Except in connection with the foregoing sentence and to effect its obligations under this Agreement, the Board of Directors of Phillips shall not, without the prior written consent of Conoco, (i) amend the Phillips Rights Agreement or (ii) take any action with respect to, or make any determination under, the Phillips Rights Agreement, including a redemption of the Phillips Rights, in each case in order to facilitate any Acquisition Proposal with respect to Phillips.

(b) The Board of Directors of Conoco shall take all action to the extent necessary (including amending the Conoco Rights Agreement) in order to render the Conoco Rights inapplicable to the Mergers and the other transactions contemplated by this Agreement. Except in connection with the foregoing sentence, the Board of Directors of Conoco shall not, without the prior written consent of Phillips, (i) amend the Conoco Rights Agreement or (ii) take any action with respect to, or make any determination under, the Conoco Rights Agreement, including a redemption of the Conoco Rights, in each case in order to facilitate any Acquisition Proposal with respect to Conoco.

(c) Prior to the Effective Time, New Parent shall adopt a stockholder rights plan, in substantially the form set forth in Exhibit E (the "New Parent Rights Agreement") with a Record Date (as defined in the New Parent Rights Agreement) prior to the Effective Time.

6.12 Affiliates. (a) Promptly following the date of mailing of Joint Proxy Statement/Prospectus, Conoco shall deliver to Phillips a letter identifying all Persons who, in the judgment of Conoco, may be deemed at the time this Agreement is submitted for Conoco Stockholders Approval, "affiliates" of Conoco for purposes of Rule 145 under the Securities Act and applicable SEC rules and regulations, and such list shall be updated as necessary to reflect changes from the date thereof. Conoco shall use reasonable best efforts to cause each Person identified on such list to deliver to New Parent not later than ten days prior to the Effective Time, a written agreement substantially in the form attached as Exhibit F hereto (an "Affiliate Agreement").

(b) Promptly following the date of mailing of Joint Proxy Statement/Prospectus, Phillips shall deliver to Conoco a letter identifying all Persons who, in the judgment of Phillips, may be deemed at the time this Agreement is submitted for Phillips Stockholders Approval, "affiliates" of Phillips for purposes of Rule 145 under the Securities Act and applicable SEC rules and regulations, and such list shall be updated as necessary to reflect changes from the date thereof. Phillips shall use reasonable best efforts to cause each Person identified on such list to deliver to New Parent not later than ten days prior to the Effective Time, an Affiliate Agreement.

6.13 Section 16 Matters. Prior to the Effective Time, Phillips and Conoco shall take all such steps as may be required to cause any dispositions of Conoco Common Stock or Phillips Common Stock (including derivative securities with respect to Conoco Common Stock or Phillips Common Stock) or acquisitions of New Parent Common Stock (including derivative securities with respect to New Parent Common Stock) resulting from the transactions contemplated by Article II or Article III by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Phillips and Conoco or will become subject to such reporting requirements with respect to New Parent, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

6.14 Dividends. After the date of this Agreement, each of Phillips and Conoco shall coordinate with the other the declaration of any dividends in respect of Phillips Common Stock and Conoco Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties hereto that holders of Conoco Common Stock or Phillips Common Stock shall not receive two dividends, or fail to receive one dividend, for any quarter, including the quarter in which the Effective Time occurs, with respect to their shares of Conoco Common Stock and/or shares of Phillips Common Stock and any shares of New Parent Common Stock any such holder receives in exchange therefor in the Mergers.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 Conditions to Each Party's Obligation to Effect the Mergers. The obligations of each of Phillips and Conoco to effect the Mergers are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Stockholder Approval. (i) Conoco shall have obtained the Conoco Stockholder Approval and (ii) Phillips shall have obtained the Phillips Stockholder Approval.

(b) No Injunctions or Restraints; Illegality. No law shall have been adopted or promulgated, and no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Entity of competent jurisdiction shall be in effect, having the effect of making the Mergers illegal or otherwise prohibiting consummation of the Mergers.

(c) HSR Act; Other Approvals. (i) The waiting period (and any extension thereof) applicable to the Mergers under the HSR Act shall have been terminated or shall have expired, (ii) all approvals in connection with the EC Merger Regulation and the Canadian Investment Regulations (other than approvals under the Canadian Investment Regulations which by their terms cannot be satisfied until after the Closing) shall have been obtained and (iii) all other approvals required under the Antitrust Laws shall have been obtained, except where the failure to obtain such other approvals would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on New Parent after giving effect to the Mergers.

(d) NYSE Listing. The shares of New Parent Common Stock to be issued in the Mergers and such other shares of New Parent Common Stock to be reserved for issuance in connection with the Mergers shall have been approved for listing on the NYSE, subject to official notice of issuance.

(e) Effectiveness of the Form S-4. The Form S-4 shall have been declared effective by the SEC under the Securities Act and no stop order suspending the effectiveness of the Form S-4 shall

have been issued by the SEC and no proceedings for that purpose shall have been initiated or threatened by the SEC.

7.2 Additional Conditions to Obligations of Phillips. The obligations of Phillips to effect the Mergers are subject to the satisfaction, or waiver by Phillips, on or prior to the Closing Date, of the following additional conditions:

(a) Representations and Warranties. Each of the representations and warranties of Conoco set forth in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct and those material representations and warranties not so qualified shall be true and correct in all material respects, as of the Closing Date as though made on and as of the Closing Date (except to the extent that such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date); and Phillips shall have received a certificate of an executive officer of Conoco to such effect.

(b) Performance of Obligations of Conoco. Conoco shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or Material Adverse Effect and shall have performed or complied in all material respects with all other material agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified; and Phillips shall have received a certificate of an executive officer of Conoco to such effect.

(c) Tax Opinion. Phillips shall have received from Wachtell, Lipton, Rosen & Katz, counsel to Phillips, a written opinion dated the Closing Date to the effect that for U.S. federal income tax purposes the Phillips Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code and/or the Mergers, taken together, will constitute an exchange described in Section 351 of the Code. In rendering such opinion, counsel to Phillips shall be entitled to rely upon customary assumptions and representations reasonably satisfactory to such counsel, including representations set forth in certificates of officers of Phillips and Conoco.

7.3 Additional Conditions to Obligations of Conoco. The obligations of Conoco to effect the Mergers are subject to the satisfaction, or waiver by Conoco, on or prior to the Closing Date, of the following additional conditions:

(a) Representations and Warranties. Each of the representations and warranties of Phillips set forth in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct and those material representations and warranties not so qualified shall be true and correct in all material respects, as of the Closing Date as though made on and as of the Closing Date (except to the extent that such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date); and Conoco shall have received a certificate of an executive officer of Phillips to such effect.

(b) Performance of Obligations of Phillips. Phillips shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or Material Adverse Effect and shall have performed or complied in all material respects with all other material agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified; and Conoco shall have received a certificate of an executive officer of Phillips to such effect.

(c) Tax Opinion. Conoco shall have received from Cravath, Swaine & Moore, counsel to Conoco, a written opinion dated the Closing Date to the effect that for U.S. federal income tax purposes the Conoco Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code and/or the Mergers, taken together, will constitute an exchange described in Section 351 of the Code. In rendering such opinion, counsel to Conoco shall be entitled to rely upon customary assumptions and representations reasonably satisfactory to such counsel, including representations set forth in certificates of officers of Phillips and Conoco.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time and, except as specifically provided below, whether before or after the Phillips Stockholders Meeting or the Conoco Stockholders Meeting:

(a) by mutual written consent of Phillips and Conoco;

(b) by either Phillips or Conoco, if the Effective Time shall not have occurred on or before the date 18 months from the date of this Agreement (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement (including such party's obligations set forth in Section 6.4) has been the primary cause of, or resulted in, the failure of the Effective Time to occur on or before the Termination Date;

(c) by either Phillips or Conoco, if any Governmental Entity (i) shall have issued an order, decree or ruling or taken any other action (which the parties hereto shall have used their reasonable best efforts to resist, resolve or lift, as applicable, in accordance with Section 6.4) permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable or (ii) shall have failed to issue an order, decree or ruling or to take any other action that is necessary to fulfill the conditions set forth in Sections 7.1(c), 7.1(d) or 7.1(e), as applicable, and such denial of a request to issue such order, decree, ruling or the failure to take such other action shall have become final and nonappealable (which order, decree, ruling or other action the parties hereto shall have used their reasonable best efforts to obtain, in accordance with Section 6.4); provided, however, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party hereto whose failure to comply with Section 6.4 has been the primary cause of, or resulted in, such action or inaction;

(d) by either Phillips or Conoco, if either the Phillips Stockholder Approval or the Conoco Stockholder Approval has not been obtained by reason of the failure to obtain the required vote at the Phillips Stockholders Meeting or the Conoco Stockholders Meeting, as applicable;

(e) by Phillips, if Conoco shall have (i) failed to make the Conoco Recommendation or effected a Change in the Conoco Recommendation, whether or not permitted by the terms hereof, or (ii) materially breached its obligations under this Agreement by reason of a failure to call the Conoco Stockholders Meeting in accordance with Section 6.1;

(f) by Conoco, if Phillips shall have (i) failed to make the Phillips Recommendation or effected a Change in the Phillips Recommendation, whether or not permitted by the terms hereof, or (ii) materially breached its obligations under this Agreement by reason of a failure to call the Phillips Stockholders Meeting in accordance with Section 6.1;

(g) by Phillips, if Conoco shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, such that the conditions set forth in Sections 7.2(a) or 7.2(b) are not capable of being satisfied on or before the Termination Date;

(h) by Conoco, if Phillips shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, such that the conditions set forth in Section 7.3(a) or 7.3(b) are not capable of being satisfied on or before the Termination Date; or

(i) by Phillips or Conoco, prior to receipt of Phillips Stockholder Approval or Conoco Stockholder Approval, as appropriate, in accordance with Section 8.5; provided, however, that it shall have complied with all provisions thereof, including the notice provisions.

8.2 Effect of Termination. (a) In the event of termination of this Agreement by either Conoco or Phillips as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of any party hereto or their respective officers or directors, except with respect to Section 4.1(r), Section 4.2(r), the second sentence of Section 6.3, Section 6.6, this Section 8.2 and Article IX, which provisions shall survive such termination; provided that, notwithstanding anything to the contrary contained in this Agreement, neither Phillips nor Conoco shall be relieved or released from any liabilities or damages arising out of its willful and material breach of this Agreement.

(b) If (i) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Conoco Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Conoco Stockholders Meeting on the adoption of this Agreement being taken or (II) Phillips terminates this Agreement pursuant to Section 8.1(g), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Conoco shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Conoco and such Acquisition Proposal shall not have been publicly withdrawn more than 30 days prior to the termination of this Agreement and (C) within twelve months of such termination Conoco or any of its Subsidiaries enters into any definitive agreement with respect to, or consummates, any Acquisition Proposal, (ii) Phillips shall terminate this Agreement pursuant to Section 8.1(e), (iii) Conoco shall terminate this Agreement pursuant to Section 8.1(i) or (iv) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Conoco Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Conoco Stockholders Meeting on the adoption of this Agreement being taken or (II) Phillips terminates this Agreement pursuant to Section 8.1(g), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Conoco shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Conoco and (C) within twelve months of the termination of this Agreement, Conoco or any of its Subsidiaries enters into a definitive agreement with respect to, or consummates, an Acquisition Proposal with the Person (or an affiliate thereof) that publicly announced or otherwise communicated the Acquisition Proposal referred to in clause (B), then Conoco shall promptly, but in no event later than one Business Day after the date of such termination (or in the case of clause (i) or (iv) above, if later, the date Conoco or its Subsidiary enters into such agreement with respect to, or consummates, such Acquisition Proposal), pay Phillips an amount equal to the Conoco Termination Fee, by wire transfer of immediately available funds.

(c) If (i) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Phillips Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Phillips Stockholders Meeting on the adoption of this Agreement being taken or (II) Conoco terminates this Agreement pursuant to Section 8.1(h), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Phillips shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Phillips and such Acquisition Proposal shall not have been publicly withdrawn more than 30 days prior to the termination of this Agreement and (C) within twelve months of such termination Phillips or any of its Subsidiaries enters into any definitive agreement with respect to, or consummates, any Acquisition Proposal, (ii) Conoco shall terminate this Agreement pursuant to Section 8.1(f), (iii) Phillips shall terminate this Agreement pursuant to Section 8.1(i) or (iv) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Phillips Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Phillips Stockholders Meeting on the adoption of this Agreement being taken or (II) Conoco terminates this Agreement pursuant to Section 8.1(h), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Phillips shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Phillips and (C) within twelve months of the termination of this Agreement, Phillips or any of its Subsidiaries enters into a definitive agreement with respect to, or consummates, an Acquisition Proposal with the Person (or an affiliate thereof) that publicly announced or otherwise communicated the Acquisition Proposal referred to in clause (B), then Phillips shall promptly, but in no event later than one Business Day after the date of

such termination (or in the case of clause (i) or (iv) above, if later, the date Phillips or its Subsidiary enters into such agreement with respect to, or consummates, such Acquisition Proposal), pay Conoco an amount equal to the Phillips Termination Fee, by wire transfer of immediately available funds.

(d) The parties hereto acknowledge that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, neither Phillips or Conoco would enter into this Agreement; accordingly, if any party fails promptly to pay any amount due pursuant to this Section 8.2, and, in order to obtain such payment, the other party commences a suit that results in a judgment against such party for the fee set forth in this Section 8.2, such party shall pay to the other party its costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of the fee at the prime rate of Citibank, N.A. in effect on the date such payment was required to be made, notwithstanding the provisions of Section 6.6. The parties hereto agree that any remedy or amount payable pursuant to this Section 8.2 shall not preclude any other remedy or amount payable hereunder, and shall not be an exclusive remedy, for any willful and material breach of any representation, warranty, covenant or agreement contained in this Agreement.

8.3 Amendment. This Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after the Phillips Stockholder Approval or the Conoco Stockholder Approval, but, after any such approval, no amendment shall be made which by law or in accordance with the rules of any relevant stock exchange requires further approval by such stockholders without such further approval. This Agreement may not be amended, except by an instrument in writing signed on behalf of each of the parties hereto.

8.4 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Boards of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party hereto. The failure of any party hereto to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

8.5 Procedure for Termination. Each of Conoco or Phillips may terminate this Agreement pursuant to Section 8.1(i) only if (i) the Conoco Board or Phillips Board, as appropriate, has received a Superior Proposal, (ii) in light of such Superior Proposal a majority of the disinterested directors of Conoco or Phillips, as appropriate, has determined in good faith, after consultation with outside counsel, that it is necessary for it to withdraw or modify its approval or recommendation of this Agreement or the Mergers in order to comply with its fiduciary duty under applicable law, (iii) Conoco or Phillips, as appropriate, has notified the other party in writing of the determinations described in clause (ii) above, (iv) at least five business days following receipt by the other party of the notice referred to in clause (iii) above, and taking into account any revised proposal made by Conoco or Phillips, as appropriate, since receipt of the notice referred to in clause (iii) above, such Superior Proposal remains a Superior Proposal and a majority of the disinterested directors of Conoco or Phillips, as appropriate, has again made the determinations referred to in clause (ii) above, (v) Conoco or Phillips, as appropriate, is in compliance with Section 6.5 and (vi) Conoco or Phillips, as appropriate, is not at such time entitled to terminate this Agreement pursuant to Section 8.1(h) or (g), as appropriate.

ARTICLE IX

GENERAL PROVISIONS

9.1 Non-Survival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and other agreements in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants, agreements and other provisions, shall survive the Effective Time, except for those covenants,

agreements and other provisions contained herein that by their terms apply or are to be performed in whole or in part after the Effective Time and this Article IX.

9.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given when received. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to Phillips:

Phillips Petroleum Company
Phillips Building
Fourth and Keeler
Bartlesville, Oklahoma 74004

Attention: General Counsel

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Attention: Andrew R. Brownstein, Esq.

(ii) if to Conoco to:

Conoco Inc.
600 North Dairy Ashford Road
Houston, Texas 77079

Attention: General Counsel

with a copy to:

Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019

Attention: Richard Hall, Esq.

9.3 Interpretation. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". In addition, each Section of this Agreement is qualified by the matters set forth in the related Section of the Phillips Disclosure Schedule and the Conoco Disclosure Schedule, as the case may be, and by such matters set forth any place else in this Agreement or in the Phillips Disclosure Schedule or the Conoco Disclosure Schedule the applicability of such qualification to the Section of this Agreement is reasonably apparent.

9.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties hereto need not sign the same counterpart.

9.5 Entire Agreement; No Third Party Beneficiaries. (a) This Agreement, the Confidentiality Agreement and the Exhibits and disclosure schedules and the other agreements and instruments of the parties hereto delivered in connection herewith constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof.

(b) This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, other than Section 6.7 (which is intended to be for the benefit of the Persons covered thereby) and Sections 3.4 and 3.5 (which are intended to be for the benefit of the holders of Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards and Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards).

9.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles thereof).

9.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

9.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other parties hereto, and any attempt to make any such assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

9.9 Submission to Jurisdiction; Waivers. Each of Phillips and Conoco irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by the other party hereto or its successors or assigns may be brought and determined in the Chancery or other Courts of the State of Delaware, and each of Phillips and Conoco hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts and to accept service of process in any manner permitted by such courts. Each of Phillips and Conoco hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), (c) to the fullest extent permitted by applicable law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts and (d) any right to a trial by jury.

9.10 Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties hereto shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, Phillips Petroleum Company, CorvettePorsche Corp., Porsche Merger Corp., Corvette Merger Corp. and Conoco Inc. have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

PHILLIPS PETROLEUM COMPANY

By: /s/ J.J. MULVA

Name: J. J. Mulva
Title: Chairman and Chief Executive Officer

CORVETTEPORSCHE CORP.

By: /s/ RICK A. HARRINGTON

Name: Rick A. Harrington
Title: Chairman

PORSCHE MERGER CORP.

By: /s/ J. BRYAN WHITWORTH

Name: J. Bryan Whitworth
Title: Chairman

CORVETTE MERGER CORP.

By: /s/ RICK A. HARRINGTON

Name: Rick A. Harrington
Title: Chairman

CONOCO INC.

By: /s/ ARCHIE W. DUNHAM

Name: Archie W. Dunham
Title: Chairman, President and Chief Executive Officer

FORM OF

RESTATED CERTIFICATE OF INCORPORATION

OF

NEW PARENT

FIRST: The name of the Corporation is ConocoPhillips (hereinafter the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "DGCL").

FOURTH: A. Authorized Shares. The total number of shares of stock that the Corporation shall have authority to issue is 3,000,000,000 (three billion) of which (i) 2,500,000,000 (two billion, five hundred million) shares shall be shares of Common Stock, par value $.01 per share (the "Common Stock"), and (ii) 500,000,000 (five hundred million) shares shall be shares of Preferred Stock, par value $.01 per share (the "Preferred Stock"). The number of authorized shares of any of the Preferred Stock or the Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Preferred Stock or the Common Stock voting separately as a class shall be required therefor.

B. Preferred Stock. The Board of Directors is hereby expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, and the voting powers, preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The voting powers, preferences and relative, participating, optional and other special rights, if any, of each series of Preferred Stock, and any qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

C. Common Stock.

(1) Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Restated Certificate of Incorporation ("Certificate of Incorporation"), holders of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock of any corporation or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in all such dividends and other distributions.

(2)(a) At every meeting of the stockholders of the Corporation every holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his or her name on the transfer books of the Corporation in connection with the election of directors and all other matters submitted to a vote of stockholders; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series,

to vote thereon pursuant to this Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) or pursuant to the DGCL.

(b) The affirmative vote of shares representing not less than 80% of the votes entitled to be cast by the Voting Stock shall be required to alter, amend or adopt any provision inconsistent with or repeal Article FIFTH, Article SEVENTH or Article NINTH or any provision of this paragraph (C)(2)(b), and the affirmative vote of shares representing not less than 80% of the votes entitled to be cast by the Voting Stock, acting on the unanimous recommendation of the entire Board of Directors, shall be required to alter, amend or adopt any provision inconsistent with or repeal Article FIRST. "Voting Stock" shall mean the then outstanding shares of capital stock entitled to vote generally on the election of directors and shall exclude any class or series of capital stock only entitled to vote in the event of dividend arrearages thereon, whether or not at the time of determination there are any such dividend arrearages.

(c) Every reference in this Certificate of Incorporation to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Voting Stock shall refer to such majority or other proportion of the votes to which such shares of Voting Stock are entitled.

(d) At any meeting of stockholders, the presence in person or by proxy of the holders of shares of capital stock entitled to cast a majority of all the votes which could be cast at such meeting by the holders of all of the outstanding shares of capital stock of the Corporation entitled to vote at such meeting shall constitute a quorum.

(3) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Common Stock. For purposes of this paragraph (C)(3), the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other corporations or other entities (whether or not the Corporation is the corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

(4)(a) All rights to vote and all voting power (including, without limitation thereto, the right to elect directors) shall be vested exclusively in the holders of Common Stock, except as otherwise expressly provided in this Certificate of Incorporation, in a Certificate of Designation with respect to any Preferred Stock or as otherwise expressly required by applicable law.

(b) No stockholder shall be entitled to exercise any right of cumulative voting.

FIFTH: A. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors. The total number of directors constituting the entire Board shall be not less than six nor more than twenty as determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected and until his successor shall be elected and shall qualify, subject however, to prior death, resignation or removal from office. Notwithstanding the immediately preceding sentence: the Class I directors in office immediately following the Merger Effective Time shall have an initial term ending on the date of the first annual meeting held after the date on which the mergers provided for in the Agreement and Plan of Merger dated as of November 18, 2001, by and among Phillips Petroleum Company, the Corporation, Porsche Merger Corp., Corvette Merger Corp. and Conoco Inc. became effective (the "Merger Effective Time"); the Class II directors in office immediately following the Merger Effective Time shall have an initial term ending on the date of the second annual meeting held after the Merger Effective Time; and the Class III directors in office immediately following the Merger Effective Time shall have an initial term ending on the date of the third annual meeting held after the Merger

Effective Time. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting at which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation or removal from office. Unless otherwise required by law, any vacancy on the Board of Directors may be filled only by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, or by stockholders if such vacancy was caused by the action of stockholders (in which event such vacancy may not be filled by the directors or a majority thereof).

Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

Notwithstanding the foregoing, whenever the holders of outstanding shares of one or more series of Preferred Stock are entitled to elect a director or directors of the Corporation separately as a series or together with one or more other series pursuant to a resolution of the Board of Directors providing for the establishment of such series, such director or directors shall not be classified pursuant to or be subject to the foregoing provisions of this Article FIFTH, and the election, term of office, removal and filling of vacancies in respect of such director or directors shall be governed by the resolution of the Board of Directors so providing for the establishment of such series and by applicable law.

B. Any director or the entire Board of Directors may only be removed for cause, such removal to be by the affirmative vote of the shares representing at least a majority of the votes entitled to be cast by the Voting Stock. Unless the Board of Directors has made a determination that removal is in the best interests of the Corporation (in which case the following definition shall not apply), "cause" for removal of a director shall be deemed to exist only if (i) the director whose removal is proposed has been convicted, or when a director is granted immunity to testify when another has been convicted, of a felony by a court of competent jurisdiction and such conviction is no longer subject to direct appeal; (ii) such director has been found by the affirmative vote of a majority of the Directors then in office at any regular or special meeting of the Board of Directors called for that purpose, or by a court of competent jurisdiction to have been guilty of willful misconduct in the performance of his duties to the Corporation in a matter of substantial importance to the Corporation; or (iii) such director has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetency directly affects his ability as a director of the Corporation. Notwithstanding the foregoing, whenever holders of outstanding shares of one or more series of Preferred Stock are entitled to elect directors of the Corporation pursuant to the provisions applicable in the case of arrearages in the payment of dividends or other defaults contained in the resolution or resolutions of the Board of Directors providing for the establishment of any such series, any such director of the Corporation so elected may be removed in accordance with the provisions of such resolution or resolutions.

C. There shall be no limitation on the qualification of any person to be a director or on the ability of any director to vote on any matter brought before the Board or any Board committee, except (i) as required by applicable law, (ii) as set forth in this Certificate of Incorporation or (iii) any By-Law adopted by the Board of Directors with respect to the eligibility for election as a director upon reaching a specified age or, in the case of employee directors, with respect to the qualification for continuing service of directors upon ceasing employment from the Corporation.

D. Except as (i) required by applicable law or (ii) set forth in this Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

E. The following provisions are inserted for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The By-Laws of the Corporation may be adopted, altered, amended or repealed (i) by the affirmative vote of the shares representing a majority of the votes entitled to be cast by the Voting Stock; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any By-Law inconsistent with, Section 3, 7, 10 or 11 of Article II of the By-Laws or Section 1, 2 or 11 of Article III of the By-Laws or Section 4, 5 or 12 of Article IV of the By-Laws (in each case, as in effect on the date hereof), or the alteration, amendment or the repeal of, or the adoption of any provision inconsistent with this sentence, by the stockholders shall require the affirmative vote of shares representing not less than 80% of the votes entitled to be cast by the Voting Stock; and provided, further, however, that in the case of any such stockholder action at a special meeting of stockholders, notice of the proposed alteration, amendment, repeal or adoption of the new By-Law or By-Laws must be contained in the notice of such special meeting, or (ii) by action of the Board of Directors of the Corporation except as otherwise specified in Section 12 of Article IV of the By-Laws.

(2) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SIXTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

SEVENTH: Any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of such holders and may not be effected by a consent in writing by such holders in lieu of such a meeting. Except as otherwise required by law, special meetings of stockholders of the Corporation for any purpose or purposes may be called only by the Board of Directors pursuant to a resolution stating the purpose or purposes thereof or by the Chairman of the Board of Directors of the Corporation and any power of stockholders to call a special meeting is specifically denied. No business other than that stated in the notice of such meeting shall be transacted at any special meeting.

EIGHTH: A. Subject to Section 253 of the DGCL, in addition to any affirmative vote that may be required by law, this Certificate of Incorporation or the By-Laws of the Corporation, and except as otherwise expressly provided in paragraph (B) of this Article EIGHTH:

(i) any merger or consolidation of the Corporation or any subsidiary of the Corporation with or into (A) any Related Person or (B) any Person that is an Affiliate of a Related Person; or

(ii) any sale, lease, exchange, transfer or other disposition by the Corporation to any Related Person or any Affiliate of any Related Person of all or substantially all of the assets of the Corporation; or

(iii) Any reclassification of securities (including any reverse stock split) or recapitalization of the Corporation for which the approval of shareholders of the Corporation is otherwise required, or any merger, consolidation or share exchange of the Corporation with any of its subsidiaries for which the approval of shareholders of the Corporation is otherwise required, which has the effect, either directly or indirectly, of increasing by more than 1% the proportionate share of the Common Stock or Voting Stock Beneficially Owned by any Related Person or any Affiliate of any Related Person; or

(iv) any dissolution of the Corporation voluntarily caused or proposed by or on behalf of a Related Person or any Affiliate of any Related Person, shall require the affirmative vote of shares

representing (x) not less than 80% of the votes entitled to be cast by the Voting Stock and (y) not less than 66 2/3% of the votes entitled to be cast by the Voting Stock not Beneficially Owned, directly or indirectly, by any Related Person, with respect to such Business Combination. Such affirmative vote shall be required, notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law, elsewhere in this Certificate of Incorporation, in the By-Laws of the Corporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of paragraph (A) shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law, the By-Laws of the Corporation and any other provision of the Certificate of Incorporation, if all of the conditions specified in either of the following paragraphs (B)(i) and (B)(ii) are met:

(i) the cash, property, securities or other consideration to be received per share by each holder of any outstanding class or series of Voting Stock in the Business Combination is, with respect to each such class or series, either (A) the same in form and amount per share as the highest consideration paid by the Related Person in a tender or exchange offer in which such Related Person acquired at least 50% of the outstanding stock of such class or series of Voting Stock and which was consummated not more than one year prior to the date of such Business Combination, or if earlier, the entering into of a definitive agreement providing therefor or (B) not less in amount (as to cash) or Fair Market Value (as to consideration other than cash) as of the date of the determination of the Highest Per Share Price (as to property, securities or other consideration) than the Highest Per Share Price applicable to such class or series of shares of Voting Stock; provided that, in the event of any Business Combination in which the Corporation survives, any shares retained by the holders thereof shall constitute consideration other than cash for purposes of this paragraph (B)(i); or

(ii) a majority of the Continuing Directors shall have expressly approved such Business Combination either in advance of or subsequent to such Related Person's having become a Related Person.

In the case of any Business Combination with a Related Person to which paragraph (B)(ii) above does not apply, a majority of the Continuing Directors, promptly following the request of a Related Person, shall determine the Highest Per Share Price for each class or series of stock of the Corporation. Such determination shall be announced not less than five days prior to the meeting at which holders of shares vote on the Business Combination. Such determination shall be final, unless the Related Person becomes the Beneficial Owner of additional shares of Common Stock after the date of the earlier determination, in which case the Continuing Directors shall make a new determination as to the Highest Per Share Price for each class or series of shares prior to the consummation of the Business Combination.

A Related Person shall be deemed to have acquired a share at the time that such Related Person became the Beneficial Owner thereof. With respect to shares owned by Affiliates, Associates and other Persons whose ownership is attributable to a Related Person, if the price paid by such Related Person for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (i) the price paid upon the acquisition thereof by the Affiliate, Associate or other Person or (ii) the Share Price of the shares in question at the time when the Related Person became the Beneficial Owner thereof.

C. For purposes of this Article EIGHTH and notwithstanding anything to the contrary set forth in this Certificate of Incorporation:

(i) The term "Affiliate," used to indicate a relationship to a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

(ii) The term "Associate," used to indicate a relationship with a specified Person, shall mean (A) any corporation, partnership, limited liability company, association, joint venture or other organization (other than the Corporation or any wholly owned subsidiary of the Corporation) of which such specified Person is an officer or partner or is, directly or indirectly, the Beneficial Owner of 10%

or more of any class of equity securities; (B) any trust or other estate in which such specified Person has a beneficial interest of 10% or more or as to which such specified Person serves as trustee or in a similar fiduciary capacity; (C) any Person who is a director or officer of such specified Person or any of its parents or subsidiaries (other than the Corporation or any wholly owned subsidiary of the Corporation); and (D) any relative or spouse of such specified Person or of any of its Associates, or any relative of any such spouse, who has the same home as such specified Person or such Associate.

(iii) A Person shall be a "Beneficial Owner" of any stock (A) which such Person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or (B) which such Person or any of its Affiliates or Associates has, directly or indirectly, (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (2) the right to vote pursuant to any agreement, arrangement or understanding; or (C) which is beneficially owned, directly or indirectly, by any other Person, with which such Person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of such stock; or (D) of which such Person would be the Beneficial Owner pursuant to the terms of Rule 13d-3 of the Exchange Act, as in effect on September 30, 1998. Stock shall be deemed "Beneficially Owned" by the Beneficial Owner or Owners thereof.

(iv) The term "Business Combination" shall mean any transaction which is referred to in any one or more of clauses (i) through (iv) of paragraph (A) of this Article EIGHTH.

(v) The term "Continuing Director" shall mean, with respect to a Business Combination with a Related Person, any director of the Corporation who is unaffiliated with the Related Person and was a director prior to the time that the Related Person became a Related Person, and any successor of a Continuing Director who is unaffiliated with the Related Person and is recommended or nominated to succeed a Continuing Director by a majority of the Continuing Directors. Without limiting the generality of the foregoing, a director shall be deemed to be affiliated with a Related Person if such director (A) is an officer, director, employee or general partner of such Related Person; (B) is an Affiliate or Associate of such Related Person; (C) is a relative or spouse of such Related Person or of any such officer, director, general partner, Affiliate or Associate; (D) performs services, or is a member, employee, greater than 5% stockholder or other equity owner of any organization (other than the Corporation and its subsidiaries) which performs services for such Related Person or any Affiliate of such Related Person, or is a relative or spouse of any such Person; or (E) was nominated for election as a director by such Related Person.

(vi) The term "Fair Market Value" shall mean, in the case of securities, the average of the closing sales prices during the 30-day period immediately preceding the date in question of such security on the principal United States securities exchange registered under the Exchange Act on which such security is listed (or the composite tape therefor) or, if such securities are not listed on any such exchange, the average of the last reported sales price (if so reported) or the closing bid quotations with respect to such security during the 30-day period preceding the date in question on the New York Stock Exchange or, if no such quotations are available, the fair market value on the date in question of such security as determined in good faith by a majority of the Continuing Directors; and in the case of property other than cash or securities, the fair market value of such property on the date in question as determined in good faith by a majority of the Continuing Directors.

(vii) The term "Highest Per Share Price" shall mean, with respect to a Related Person, the highest price that can be determined to have been paid or agreed to be paid for any share or shares of any class or series of Voting Stock by such Related Person in a transaction that either (1) resulted in such Related Person's Beneficially Owning 15% or more of such class or series of Voting Stock outstanding or (2) was effected at a time when such Related Person Beneficially Owned 15% or more of such class or series of Voting Stock outstanding, in either case occurring not more than one year

prior to the date of the Business Combination. In determining the Highest Per Share Price, appropriate adjustment will be made to take into account (w) distributions paid or payable in stock, (x) subdivisions of outstanding stock, (y) combinations of shares of stock into a smaller number of shares and (z) similar events.

(viii) The term "Person" shall mean any individual, corporation, limited liability company, association, partnership, joint venture, trust, estate or other entity or organization.

(ix) The term "Related Person" shall mean any Person (other than the Corporation or any subsidiary of the Corporation and other than any profit sharing, employee ownership or other employee benefit plan of the Corporation or any subsidiary of the corporation or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which (A) is the Beneficial Owner of 15% or more of any class or series of Voting Stock outstanding; or (B) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the Beneficial Owner of 15% or more of any class or series of Voting Stock outstanding. For the purposes of determining whether a Person is a Related Person, the number of shares of any class or series deemed to be outstanding shall include shares of such class or series of which the Person is deemed the Beneficial Owner, but shall not include any other shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, otherwise.

D. Nothing contained in this Article EIGHTH shall be construed to relieve any Related Person from any fiduciary obligation imposed by law.

E. Notwithstanding any other provision of this Certificate of Incorporation (and notwithstanding that a lesser percentage may be specified by law), the affirmative vote of shares representing (x) not less than 80% of the votes entitled to be cast by the Voting Stock voting together as a single class and (y) not less than 66 2/3% of the votes entitled to be cast by the Voting Stock not Beneficially Owned, directly or indirectly, by any Related Person shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article EIGHTH.

NINTH: To the fullest extent that the DGCL or any other law of the State of Delaware as it exists or as it may hereafter be amended permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article NINTH shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

FORM OF

BY-LAWS

OF

NEW PARENT
(HEREINAFTER CALLED THE "CORPORATION")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors. Subject to applicable law, the Board of Directors may elect to postpone any previously scheduled meeting of stockholders.

Section 2. Annual Meetings. The annual meetings of stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the annual meeting of stockholders.

Section 3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (including any certificates of designation with respect to any Preferred Stock, the "Certificate of Incorporation"), special meetings of stockholders, for any purpose or purposes, may only be called by the Board of Directors pursuant to a resolution stating the purpose or purposes thereof or by the Chairman, if there be one, and any power of stockholders to call a special meeting is specifically denied. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. Only such business shall be conducted at a special meeting as shall be specified in the notice of meeting (or any supplement thereto).

Section 4. Adjournments. Any meeting of the stockholders may be adjourned by the chairman of the meeting or by the stockholders or their proxies in attendance, from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. Quorum. Unless otherwise required by law or the Certificate of Incorporation, the presence in person or by proxy of the holders of shares of capital stock entitled to cast a majority of the votes which could be cast at such meeting by the holders of all the outstanding shares of capital stock entitled to vote at such meeting shall constitute a quorum at all meetings of the stockholders for the

transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 4, until a quorum shall be present or represented.

Section 6. Voting. Unless otherwise provided by law, the Certificate of Incorporation or these By-Laws or any rule or regulation of any stock exchange or regulatory body applicable to the Corporation, any question brought before any meeting of stockholders, other than the election of directors, shall be decided by the affirmative vote of the holders of a majority of the votes of shares of capital stock present in person or represented by proxy at the meeting and entitled to vote on the question, voting as a single class. Every reference in these By-Laws to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of capital stock shall refer to such majority or other proportion of the votes to which such shares of capital stock are entitled as provided in the Certificate of Incorporation. Votes of stockholders entitled to vote at a meeting of stockholders may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 7. No Action by Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of such holders and may not be effected by a consent in writing by such holders in lieu of such a meeting.

Section 8. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting, as required by applicable law. Subject to applicable law, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 9. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 8 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 10. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation of the Corporation with respect to the right of holders of Preferred Stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 10 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 10.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting

of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of (i) ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders and (ii) the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 10. If the chairman of the annual meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 11. Business at Annual Meetings. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 11 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 11.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of (i) ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders and (ii) the close of business on the tenth

(10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 11; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 11 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 12. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of the meetings of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; (vi) limitations on the time allotted to questions or comments by participants; and (vii) policies and procedures with respect to the adjournment of such meeting.

ARTICLE III

DIRECTORS

Section 1. Number, Classification and Qualification of Directors. (a) The Board of Directors shall consist initially of 16 members with the exact number of directors to be determined from time to time by the Board of Directors. The directors shall be divided into three (3) classes, designated Class I, Class II and Class III, as provided in the Certificate of Incorporation. Any director may resign at any time upon written notice to the Corporation. Directors need not be stockholders. Subject to applicable law, any person shall be eligible for election as a director; provided that (i) in the case of a director who is also an employee of the Corporation, subject to Section 12 of Article IV and the employment agreements referred to therein, any person (A) who shall have attained the age of 65 shall be ineligible for election or appointment as a director and (B) who ceases to be an employee of the Corporation shall be disqualified from continued service as a director and such person's term of office as a director shall automatically terminate and (ii) otherwise, any person who shall have attained the age of 70 shall be ineligible for election or appointment as a director.

(b) There shall be no limitation on the qualification of any person to be a director or on the ability of any director to vote on any matter brought before the Board or any Board committee, except (i) as required by applicable law, (ii) as set forth in the Certificate of Incorporation or (iii) as set forth in the foregoing Section 1(a) of this Article III or (iv) in any By-Law adopted by the Board of Directors with respect to the eligibility for election as a director upon reaching a specified age or, in the case of employee directors, with respect to the qualification for continuing service of directors upon cessation of employment with the Corporation.

Section 2. Vacancies. Unless otherwise required by law or the Certificate of Incorporation, vacancies arising through death, resignation, removal, an increase in the number of directors or otherwise may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, or by the stockholders if such vacancy resulted from the action of stockholders (in which event such vacancy may not be filled by the directors or a majority thereof), and the directors so chosen shall hold office until the next election for such class and until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or by any director. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the time of the meeting, by telephone, telegram, facsimile transmission or other electronic transmission not less than twenty-four (24) hours before the time of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Quorum. Except as otherwise required by law or the Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 6. Actions by Written Consent of the Board. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions as are filed with the minutes of proceedings of the Board of Directors or committee.

Section 7. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 7 shall constitute presence in person at such meeting.

Section 8. Standing Committees. (a) The Board of Directors, by resolution adopted by a majority of the entire Board, shall appoint from among its members (i) an Executive Committee, (ii) an Audit and Compliance Committee, (iii) a Compensation Committee, (iv) a Committee on Directors' Affairs and

(v) a Public Policy Committee (together, the "Standing Committees") each consisting of three (3) (or such greater number as the Board of Directors may designate) directors, to perform the functions traditionally performed by such Board committees.

(b) The Executive Committee shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it, in each case, to the fullest extent permitted by applicable law.

(c) The Committee on Directors' Affairs shall meet at the discretion of the Committee Chairman and have the following powers and duties: (i) evaluating and recommending director candidates to the Board of Directors, (ii) recommending committee assignments to the Board of Directors, (iii) assessing the performance of the Board of Directors, (iv) recommending director compensation and benefits policy for the Corporation, and (v) periodically reviewing the Corporation's corporate governance profile. Only persons recommended by the Committee on Directors' Affairs shall be eligible for nomination by the Board of Directors for election as directors or to fill a vacancy, but if the Board of Directors does not approve of one or more of the persons recommended by the Committee on Directors' Affairs, the Committee shall submit a recommendation of other persons by the date specified by the Board of Directors.

Section 9. Committees. The Board of Directors may designate one or more other committees (in addition to the Standing Committees), each such other committee to consist of one or more of the directors of the Corporation. With respect to all Board committees, the Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. With respect to all Board committees, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any Board committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each Board committee shall keep regular minutes and report to the Board of Directors when required.

Section 10. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and shall receive such compensation for their services as directors as shall be determined by the Board of Directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of Board committees may be allowed like compensation for attending committee meetings.

Section 11. Removal. A director may only be removed for cause, such removal to be by the affirmative vote of the shares representing a majority of the votes entitled to be cast by the Voting Stock. For purposes of these By-Laws, Voting Stock shall mean the then outstanding shares of capital stock entitled to vote generally in the election of directors and shall exclude any class or series of capital stock only entitled to vote in the event of dividend arrearages thereon, whether or not at the time of determination there are any dividend arrearages. Unless the Board of Directors has made a determination that removal is in the best interests of the Corporation (in which case the following definition shall not apply), "cause" for removal of a director shall be deemed to exist only if (i) the director whose removal is proposed has been convicted, or when a director is granted immunity to testify when another has been convicted, of a felony by a court of competent jurisdiction and such conviction is no longer subject to direct appeal; (ii) such director has been found by the affirmative vote of a majority of the directors then in office at any regular or special meeting of the Board of Directors called for that purpose, or by a court of competent jurisdiction to have been guilty of willful misconduct in the performance of his duties to the Corporation in a matter of substantial importance to the Corporation; or (iii) such director has been

adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetency directly affects his ability as a director of the Corporation. Notwithstanding the foregoing, whenever holders of outstanding shares of one or more series of Preferred Stock are entitled to elect directors of the Corporation pursuant to the provisions applicable in the case of arrearages in the payment of dividends or other defaults contained in the resolution or resolutions of the Board of Directors providing for the establishment of any such series, any such director of the Corporation so elected may be removed in accordance with the provisions of such resolution or resolutions.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer; President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chairman of the Board (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers; provided that for so long as the Employment Agreements are in effect, the Board of Directors, subject to their fiduciary duties, shall elect the Chairman of the Board as specified therein. Any number of offices may be held by the same person, unless otherwise prohibited by law or the Certificate of Incorporation. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors, at its first meeting held after each annual meeting of stockholders, shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier death, resignation or removal. Subject to Section 12 of this Article IV, any officer elected by the Board of Directors may be removed at any time by the affirmative vote of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at meetings of the Board and of the Corporation's stockholders. The Chairman shall work with the Chief Executive Officer on external stakeholder relations (community, state, federal and foreign governments), business development (growth) initiatives, and the creation of an outstanding and cohesive Board of Directors; and shall have such other executive responsibilities as the Chairman and the Chief Executive Officer may agree. The Chairman and the Chief Executive Officer shall jointly recommend to the Board of Directors the long-range strategic plan for the Corporation, major acquisitions and divestitures, and major changes to the Corporation's capital structure. With respect to all other matters, the Chief Executive Officer shall, in consultation with the Chairman, arrange the agenda for meetings of the Board, and shall report to the Board and arrange for other executives and advisors to report to the Board.

Section 5. Chief Executive Officer; President. The Chief Executive Officer shall have general responsibility for the management of the Corporation as provided in these By-laws, reporting directly to the Board of Directors. The Chief Executive Officer shall have all the customary duties and responsibilities of such office, and all of the Corporation's executive officers shall report directly to him or indirectly to him through another such executive officer who reports to him. The Chief Executive Officer shall also be the President. While Archie Dunham is serving as Chairman of the Board, the Chief Executive Officer shall work with the Chairman on external stakeholder relations (community, state, federal and foreign governments), business development (growth) initiatives, and the creation of an outstanding and cohesive Board of Directors. Furthermore, while Archie Dunham is Chairman of the Board, the Chief Executive Officer and the Chairman shall jointly recommend to the Board of Directors the long-range strategic plan for the Corporation, major acquisitions and divestitures, and major changes to the Corporation's capital structure. With respect to all other matters, the Chief Executive Officer shall, in consultation with the Chairman, arrange the agenda for meetings of the Board, and shall report to the Board and arrange for other executives and advisors to report to the Board.

Section 6. Vice Presidents. At the request of the Chief Executive Officer or in the Chief Executive Officer's absence or in the event of the Chief Executive Officer's inability or refusal to act (and if there be no Chairman of the Board), the Vice President, or the Vice Presidents if there is more than one (in the order designated by the Board of Directors), shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the Chief Executive Officer or in the event of the inability or refusal of the Chief Executive Officer to act, shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board or the Chief Executive Officer, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to

the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

Section 12. Succession Arrangements.

(a) Notwithstanding any other provision of these By-Laws, the election of individuals to the positions of Chairman of the Board and Chief Executive Officer shall be as specifically provided for in the Employment Agreements between the Corporation and Archie Dunham and James J. Mulva, dated as of November 18, 2001 (the "Employment Agreements"), and (1) the election of any other individual to such positions, or (2) the removal or replacement of Archie Dunham or James J. Mulva from one or more of those positions, shall require a two-thirds vote of the entire Board of Directors.

(b) Any amendment to, modification or termination by the Company of, either of the Employment Agreements by the Corporation and any amendment, alteration or repeal of, or the adoption of any provision inconsistent with, Section 4, 5 or 12 of this Article IV by the Board of Directors, shall require a two-thirds vote of the entire Board of Directors.

(c) This Section 12 will terminate at the earlier of (1) the first date on which neither Archie Dunham nor James J. Mulva remains employed under the relevant Employment Agreement and (2) the later of (A) the second anniversary of the closing date of the merger contemplated by the Agreement and Plan of Merger dated as of November 18, 2001, by and among Phillips Petroleum Company, CorvettePorsche Corp., Porsche Merger Corp., Corvette Merger Corp. and Conoco Inc. and (B) October 1, 2004.

ARTICLE V

STOCK

Section 1. Uncertificated and Certificated Shares; Form of Certificates. Effective at such time as the President or any Vice President or the Treasurer of the Corporation, if so authorized by resolution of the Board of Directors, designates in writing to the Corporate Secretary and any transfer agents of the Corporation with respect to any class of stock of the Corporation, the shares of such class shall be uncertificated shares, provided that the foregoing shall not apply to shares represented by a certificate until

such certificate is surrendered to the Corporation, and provided further that upon request every holder of uncertificated shares shall be entitled, to the extent provided in Section 158 of the Delaware General Corporation Law, to have a certificate signed, in the name of the Corporation by the Chairman of the Board of Directors, President or a Vice President and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or the owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named as the holder thereof on the stock records of the Corporation by such person's attorney lawfully constituted in writing, and in the case of shares represented by a certificate upon the surrender of the certificate therefor, which shall be canceled before a new certificate shall be issued. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred. To the extent designated by the President or any Vice President or the Treasurer of the Corporation, the Corporation may recognize the transfer of fractional uncertificated shares, but shall not otherwise be required to recognize the transfer of fractional shares.

Section 5. Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice may also be given personally, or by telegram, telex, cable or electronic transmission to the extent permitted by applicable law.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice or by electronic transmission, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the Delaware General Corporation Law and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 6 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on good faith reliance on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the Delaware General Corporation Law, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, and new By-Laws may be adopted (i) by the affirmative vote of the shares representing a majority of the votes entitled to be cast by the Voting Stock; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any By-Law inconsistent with, Section 3, 7, 10 or 11 of Article II of these By-Laws or Section 1, 2 or 11 of Article III of these By-Laws or Section 4, 5 or 12 of Article IV of these By-Laws or this sentence, by the stockholders shall require the affirmative vote of shares representing not less than 80% of the votes entitled to be cast by the Voting Stock; and provided further, however, that in the case of any such stockholder action at a meeting of stockholders, notice of the proposed alteration, amendment, repeal or adoption of the new By-Law or By-Laws must be contained in the notice of such meeting, or (ii) by action of the Board of Directors of the Corporation. The provisions of this Section 1 are subject to any contrary provisions and any provisions requiring a greater vote that are set forth in the Certificate of Incorporation and in Section 12 of Article IV of these By-Laws.

Section 2. Entire Board of Directors. As used in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

[MORGAN STANLEY LETTERHEAD]

ANNEX D
NOVEMBER 18, 2001

Board of Directors
Conoco Inc.
600 North Dairy Ashford Road
Houston, TX 77079

Members of the Board:

We understand that Phillips Company ("Phillips"), Conoco Inc. ("Conoco"), ConocoPhillips Corp., a Delaware corporation ("New Parent"), Phillips Merger Corp., a direct wholly owned subsidiary of New Parent ("Merger Sub One"), and Conoco Merger Corp., a direct wholly owned subsidiary of New Parent ("Merger Sub Two"), propose to enter into an Agreement and Plan of Merger, substantially in the form of the draft dated November 16, 2001 (the "Merger Agreement"), which provides, among other things, for the merger of Merger Sub One with and into Phillips (the "Phillips Merger") and the merger of Merger Sub Two with and into Conoco (the "Conoco Merger", and together with the Phillips Merger, the "Mergers"). Pursuant to the Mergers, Phillips and Conoco will become wholly owned subsidiaries of New Parent. We understand that pursuant to the Phillips Merger, each issued and outstanding share of common stock, par value $1.25 per share, of Phillips ("Phillips Common Stock"), other than shares of Phillips Common Stock owned by Phillips, New Parent, Merger Sub One or Merger Sub Two, will be converted into the right to receive one fully paid and nonassessable share of common stock, par value $.01 per share, of New Parent ("New Parent Common Stock"), and that pursuant to the Conoco Merger, each issued and outstanding share of common stock, par value $.01 per share, of Conoco ("Conoco Common Stock"), other than shares of Conoco Common Stock owned by Conoco, New Parent, Merger Sub One or Merger Sub Two, will be converted into the right to receive 0.4677 (the "Exchange Ratio") fully paid and nonassessable shares of New Parent Common Stock. The terms and conditions of the Mergers are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Exchange Ratio is fair from a financial point of view to holders of the Conoco Common Stock.

For purposes of the opinion set forth herein, we have:

(i) reviewed certain publicly available financial statements and other business and financial information of Porsche and Conoco, respectively;

(ii) reviewed certain internal financial statements and other financial and operating data concerning Porsche and Conoco prepared by the respective managements of Phillips and Conoco;

(iii) reviewed certain financial forecasts prepared by the respective managements of Phillips and Conoco;

(iv) discussed with senior executives of Phillips and Conoco certain strategic, financial and operational benefits they expect to derive from the Mergers;

(v) discussed the past and current operations and financial condition and the prospects of Phillips and Conoco with senior executives of Phillips and Conoco;

(vi) reviewed the pro forma impact of the Mergers on, among other things, Conoco's earnings per share, cash flow, consolidated capitalization and financial ratios;

(vii) reviewed and considered in the analysis, information prepared by the members of the respective senior managements of Phillips and Conoco relating to the relative contributions of Phillips and Conoco to the combined company.

(viii) reviewed the reported prices and trading activity for the Phillips Common Stock and the Conoco Common Stock;

(ix) compared the prices and trading activity of the Phillips Common Stock and the Conoco Common Stock with that of the securities of certain other publicly-traded companies comparable with Phillips and Conoco;

(x) reviewed the financial terms, to the extent publicly available, of certain comparable merger transactions;

(xi) participated in certain discussions and negotiations among representatives of Phillips and Conoco and their financial and legal advisors;

(xii) reviewed the Merger Agreement and certain related documents; and

(xiii) performed such other analyses and considered such other factors as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information supplied or otherwise made available to us by Phillips and Conoco for the purposes of this opinion. With respect to the financial forecasts that we received from the respective managements of Phillips and Conoco, as well as information relating to certain strategic, financial and operational benefits anticipated from the Mergers, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Phillips and Conoco, and New Parent, respectively. In addition, we have assumed that the Mergers will be consummated in accordance with the terms set forth in the Merger Agreement without material modification or waiver, including, among other things, that the Mergers will be treated as tax-free reorganizations and/or exchanges, each pursuant to the Internal Revenue Code of 1986. We have not made any independent valuation or appraisal of the assets or liabilities of Phillips and Conoco, nor have we been furnished with any such appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, and the financial condition of Phillips and Conoco on, the date hereof.

In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to a business combination or other extraordinary transaction, involving Conoco, nor did we negotiate with any party, other than Phillips in connection with such a business combination or other extraordinary transaction.

We have acted as financial advisor to the Board of Directors of Conoco in connection with this transaction and will receive a fee for our services, including a transaction fee, which is contingent upon the consummation of the Mergers. In the past, Morgan Stanley & Co. Incorporated and its affiliates have provided financial advisory and financing services for Phillips and Conoco and have received fees for the rendering of these services. In addition, Morgan Stanley maintains commodity trading relationships with both Phillips and Conoco.

It is understood that this letter is for the information of the Board of Directors of Conoco and may not be used for any other purpose without our prior written consent. In addition, this opinion does not in any manner address the merits of the underlying decision by Conoco to engage in the Mergers or the prices at which the New Parent Common Stock will trade following consummation of the Mergers, and Morgan Stanley expresses no opinion or recommendation as to how the stockholders of Conoco should vote at the stockholders' meeting held in connection with the Mergers.

Based upon and subject to the foregoing, we are of the opinion on the date hereof that the Exchange Ratio is fair from a financial point of view to holders of the Conoco Common Stock.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By: /s/ MICHAEL DICKMAN

Michael Dickman
Managing Director

[SALOMON SMITH BARNEY LETTERHEAD]

ANNEX E

November 18, 2001

The Board of Directors
Conoco Inc.
600 North Dairy Ashford Road
Houston, Texas 77079

Ladies and Gentlemen:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of shares of common stock, par value $.01 per share of Conoco Inc. (the "Company") (the "Company Common Stock") of the Exchange Ratio (as defined below) in connection with the proposed Company Merger (as defined below) contemplated by the Agreement and Plan of Merger (including the Exhibits thereto, the "Agreement") to be entered into by and among the Company, Phillips Petroleum Company ("Phillips"), CorvettePorsche Corp., a newly formed corporation equally owned by Phillips and the Company ("New Parent"), Porsche Merger Corp., a direct wholly owned subsidiary of New Parent ("Merger Sub One") and Corvette Merger Corp., a direct wholly owned subsidiary of New Parent ("Merger Sub Two").

As more specifically set forth in the Agreement, and subject to the terms and conditions thereof, Merger Sub One will merge with and into Phillips with Phillips continuing as the surviving corporation (the "Phillips Merger") and Merger Sub Two will merge with and into the Company with the Company continuing as the surviving corporation (the "Company Merger" and together with the Phillips Merger the "Mergers") and upon consummation of the Mergers each of Phillips and the Company will become wholly owned subsidiaries of New Parent. In the Phillips Merger, each outstanding share of common stock, par value $1.25 per share of Phillips ("Phillips Common Stock") (other than Phillips Common Stock held by Phillips as treasury stock or that is owned by New Parent, Phillips, Merger Sub One or Merger Sub Two) will be converted into the right to receive one share of common stock, par value $.01 per share of New Parent ("New Parent Common Stock"). In the Company Merger, each outstanding share of Company Common Stock (other than Company Common Stock held by the Company as treasury stock or that is owned by New Parent, the Company, Merger Sub One or Merger Sub Two) will be converted into the right to receive 0.4677 shares (the "Exchange Ratio") of New Parent Common Stock.

In arriving at our opinion, we reviewed a draft of the Agreement dated November 16, 2001 and held discussions with certain senior officers, directors and other representatives and advisors of the Company and certain senior officers and other representatives and advisors of Phillips concerning the businesses, operations and prospects of the Company, Phillips and New Parent. We examined certain publicly available business and financial information relating to the Company and Phillips as well as certain financial forecasts and other information and data for the Company, Phillips and New Parent which were provided to or otherwise discussed with us by the managements of the Company and Phillips, including information relating to certain strategic implications and operational and financial benefits anticipated to result from the Mergers. In addition to the foregoing, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion.

In rendering our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or furnished to or otherwise reviewed by or discussed with us and have further relied upon the assurances of managements of the Company and Phillips that they are not aware of any facts that would make any of such information inaccurate or misleading. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with us, we have been advised by the managements of the Company and Phillips that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of

the Company and Phillips as to the future financial performance of the Company, Phillips and New Parent and the strategic implications and operational and financial benefits anticipated to result from the Mergers. We express no view with respect to such forecasts and other information and data or the assumptions on which they were based. We have assumed, with your consent, that the Mergers will be treated as a tax-free reorganization for federal income tax purposes. We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, Phillips or New Parent nor have we made any physical inspection of the properties or assets of the Company, Phillips or New Parent. Representatives of the Company have advised us, and we have assumed, that the final terms of the Agreement will not vary materially from those set forth in the draft reviewed by us. We have further assumed that the Mergers will be consummated in accordance with the terms of the Agreement, without waiver of any of the material conditions precedent to the Mergers contained in the Agreement.

Our opinion, as set forth herein, relates to the relative values of the Company and Phillips. We are not expressing any opinion as to what the value of the New Parent Common Stock will be when issued in the Mergers or the price at which the New Parent Common Stock will trade or otherwise be transferable subsequent to the Mergers. We were not requested to consider, and our opinion does not address, the relative merits of the Company Merger as compared to any alternative business strategies that might exist for the Company or the effect of any other transaction in which the Company might engage. Our opinion necessarily is based upon information available to us and financial, stock market and other conditions and circumstances existing and disclosed to us as of the date hereof.

Salomon Smith Barney Inc. will receive a fee for its services in connection with the Mergers, all of which is contingent upon the consummation of the Mergers. We have in the past provided and are currently providing investment banking services to the Company and Phillips unrelated to the Mergers, for which services we have received and may receive compensation. In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of the Company and Phillips for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. Salomon Smith Barney Inc. and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with the Company, Phillips and New Parent and their respective affiliates.

Our advisory services and the opinion expressed herein are provided for the information of the Board of Directors of the Company in its evaluation of the Company Merger and our opinion is not intended to be and does not constitute a recommendation of the Company Merger to the Board of Directors, the Company or to anyone else or a recommendation to any stockholder as to how such stockholder should vote on any matters relating to the Company Merger.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to the holders of Company Common Stock.

Very truly yours,

SALOMON SMITH BARNEY INC.

[GOLDMAN SACHS LETTERHEAD]

ANNEX F

PERSONAL AND CONFIDENTIAL

November 18, 2001

Board of Directors
Phillips Petroleum Company
4th & Keeler
Bartlesville, OK 74004

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders of the outstanding Common Shares, par value $1.25 per share (the "Phillips Common Stock"), of Phillips Petroleum Company ("Phillips") of the Phillips Exchange Ratio (as defined below) relative to the Conoco Exchange Ratio (as defined below) pursuant to the Agreement and Plan of Merger, dated as of November 18, 2001 (the "Agreement"), by and among CorvettePorsche Corp. ("Parent"), Phillips, Conoco Inc. ("Conoco"), Porsche Merger Corp. ("Phillips Merger Sub") and Corvette Merger Corp. ("Conoco Merger Sub"). Pursuant to the Agreement, (i) Phillips Merger Sub will merge with and into Phillips and Phillips shall remain as the surviving corporation, (ii) Conoco Merger Sub will merge with and into Conoco and Conoco shall remain as the surviving corporation and (iii) Phillips and Conoco shall become wholly owned subsidiaries of Parent. The holder of each issued and outstanding share of Phillips Common Stock will be entitled to receive one share of Common Stock, par value $0.01 per share ("Parent Common Stock"), of Parent (the "Phillips Exchange Ratio"), and the holder of each issued and outstanding share of Common Stock, par value $0.01 per share (the "Conoco Common Stock"), of Conoco will be entitled to receive 0.4677 shares of Parent Common Stock (the "Conoco Exchange Ratio").

Goldman, Sachs & Co., as part of its investment banking business, is continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and financial analyses for estate, corporate and other purposes. We are familiar with Phillips having provided certain investment banking services to Phillips from time to time, including having acted as financial advisor to Phillips in connection with its acquisition of assets from Atlantic Richfield Company in April 2000; having acted as co-arranger in connection with the public offering of $200 million aggregate principal amount of Phillips' 7% Debentures due 2029 in March 1999 and the public offering of $300 million aggregate principal amount of Phillips' 6 3/8% Notes due 2009 in March 1999; and having acted as its financial advisor in connection with, and having participated in certain of the negotiations leading to, the Agreement. We also have provided certain investment banking services to Conoco from time to time, including having acted as co-manager in connection with the public offering of 191.5 million shares of Conoco's Class A Common Stock in October 1998; as co-manager in connection with the public offering of $1.35 billion aggregate principal amount of Conoco's 5.90% Notes due 2004, $1.9 billion aggregate principal amount of Conoco's 6.95% Notes due 2029 and $750 million aggregate principal amount of Conoco's 6.35% Notes due 2009 in April 1999; and as agent for Conoco's commercial paper program. Goldman, Sachs & Co. provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold positions in securities, including derivative securities, of Phillips or Conoco for its own account and for the accounts of customers. Goldman, Sachs & Co. also may provide investment banking services to Parent and its subsidiaries in the future.

In connection with this opinion, we have reviewed, among other things, the Agreement; Annual Reports to Shareholders and Annual Reports on Form 10-K of Phillips for the five years ended

December 31, 2000; Annual Reports to Stockholders and Annual Reports on Form 10-K of Conoco for the three years ended December 31, 2000; certain interim reports to stockholders and shareholders and Quarterly Reports on Form 10-Q of Phillips and Conoco; certain other communications from Phillips and Conoco to their respective stockholders or shareholders; and certain internal financial analyses and forecasts for Phillips and Conoco prepared by their respective managements, including certain cost savings and operating synergies projected by the managements of Phillips and Conoco to result from the transaction contemplated by the Agreement (the "Synergies"). We also have held discussions with members of the senior management of Phillips and Conoco regarding their assessment of the strategic rationale for, and the potential benefits of, the transaction contemplated by the Agreement and the past and current business operations, financial condition and future prospects of their respective companies. In addition, we have reviewed the reported price and trading activity for the Phillips Common Stock and the Conoco Common Stock, compared certain financial and stock market information for Phillips and Conoco with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the oil and gas industry specifically and in other industries generally and performed such other studies and analyses as we considered appropriate.

We have relied upon the accuracy and completeness of all of the financial, accounting and other information discussed with or reviewed by us and have assumed such accuracy and completeness for purposes of rendering this opinion. In that regard, we have assumed with your consent that the internal financial forecasts prepared by the managements of Phillips and Conoco, including the Synergies, have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Phillips and Conoco. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities of Phillips or Conoco or any of their subsidiaries and we have not been furnished with any such evaluation or appraisal. We also have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction contemplated by the Agreement will be obtained without any adverse effect on Phillips or Conoco or their respective subsidiaries or on the contemplated benefits of the transaction contemplated by the Agreement in any respect material to our analysis. We are expressing no opinion herein as to the price at which the Parent Common Stock will trade if and when such Parent Common Stock is issued. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of Phillips in connection with its consideration of the transaction contemplated by the Agreement and such opinion does not constitute a recommendation as to how any holder of Phillips Common Stock should vote with respect to such transaction.

Based upon and subject to the foregoing and based upon such other matters as we consider relevant, it is our opinion that as of the date hereof the Phillips Exchange Ratio relative to the Conoco Exchange Ratio pursuant to the Agreement is fair from a financial point of view to the holders of Phillips Common Stock.

Very truly yours,

[JP Morgan Logo]

November 18, 2001

The Board of Directors
Phillips Petroleum Company
3A4 Phillips Building
4th & Keeler
Bartlesville, Oklahoma 74004

Members of the Board of Directors:

You have requested our opinion as to the fairness from a financial point of view to the holders of common stock, par value $1.25 per share (the "Phillips Common Stock"), of Phillips Petroleum Company ("Phillips") of the Phillips Exchange Ratio (as defined below) relative to the Conoco Exchange Ratio (as defined below) pursuant to the Agreement (as defined below). Phillips, Conoco Inc. ("Conoco"), CorvettePorsche Corp., a newly formed holding company ("Parent"), and two wholly-owned subsidiaries of Parent, Porsche Merger Corp. ("Phillips Merger Sub") and Corvette Merger Corp. ("Conoco Merger Sub"), propose to enter into an Agreement and Plan of Merger, dated as of November 18, 2001 (the "Agreement"), which provides, among other things, that (i) Phillips Merger Sub will merge (the "Phillips Merger") with and into Phillips in a transaction in which each outstanding share of Phillips Common Stock, other than any shares of Phillips Common Stock owned by Phillips, Parent, Phillips Merger Sub or Conoco Merger Sub, all of which shall be canceled, will be converted into the right to receive one (the "Phillips Exchange Ratio") share of common stock, par value $0.01 per share, of Parent (the "Parent Common Stock") and (ii) Conoco Merger Sub will merge (the "Conoco Merger" and, together with the Phillips Merger, the "Transaction") with and into Conoco in a transaction in which each outstanding share of common stock, par value $0.01 per share, of Conoco (the "Conoco Common Stock"), other than any shares of Conoco Common Stock owned by Conoco, Parent, Phillips Merger Sub or Conoco Merger Sub, all of which shall be canceled, will be converted into the right to receive 0.4677 (the "Conoco Exchange Ratio") shares of Parent Common Stock.

In arriving at our opinion we have (i) reviewed the Agreement; (ii) reviewed certain publicly available business and financial information concerning Phillips and Conoco and the industries in which they operate; (iii) compared the proposed financial terms of the Transaction with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration received for such companies; (iv) compared the financial and operating performance of Phillips and Conoco with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Phillips Common Stock and Conoco Common Stock and certain publicly traded securities of such other companies; (v) reviewed certain internal financial analyses and forecasts prepared by the managements of Phillips and Conoco relating to their respective businesses, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the Transaction (the "Synergies"); and (vi) performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purpose of this opinion.

In addition, we have held discussions with certain members of the management of Phillips and Conoco with respect to certain aspects of the Transaction, and the past and current business operations of Phillips and Conoco, the financial condition and future prospects and operations of Phillips and Conoco, the effects of the Transaction, including the Synergies, on the financial condition and future prospects of Phillips and Conoco, and certain other matters we believed necessary or appropriate to our inquiry.

In giving our opinion, we have relied upon and assumed, without any obligation of independent verification, the accuracy and completeness of all information that was publicly available or was furnished

to us by Phillips and Conoco or otherwise reviewed by us, and we have not assumed any responsibility or liability therefor. We have not conducted any valuation or appraisal of any assets or liabilities, nor have any such valuations or appraisals been provided to us. In relying on financial analyses and forecasts provided to us, including the Synergies, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgements by management as to the expected future results of operations and financial condition of Conoco and Phillips to which such analyses or forecasts relate. We have also assumed that the Transaction will qualify as a tax-free reorganization for United States federal income tax purposes and that the transactions contemplated by the Agreement will be consummated as described in the Agreement. We have relied as to all legal matters relevant to rendering our opinion upon the advice of our counsel. We have further assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on Phillips or Conoco or their respective subsidiaries or on the contemplated benefits of the transactions contemplated by the Agreement in any respect material to our analysis and that all conditions to the Transaction will be satisfied in all respects material to our analysis.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion. Our opinion is limited to the fairness from a financial point of view to the holders of Phillips Common Stock of the Phillips Exchange Ratio relative to the Conoco Exchange Ratio pursuant to the Agreement and we express no opinion as to the underlying decision by Phillips to engage in the Transaction. We are expressing no opinion herein as to the price at which Phillips Common Stock or Parent Common Stock will trade at any future time.

We have acted as financial adviser to Phillips with respect to the proposed Transaction and will receive a fee from Phillips for our services, which is contingent upon the consummation of the Transaction. We have also provided financial advisory and financing services from time to time to Phillips and Conoco, including acting as co-lead on Conoco's $4.5 billion high grade bond offering, advising and arranging the financing for Conoco's acquisition of Gulf Canada Resources Limited, advising Phillips on its joint venture with Chevron Corp. and financing Phillips' acquisition of ARCO's Alaskan assets. One of our commercial bank affiliates is the Agent bank for certain outstanding credit facilities for Phillips and Conoco. We may also provide financial advisory and financing services to Phillips and Conoco and/or affiliates in the future. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of Phillips or Conoco for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

On the basis of and subject to the foregoing, it is our opinion that as of the date hereof the Phillips Exchange Ratio relative to the Conoco Exchange Ratio pursuant to the Agreement is fair from a financial point of view to the holders of Phillips Common Stock.

This letter is provided to the Board of Directors of Phillips in connection with and for the purpose of its evaluation of the Transaction. This opinion does not constitute a recommendation to any stockholder of Phillips as to how such stockholder should vote with respect to the Phillips Merger or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This opinion may be reproduced in full in any proxy or information statement mailed to shareholders of Phillips but may not otherwise be disclosed publicly in any manner without our prior written approval.

Very truly yours,

/s/ J.P. MORGAN SECURITIES INC.

[MERRILL LYNCH LOGO]

INVESTMENT BANKING

CORPORATE AND
INSTITUTIONAL
CLIENT GROUP

ONE HOUSTON CENTER
1221 MCKINNEY
SUITE 2700
HOUSTON, TEXAS 77010
713 759 2500
FAX 713 759 2580

November 18, 2001

Board of Directors
Phillips Petroleum Company
Fourth and Keeler
Bartlesville, OK 74004

Members of the Board of Directors:

Phillips Petroleum Company ("Phillips"), Conoco Inc. ("Conoco"), CorvettePorsche Corp., a newly formed holding company ("Parent"), and two wholly-owned subsidiaries of Parent, Porsche Merger Corp. ("Phillips Merger Sub") and Corvette Merger Corp. ("Conoco Merger Sub"), propose to enter into an Agreement and Plan of Merger, dated as of November 18, 2001 (the "Agreement"), which provides, among other things, that (i) Phillips Merger Sub will merge (the "Phillips Merger") with and into Phillips in a transaction in which each outstanding share of common stock, par value $1.25 per share, of Phillips (the "Phillips Common Stock"), other than any shares of Phillips Common Stock owned by Phillips, Parent, Phillips Merger Sub or Conoco Merger Sub, all of which shall be canceled, will be converted into the right to receive one (the "Phillips Exchange Ratio") share of common stock, par value $.01 per share, of Parent (the "Parent Common Stock") and (ii) Conoco Merger Sub will merge (the "Conoco Merger" and, together with the Phillips Merger, the "Transaction") with and into Conoco in a transaction in which each outstanding share of common stock, par value $.01 per share, of Conoco (the "Conoco Common Stock"), other than any shares of Conoco Common Stock owned by Conoco, Parent, Phillips Merger Sub or Conoco Merger Sub, all of which shall be canceled, will be converted into the right to receive 0.4677 (the "Conoco Exchange Ratio") shares of Parent Common Stock.

You have asked us whether, in our opinion, the Phillips Exchange Ratio relative to the Conoco Exchange Ratio pursuant to the Agreement is fair from a financial point of view to the holders of Phillips Common Stock.

In arriving at the opinion set forth below, we have, among other things:

(1) Reviewed certain publicly available business and financial information relating to Phillips and Conoco that we deemed to be relevant;

(2) Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Phillips and Conoco, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the Transaction ("Expected Synergies"), furnished to us by Phillips and Conoco;

(3) Conducted discussions with members of senior management and representatives of Phillips and Conoco concerning the matters described in clauses 1 and 2 above, as well as their respective

businesses and prospects before and after giving effect to the Transaction and the Expected Synergies;

(4) Reviewed the market prices and valuation multiples for the shares of Phillips Common Stock and Conoco Common Stock and compared them with those of certain publicly traded companies that we deemed to be relevant;

(5) Reviewed the results of operations of Phillips and Conoco and compared them with those of certain publicly traded companies that we deemed to be relevant;

(6) Compared the proposed financial terms of the Transaction with the financial terms of certain other transactions which we deemed to be relevant;

(7) Participated in certain discussions among representatives of Phillips and Conoco and their financial and legal advisors;

(8) Reviewed the potential pro forma impact of the Transaction;

(9) Reviewed the Agreement; and

(10) Reviewed such other financial studies and analyses and took into account such other matters as we deemed necessary, including our assessment of general economic, market and monetary conditions.

In preparing our opinion, we have assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to us, discussed with or reviewed by or for us, or publicly available, and we have not assumed any responsibility for independently verifying such information or undertaken an independent evaluation or appraisal of any of the assets or liabilities of Phillips or Conoco or been furnished with any such evaluation or appraisal. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of Phillips or Conoco. With respect to the financial forecast information and the Expected Synergies furnished to or discussed with us by Phillips or Conoco, we have been advised by management of Phillips and Conoco, respectively, that they have been reasonably prepared and reflect the best currently available estimates and judgment of Phillips's or Conoco's management as to the expected future financial performance of Phillips or Conoco, as the case may be, and the Expected Synergies. We have made no independent investigation of any legal matters and accounting advice given to such parties and their respective boards of directors, including, without limitation, advice as to the accounting and tax consequences of the Transaction.

Our opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and on the information made available to us as of, the date hereof. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on Phillips or Conoco or their respective subsidiaries or on the contemplated benefits of the transactions contemplated by the Agreement in any respect material to our analysis, and we have further assumed that all conditions to the Transaction will be satisfied in all respects material to our analysis.

We are acting as financial advisor to Phillips in connection with the Transaction and will receive a fee from Phillips for our services, which is contingent upon the consummation of the Transaction. In addition, Phillips has agreed to indemnify us for certain liabilities arising out of our engagement. We have, in the past, provided financial advisory and financing services to Phillips and Conoco and/or their affiliates and may continue to do so and have received, and may receive, fees for the rendering of such services. In addition, in the ordinary course of our business, we may actively trade the shares of Phillips Common Stock and other securities of Phillips, as well as the shares of Conoco Common Stock and other securities

[MERRILL LYNCH LOGO]

of Conoco, for our own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

This opinion is for the use and benefit of the Board of Directors of Phillips. Our opinion does not address the merits of the underlying decision by Phillips to engage in the Transaction and does not constitute a recommendation to any stockholder of Phillips as to how such stockholder should vote on the proposed Phillips Merger or any matter related thereto.

We are not expressing any opinion herein as to the prices at which the shares of Phillips Common Stock or the Parent Common Stock will trade following the announcement or consummation of the Transaction, as the case may be.

On the basis of, and subject to the foregoing, we are of the opinion that as of the date hereof the Phillips Exchange Ratio relative to the Conoco Exchange Ratio pursuant to the Agreement is fair from a financial point of view to the holders of Phillips Common Stock.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Delaware law permits a corporation to adopt a provision in its certificate of incorporation eliminating or limiting the personal liability of a director, but not an officer in his or her capacity as such, to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except that such provision shall not limit the liability of a director for (1) any breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) liability under section 174 of the Delaware General Corporation Law for unlawful payment of dividends or stock purchases or redemptions, or (4) any transaction from which the director derived an improper personal benefit. New Parent's restated certificate of incorporation provides that no New Parent director shall be personally liable to New Parent or New Parent stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such an exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law.

Under Delaware law, a corporation may indemnify any individual made a party or threatened to be made a party to any type of proceeding, other than action by or in the right of the corporation, because he or she is or was an officer, director, employee or agent of the corporation or was serving at the request of the corporation as an officer, director, employee or agent of another corporation or entity against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding: (1) if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; or (2) in the case of a criminal proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful. A corporation may indemnify any individual made a party or threatened to be made a party to any threatened, pending or completed action or suit brought by or in the right of the corporation because he or she was an officer, director, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against expenses actually and reasonably incurred in connection with such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, provided that such indemnification will be denied if the individual is found liable to the corporation unless, in such a case, the court determines the person is nonetheless entitled to indemnification for such expenses. A corporation must indemnify a present or former director or officer who successfully defends himself or herself in a proceeding to which he or she was a party because he or she was a director or officer of the corporation against expenses actually and reasonably incurred by him or her. Expenses incurred by an officer or director, or any employees or agents as deemed appropriate by the board of directors, in defending civil or criminal proceedings may be paid by the corporation in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. The Delaware law regarding indemnification and expense advancement is not exclusive of any other rights which may be granted by New Parent's restated certificate of incorporation or by-laws, a vote of stockholders or disinterested directors, agreement or otherwise.

Under the Delaware General Corporation Law, termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that such person is prohibited from being indemnified.

New Parent's by-laws provide for the indemnification and advancement of expenses to the fullest extent permitted by law of any individual made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of New Parent or is or was a director or officer of New Parent serving any other enterprise at the request of New Parent. However, New Parent will not indemnify a director or officer who commences any proceeding (except for proceedings to enforce rights of indemnification), unless the commencement of that proceeding was authorized or consented to by the New Parent Board of Directors.

After the merger, New Parent has agreed to indemnify each present and former director and officer of Conoco, Phillips or any of their subsidiaries, against all costs or expenses, judgments, fines, losses, claims, damages or liabilities in connection with any claim, action, suit, proceeding or investigation brought within six years of the closing of the merger for acts or omissions, existing or occurring before the merger, to the fullest extent permitted under applicable law.

Subject to a cap on premiums, for a period of [six] years after the merger, New Parent has agreed to maintain a policy of directors' and officers' liability insurance for acts and omissions occurring before the merger with coverage in an amount and scope at least as favorable as Conoco's and Phillips' existing directors' and officers' liability insurance coverage.

Notwithstanding any other provision, the treatment of past and present directors, officers and employees of either Conoco or Phillips and their respective subsidiaries with respect to elimination of liability, indemnification, advancement of expenses and liability insurance under the merger agreement shall be, in the aggregate, no less advantageous to intended beneficiaries thereof then the corresponding treatment of the past and present directors, officers and employees of the other company and its subsidiaries.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

EXHIBIT NUMBER DESCRIPTION - ------- ----------- 2.1 -- Agreement and Plan of Merger dated as of November 18, 2001 (attached as Annex A to the joint proxy statement/prospectus which is a part of this registration statement) 3.1 -- Form of Certificate of Incorporation of CorvettePorsche Corp. to be in effect as of the effective time of the merger (attached as Annex B to the joint proxy statement/prospectus which is a part of this registration statement) 3.2 -- Form of By-laws of CorvettePorsche Corp. to be in effect as of the effective time of the merger (attached as Annex C to the joint proxy statement/prospectus which is a part of this registration statement) 4.1 -- Specimen certificate of CorvettePorsche Corp. common stock, par value $0.01 per share 4.2 -- Form of Rights Agreement to be entered into between CorvettePorsche Corp. and the Rights Agent 5.1 -- Opinion of [ ], regarding the legality of the securities being registered 8.1 -- Form of Opinion of Cravath, Swaine & Moore as to tax matters 8.2 -- Form of Opinion of Wachtell, Lipton, Rosen & Katz as to tax matters 10.1 -- Employment Agreement, dated as of November 18, 2001, by and among CorvettePorsche Corp., Phillips Petroleum Company, and J.J. Mulva 10.2 -- Employment Agreement, dated as of November 18, 2001, by and among CorvettePorsche Corp., Conoco Inc., and Archie W. Dunham 23.1 -- Consent of

PricewaterhouseCoopers LLP 23.2 -- Consent of Ernst & Young LLP 23.3 -- Consent of PricewaterhouseCoopers LLP 23.4 -- Consent of Ernst & Young LLP 23.5 -- Consent of Cravath, Swaine & Moore (included in Exhibit 8.1) 23.6 -- Consent of Wachtell, Lipton, Rosen & Katz (included in Exhibit 8.2) 24.1 -- Power of Attorney (included on the signature page of this registration statement) 99.1 -- Consent of Morgan Stanley & Co. Incorporated 99.2 -- Consent of Salomon Smith Barney Inc. 99.3 -- Consent of Goldman, Sachs & Co. 99.4 -- Consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated 99.5 -- Consent of J.P. Morgan Securities Inc. 99.6 -- Form of Proxy Card of Conoco 99.7 -- Form of Proxy Card of Phillips

EXHIBIT NUMBER	DESCRIPTION
99.8	Consent of Archie W. Dunham to be named as a director
99.9	Consent of J.J. Mulva to be named as a director

ITEM 22. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to the information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) (1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) The registrant undertakes that every prospectus (i) that is filed pursuant to paragraph (c)(1) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act of 1933 and is used in connection with an offering of securities subject to Rule 415, will be filed a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement

relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(e) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(f) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, New Parent has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on December 7, 2001.

CORVETTEPORSCHE CORP.

By: /s/ RICK A. HARRINGTON

Name: Rick A. Harrington
Title: Chairman of the Board

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Rick A. Harrington and J. Bryan Whitworth and each of them, his true and lawful attorney-in-fact and agent with full power of substitution for him and in his name, place and stead, in any and all capacities to sign any and all amendments (including pre-effective and post-effective amendments) to this registration statement, and to file the same with all exhibits thereto and other documents in connection therewith, including any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, with the Securities and Exchange Commission, grants unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ RICK A. HARRINGTON	Chairman of the Board and Director	December 7, 2001
-- Rick A. Harrington		
/s/ J. BRYAN WHITWORTH	President and Director	December 7, 2001
-- J. Bryan Whitworth		
/s/ W. DAVID WELCH	Vice President -- Finance and Principal Financial Officer	December 7, 2001
W. David Welch		
/s/ RAND C. BERNEY	Vice President -- Accounting and	December 7, 2001

--
Principal
Accounting
Officer
Rand C.
Berney

EXHIBIT INDEX

EXHIBIT NUMBER DESCRIPTION - ------- ----------- 2.1 -- Agreement and Plan of Merger dated as of November 18, 2001 (attached as Annex A to the joint proxy statement/prospectus which is a part of this registration statement) 3.1 -- Form of Certificate of Incorporation of CorvettePorsche Corp. to be in effect as of the effective time of the merger (attached as Annex B to the joint proxy statement/prospectus which is a part of this registration statement) 3.2 -- Form of By-laws of CorvettePorsche Corp. to be in effect as of the effective time of the merger (attached as Annex C to the joint proxy statement/prospectus which is a part of this registration statement) 4.1 -- Specimen certificate of CorvettePorsche Corp. common stock, par value $0.01 per share 4.2 -- Form of Rights Agreement to be entered into between CorvettePorsche Corp. and the Rights Agent 5.1 -- Opinion of [ ], regarding the legality of the securities being registered* 8.1 -- Form of Opinion of Cravath, Swaine & Moore as to tax matters* 8.2 -- Form of Opinion of Wachtell, Lipton, Rosen & Katz as to tax matters* 10.1 -- Employment Agreement, dated as of November 18, 2001, by and among CorvettePorsche Corp., Phillips Petroleum Company, and J. J. Mulva 10.2 -- Employment Agreement, dated as of November 18, 2001, by and among CorvettePorsche Corp., Conoco Inc., and Archie W. Dunham 23.1 -- Consent of PricewaterhouseCoopers LLP 23.2 -- Consent of Ernst & Young LLP 23.3 -- Consent of PricewaterhouseCoopers LLP 23.4 -- Consent of Ernst & Young LLP 23.5 -- Consent of Cravath, Swaine & Moore (included in Exhibit 8.1) 23.6 -- Consent of Wachtell, Lipton, Rosen & Katz (included in Exhibit 8.2) 24.1 -- Power of Attorney (included on the signature page of this registration statement) 99.1 -- Consent of Morgan Stanley & Co. Incorporated 99.2 --

Consent of Salomon Smith Barney Inc. 99.3 -- Consent of Goldman, Sachs & Co. 99.4 -- Consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated 99.5 -- Consent of J.P. Morgan Securities Inc. 99.6 -- Form of Proxy Card of Conoco* 99.7 -- Form of Proxy Card of Phillips* 99.8 -- Consent of Archie W. Dunham to be named as a director* 99.9 -- Consent of J.J. Mulva to be named as a director*

- ---

* To be filed by amendment

Exhibit 4.1

NUMBER		SHARES
C-0	INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE	

CorvettePorsche Corp.

COMMON STOCK PAR VALUE ONE CENT ($0.01) EACH

See Reverse for
Certain Definitions

THIS IS TO CERTIFY THAT _____ IS THE OWNER OF

_____ fully paid and

non-assessable shares of the above Corporation transferable only on the books

of the Corporation by the holder hereof in person or by duly authorized

Attorney upon surrender of this Certificate properly endorsed.

WITNESS, the seal of the Corporation and the signatures of its duly authorized

officers.

DATED _____

[Reverse of Certificate]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT _____ (Cust) Custodian _____ (Minor)
TEN ENT	- as tenants by the entireties	under Uniform Gifts to Minors Act _____ (State)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING
POSTAL ZIP CODE OF ASSIGNEE)

_____

_____

_____ SHARES
REPRESENTED BY THE WITHIN CERTIFICATE, AND DO HEREBY IRREVOCABLY CONSTITUTE AND APPOINT

_____ ATTORNEY
TO TRANSFER THE SAID SHARES ON THE BOOKS OF THE WITHIN NAMED CORPORATION WITH FULL POWER OF SUBSTITUTION IN THE PREMISES.

DATED _____

IN PRESENCE OF

_____ _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Exhibit 4.2

CORVETTEPORSCHE CORP.

and

[CHASEMELLON SHAREHOLDER
SERVICES, L.L.C.]

as Rights Agent

Rights Agreement

Dated as of _____, 200_

TABLE OF CONTENTS

Agreement, dated as of _____ ____, 200_, between CORVETTEPORSCHE, a Delaware corporation (the "Company"), and [CHASEMELLON SHAREHOLDER SERVICES, L.L.C.] , as rights agent (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding on , 200_ (the "Record Date"), each Right representing the right to purchase one one-hundredth of a Preferred Share (as hereinafter defined), upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are hereinafter defined).

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding, but shall not include [Corvette], [Porsche], the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any Subsidiary of the Company, or any entity holding Common Shares for or pursuant to the terms of any such plan. Notwithstanding the foregoing, no Person shall become an "Acquiring Person" as the result of an acquisition of Common Shares by the Company which, by reducing

the number of Common Shares of the Company outstanding, increases the proportionate number of Common Shares of the Company beneficially owned by such Person to 15% or more of the Common Shares of the Company then outstanding; provided, however, that, if a Person shall become the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an "Acquiring Person," unless such Person is not then the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding. Notwithstanding the foregoing, if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person," as defined pursuant to the foregoing provisions of this paragraph (a), became or has become such inadvertently, and such Person divested or divests as promptly as practicable a sufficient number of Common Shares so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this paragraph (a), then such Person shall not be deemed to be an "Acquiring Person" for any purposes of this Agreement.

(b) "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement.

(c) "Associate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement.

(d) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such Person or any of such Person's Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person and with respect to which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section 1(d)(ii)(B) hereof) or disposing of such securities of the Company.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(e) "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which banking institutions in [State of New York] are authorized or obligated by law or executive order to close.

(f) "Close of Business" on any given date shall mean 5:00 P.M., [New York City] time, on such date; provided, however, that, if such date is not a Business Day, it shall mean 5:00 P.M., [New York City] time, on the next succeeding Business Day.

(g) "Common Shares" when used with reference to the Company shall mean the shares of common stock, par value $.01 per share, of the Company. "Common Shares" when used with reference to any Person other than the Company shall mean the capital stock (or equity interest) with the greatest voting power of such other Person or, if such other Person is a Subsidi-

ary of another Person, the Person or Persons which ultimately control such first-mentioned Person.

(h) "Conoco" shall mean Conoco Inc., a Delaware corporation.

(i) "Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

(j) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(k) "Exchange Ratio" shall have the meaning set forth in Section 24(a) hereof.

(l) "Final Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(m) "Merger Effective Time" shall mean the date and time at which the mergers provided for in the Agreement and Plan of Merger dated as of November 18, 2001, by and among the Company, Phillips Petroleum Company, Conoco Inc., Porsche Merger Corp. and Corvette Merger Corp. become effective.

(n) "NASDAQ" shall mean the Nasdaq Stock Market.

(o) "Person" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

(p) "Phillips" shall mean Phillips Petroleum Company, a Delaware corporation.

(q) "Preferred Shares" shall mean shares of Series A Junior Participating Preferred Stock, par value $.01 per share, of the Company having the rights and preferences set forth in the Form of Certificate of Designations attached to this Agreement as Exhibit A.

(r) "Purchase Price" shall have the meaning set forth in Section 4 hereof.

(s) "Record Date" shall have the meaning set forth in the second paragraph hereof.

(t) "Redemption Date" shall have the meaning set forth in Section 7(a) hereof.

(u) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.

(v) "Right" shall have the meaning set forth in the second paragraph hereof.

(w) "Right Certificate" shall have the meaning set forth in Section 3(a) hereof.

(x) "Shares Acquisition Date" shall mean the first date of public announcement by the Company or an Acquiring Person that an Acquiring Person has become such.

(y) "Subsidiary" of any Person shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

(z) "Summary of Rights" shall have the meaning set forth in Section 3(b) hereof.

(aa) "Trading Day" shall have the meaning set forth in Section 11(d) hereof.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall, prior to the Distribution Date, also be the holders of the Common Shares of the Company) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. Issue of Right Certificates. (a) Until the earlier of (i) the Shares Acquisition Date or (ii) such date as may be determined by action of the Board of Directors of the Company (prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any entity holding Common Shares of the Company for or pursuant to the terms of any such plan) of a tender or exchange offer the consummation of which would result in any Person becoming the Beneficial Owner of Common Shares of the Company aggregating 15% or more of the then outstanding Common Shares of the Company (including any such date which is after the date of this Agreement and prior to the issuance of the Rights; the earlier of such dates being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of Section 3(b) hereof) by the certificates for Common Shares of the Company registered in the names of the holders thereof (which certificates shall also be deemed to be Right Certificates) and not by separate Right Certificates, and (y) the right to receive Right Certificates will be transferable only in connection with the transfer of Common Shares of the Company. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested,

send) by first-class, insured, postage-prepaid mail, to each record holder of Common Shares of the Company as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto (a "Right Certificate"), evidencing one Right for each Common Share so held. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of a Summary of Rights to Purchase Preferred Shares, in substantially the form of Exhibit C hereto (the "Summary of Rights"), by first-class, postage-prepaid mail, to each record holder of Common Shares as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company. As soon as practicable after the Merger Effective Time, the Company will send a copy of the Summary of Rights, by first-class, postage-prepaid mail, to each holder of Porsche Common Shares immediately prior to the Merger Effective Time, at the address of such holder shown on the records of Porsche. With respect to certificates for Common Shares of the Company outstanding as of the Record Date, and certificates for Common Shares which immediately prior to the Merger Effective Time represented shares of Porsche Common Stock, until the Distribution Date, the Rights associated with the Common Shares represented by such certificates will be evidenced by such certificates registered in the names of the holders thereof together with a copy of the Summary of Rights attached thereto. Until the Distribution Date (or the earlier of the Redemption Date or the Final Expiration Date), the surrender for transfer of any certificate for Common Shares of the Company outstanding on the Record Date, and certificates for Common Shares which immediately prior to the Merger Effective Time represented shares of Porsche Common Stock, with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common

Shares of the Company represented thereby. The reference in the preceding two sentences to certificates for Common Shares which immediately prior to the Merger Effective Time represented shares of Porsche Common Stock shall be deemed to include any uncertificated Porsche Common Shares as evidenced by the relevant book-entry accounts and the stock distribution statements.

(c) Certificates (other than certificates which immediately prior to the Merger Effective Time represented shares of Porsche Common Shares) for Common Shares which become outstanding (including, without limitation, reacquired Common Shares referred to in the last sentence of this paragraph (c)) after the Record Date but prior to the earliest of the Distribution Date, the Redemption Date or the Final Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

> This certificate also evidences and entitles the holder hereof to certain rights as set forth in an Agreement between CORVETTEPORSCHE CORP. and [CHASEMELLON SHAREHOLDER SERVICES, L.L.C.], dated as of , 200_, as it may be amended from time to time (the "Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of CORVETTEPORSCHE CORP. Under certain circumstances, as set forth in the Agreement, such Rights (as defined in the Agreement) will be evidenced by separate certificates and will no longer be evidenced by this certificate. CORVETTEPORSCHE CORP. will mail to the holder of this certificate a copy of the Agreement without charge after receipt of a written request therefor. As set forth in the Agreement, Rights beneficially owned by any Person (as defined in the Agreement) who becomes an Acquiring Person (as defined in the Agreement) become null and void.

With respect to such certificates containing the foregoing legend, until the Distribution Date, the Rights associated with the Common Shares of the Company represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares of the Company represented thereby. In the event that the Company purchases or acquires any Com-

mon Shares of the Company after the Record Date but prior to the Distribution Date, any Rights associated with such Common Shares of the Company shall be deemed cancelled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares of the Company which are no longer outstanding.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto, and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any applicable rule or regulation made pursuant thereto or with any applicable rule or regulation of any stock exchange or the National Association of Securities Dealers, Inc., or to conform to usage. Subject to the provisions of Section 22 hereof, the Right Certificates shall entitle the holders thereof to purchase such number of one one-hundredths of a Preferred Share as shall be set forth therein at the price per one one-hundredth of a Preferred Share set forth therein (the "Purchase Price"), but the number of such one one-hundredths of a Preferred Share and the Purchase Price shall be subject to adjustment as provided herein.

Section 5. Countersignature and Registration. The Right Certificates shall be executed on behalf of the Company by its Chairman of the Board, its Chief Executive Officer, its President, any of its Vice Presidents or its Treasurer, either manually or by facsimile signature, shall have affixed thereto the Company's seal or a facsimile thereof, and shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be

valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the individual who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any individual who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such individual was not such an officer.

Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its principal office, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates. Subject to the provisions of Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the earlier of the Redemption Date or the Final Expiration Date, any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates entitling the registered holder to purchase a like number of one one-

hundredths of a Preferred Share as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the principal office of the Rights Agent. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights. (a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein), in whole or in part, at any time after the Distribution Date, upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the principal office of the Rights Agent, together with payment of the Purchase Price for each one one-hundredth of a Preferred Share as to which

the Rights are exercised, at or prior to the earliest of (i) the Close of Business on _____, 201_ (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date"), or (iii) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The Purchase Price for each one one-hundredth of a Preferred Share purchasable pursuant to the exercise of a Right shall initially be $[200], and shall be subject to adjustment from time to time as provided in Section 11 or 13 hereof, and shall be payable in lawful money of the United States of America in accordance with paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the Purchase Price for the shares to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof by certified check, cashier's check or money order payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Preferred Shares certificates for the number of Preferred Shares to be purchased and the Company hereby irrevocably authorizes any such transfer agent to comply with all such requests, or (B) requisition from the depositary agent depositary receipts representing such number of one one-hundredths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent of the Preferred Shares with such depositary agent) and the Company hereby directs such depositary agent to comply with such request; (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof; (iii) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the

order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder; and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to registered holder of such Right Certificate or to such holder's duly authorized assigns, subject to the provisions of Section 14 hereof.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Right Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Right Certificates, and, in such case, shall deliver a certificate of destruction thereof to the Company.

Section 9. Availability of Preferred Shares. The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Preferred Shares or any Preferred Shares held in its treasury the number of Preferred Shares that will

be sufficient to permit the exercise in full of all outstanding Rights in accordance with Section 7 hereof. The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Preferred Shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Shares upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates or depositary receipts for the Preferred Shares in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or to deliver any certificates or depositary receipts for Preferred Shares upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

Section 10. Preferred Shares Record Date. Each Person in whose name any certificate for Preferred Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that, if the date of such surrender and payment is a date upon which the Preferred Shares transfer books of the Company are closed, such Person shall be deemed to

have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Shares transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number of Preferred Shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Shares payable in Preferred Shares, (B) subdivide the outstanding Preferred Shares, (C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Shares transfer books of the

Company were open, such holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right.

(ii) Subject to Section 24 hereof, in the event any Person becomes an Acquiring Person, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-hundredths of a Preferred Share for which a Right is then exercisable (whether or not then exercisable for Preferred Shares), in accordance with the terms of this Agreement and in lieu of Preferred Shares, such number of Common Shares of the Company as shall equal the result obtained by (A) multiplying the then current Purchase Price by the number of one one-hundredths of a Preferred Share for which a Right is then exercisable (whether or not then exercisable for Preferred Shares) and dividing that product by (B) 50% of the then current per share market price of the Common Shares of the Company (determined pursuant to Section 11(d) hereof) on the date of the occurrence of such event. In the event that any Person shall become an Acquiring Person, subject to Section 24, the Company shall not take any action which would eliminate or diminish the benefits intended to be afforded by the Rights.

From and after the occurrence of such event, any Rights that are or were acquired or beneficially owned by any Acquiring Person (or any Associate or Affiliate of such Acquiring Person) shall be void, and any holder of such Rights shall thereafter have no right to exercise such Rights under any provision of this Agreement. No Right Certificate shall be issued pursuant to Section 3 hereof that represents Rights beneficially owned by an Acquiring Person whose

Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof; no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate or Affiliate; and any Right Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence shall be cancelled.

(iii) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with subparagraph (ii) above, the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon exercise of the Rights. In the event the Company shall, after good faith effort, be unable to take all such action as may be necessary to authorize such additional Common Shares, the Company shall substitute, for each Common Share that would otherwise be issuable upon exercise of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares ("equivalent preferred shares")) or securities convertible into Preferred Shares or equivalent preferred shares at a price per Preferred Share or equivalent preferred share (or having a conversion price per share, if a security convertible into Preferred Shares or equivalent preferred shares) less than the then current

per share market price of the Preferred Shares (as defined in Section 11(d)) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares which the aggregate offering price of the total number of Preferred Shares and/or equivalent preferred shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and, in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection

with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then-current per share market price of the Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share and the denominator of which shall be such then-current per share market price of the Preferred Shares on such record date; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and, in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the "current per share market price" of any security (a "Security" for the purpose of this Section 11(d)(i)) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days immediately prior to such date; provided, however, that, in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (A) a dividend or distribution on such Security

payable in shares of such Security or Securities convertible into such shares, or (B) any subdivision, combination or reclassification of such Security and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, reported at or prior to 4:00 P.M. Eastern time or, in case no such sale takes place on such day, the average of the bid and asked prices, regular way, reported as of 4:00 P.M. Eastern time, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Security is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price reported at or prior to 4:00 P.M. Eastern time or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported as of 4:00 P.M. Eastern time by NASDAQ or such other system then in use, or, if on any such date the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business, or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day.

(ii) For the purpose of any computation hereunder, the "current per share market price" of the Preferred Shares shall be determined in accordance with the method set forth in Section 11(d)(i). If the Preferred Shares are not publicly traded, the "current per share market price" of the Preferred Shares shall be conclusively deemed to be the current per share market price of the Common Shares as determined pursuant to Section 11(d)(i) hereof (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof), multiplied by one hundred. If neither the Common Shares nor the Preferred Shares are publicly held or so listed or traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one one-millionth of a Preferred Share or one ten-thousandth of any other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the date of the expiration of the right to exercise any Rights.

(f) If, as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Preferred Shares, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a man-

ner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Shares contained in Section 11(a) through (c) hereof, inclusive, and the provisions of Sections 7, 9, 10 and 13 hereof with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-hundredths of a Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i) hereof, upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c) hereof, each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-hundredths of a Preferred Share (calculated to the nearest one one-millionth of a Preferred Share) obtained by (A) multiplying (x) the number of one one-hundredths of a share covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (B) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect, on or after the date of any adjustment of the Purchase Price, to adjust the number of Rights in substitution for any adjustment in the number of one one-hundredths of a Preferred Share purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-hundredths of a Preferred Share for which a Right was exercisable immedi-

ately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein, and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or in the number of one one-hundredths of a Preferred Share issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price

and the number of one one-hundredths of a Preferred Share which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-hundredth of the then par value, if any, of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Preferred Shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it, in its sole discretion, shall determine to be advisable in order that any consolidation or subdivision of the Preferred Shares, issuance wholly for cash of any Preferred Shares at less than the current market price, issuance wholly for cash of Preferred Shares or securities which by their terms are convertible into or ex-

changeable for Preferred Shares, dividends on Preferred Shares payable in Preferred Shares or issuance of rights, options or warrants referred to in Section 11(b) hereof, hereafter made by the Company to holders of the Preferred Shares shall not be taxable to such stockholders.

(n) In the event that, at any time after the date of this Agreement and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the Common Shares payable in Common Shares, or (ii) effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares) into a greater or lesser number of Common Shares, then, in any such case, (A) the number of one one-hundredths of a Preferred Share purchasable after such event upon proper exercise of each Right shall be determined by multiplying the number of one one-hundredths of a Preferred Share so purchasable immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately before such event and the denominator of which is the number of Common Shares outstanding immediately after such event, and (B) each Common Share outstanding immediately after such event shall have issued with respect to it that number of Rights which each Common Share outstanding immediately prior to such event had issued with respect to it. The adjustments provided for in this Section 11(n) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is effected.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 11 or 13 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each transfer agent for the Common Shares or the Preferred Shares and the Securities and Exchange Commission a copy

of such certificate and (c) if such adjustment occurs at any time after the Distribution Date, mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power. In the event, directly or indirectly, at any time after a Person has become an Acquiring Person, (a) the Company shall consolidate with, or merge with and into, any other Person, (b) any Person shall merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or (c) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person other than the Company or one or more of its wholly-owned Subsidiaries, then, and in each such case, proper provision shall be made so that (i) each holder of a Right (except as otherwise provided herein) shall thereafter have the right to receive, upon the exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-hundredths of a Preferred Share for which a Right is then exercisable (whether or not then exercisable for Preferred Shares), in accordance with the terms of this Agreement and in lieu of Preferred Shares, such number of Common Shares of such other Person (including the Company as successor thereto or as the surviving corporation) as shall equal the result obtained by (A) multiplying the then current Purchase Price by the number of one one-hundredths of a Preferred Share for which a Right is then exercisable (whether or not then exercisable for Preferred Shares) and dividing that product by (B) 50% of

the then current per share market price of the Common Shares of such other Person (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the issuer of such Common Shares shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such issuer; and (iv) such issuer shall take such steps (including, but not limited to, the reservation of a sufficient number of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the Common Shares of the Company thereafter deliverable upon the exercise of the Rights. The Company shall not consummate any such consolidation, merger, sale or transfer unless, prior thereto, the Company and such issuer shall have executed and delivered to the Rights Agent a supplemental agreement so providing. The Company shall not enter into any transaction of the kind referred to in this Section 13 if at the time of such transaction there are any rights, warrants, instruments or securities outstanding or any agreements or arrangements which, as a result of the consummation of such transaction, would eliminate or substantially diminish the benefits intended to be afforded by the Rights. The provisions of this Section 13 shall similarly apply to successive mergers or consolidations or sales or other transfers.

Section 14. Fractional Rights and Fractional Shares. (a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For

the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of Preferred Shares (other than fractions which are integral multiples of one one-hundredth of a Preferred Share) upon exercise of the Rights or to distribute certificates which evidence fractional Preferred Shares (other than fractions which are integral multiples of one one-hundredth of a Preferred Share). Fractions of Preferred Shares in integral multiples of one one-hundredth of a Preferred Share may, at the election of the Company, be evidenced by depositary receipts, pursuant to an

appropriate agreement between the Company and a depositary selected by it; provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Shares represented by such depositary receipts. In lieu of fractional Preferred Shares that are not integral multiples of one one-hundredth of a Preferred Share, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Preferred Share. For the purposes of this Section 14(b), the current market value of a Preferred Share shall be the closing price of a Preferred Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right, by the acceptance of the Right, expressly waives such holder's right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above).

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), may, in such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. With-

out limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement, and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer; and

(c) the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificate or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder, and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises.

The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement in reliance upon any Right Certificate or certificate for the Preferred Shares or Com-

mon Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust powers of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and, in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and, in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights

Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and, in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and, in all such cases, such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Section 3, 11, 13, 23 or 24 hereof, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares to be issued pursuant to this Agreement or any Right Certificate or as to whether any Preferred Shares will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other

acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided that reasonable care was exercised in the selection and continued employment thereof.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (which holder shall, with such notice, submit such holder's Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the [State of New York] (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the [State of New York]), in good standing, having an office in the [State of New York], which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least $50 million. After appointment, the successor Rights Agent shall be

vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares or Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by the Board of Directors of the Company to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

Section 23. Redemption. (a) The Board of Directors of the Company may, at its option, at any time prior to such time as any Person becomes an Acquiring Person, redeem all but not less than all the then outstanding Rights at a redemption price of $.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"). The redemption of the Rights by the Board of Directors of the Company may be made effective

at such time, on such basis and with such conditions as the Board of Directors of the Company, in its sole discretion, may establish.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board of Directors of the Company ordering the redemption of the Rights, the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23 or in Section 24 hereof, and other than in connection with the purchase of Common Shares prior to the Distribution Date.

Section 24. Exchange (a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for Common Shares at an exchange ratio

of one Common Share per Right, appropriately adjusted to reflect any adjustment in the number of Rights pursuant to Section 11(i) (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors of the Company shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any such Subsidiary, or any entity holding Common Shares for or pursuant to the terms of any such plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Common Shares then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to paragraph (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Shares for Rights will be effected, and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon exchange of the Rights. In the event the Company shall, after good faith effort, be unable to take all such action as may be necessary to authorize such additional Common Shares, the Company shall substitute, for each Common Share that would otherwise be issuable upon exchange of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(d) The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Common Shares would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole Common Share. For the purposes of this paragraph (d), the current market value of a whole Common Share shall be the closing price of a Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events. (a) In case the Company shall, at any time after the Distribution Date, propose (i) to pay any dividend payable in stock of any class to the holders of the Preferred Shares or to make any other distribution to the holders of the Preferred Shares (other than a regular quarterly cash dividend), (ii) to offer to the holders of the Pre-

ferred Shares rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options, (iii) to effect any reclassification of the Preferred Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares), (iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to declare or pay any dividend on the Common Shares payable in Common Shares or to effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares), then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares and/or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and, in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares and/or Preferred Shares, whichever shall be the earlier.

(b) In case the event set forth in Section 11(a)(ii) hereof shall occur, then the Company shall, as soon as practicable thereafter, give to each holder of a Right Certificate, in

accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 11(a)(ii) hereof.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

CorvettePorsche Corp.

Attention: Corporate Secretary

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

[ChaseMellon Shareholder Services, L.L.C.
85 Challenger Road
Ridgefield Park, NJ 07660
Attention: Gary D'Alessandro]

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. The Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with respect to the Rights which the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; provided, however, that, from and after such time as any Person becomes an Acquiring Person, this Agreement shall not be amended in any manner which would adversely affect the interests of the holders of Rights. Any supplement or amendment to this Rights Agreement duly approved by the Company that does not amend Sections 18, 19, 20 or 21 in a manner adverse to the Rights Agent shall become effective immediately upon execution by the Company, whether or not also executed by the Rights Agent. Without limiting the foregoing, the Company may at any time prior to such time as any Person becomes an Acquiring Person amend this Agreement to lower the thresholds set forth in Section 1(a) and 3(a) hereof to not less than 10% (the "Reduced Threshold"); provided, however, that no Person who beneficially owns a number of Common Shares equal to or greater than the Reduced Threshold shall become an Acquiring Person unless such Person shall, after the public announcement of the Reduced Threshold, increase its beneficial ownership of the then outstanding Common Shares (other than as a result of an acquisition of Common Shares by the Company) to an amount equal to or greater than the greater of (x) the Reduced Threshold or (y) the sum of (i) the lowest beneficial ownership of such Person as a percentage of the outstanding Common Shares as of any date on or after the date of the public announcement of such Reduced Threshold plus (ii) .001%.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 31. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of _____ and for all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts to be made and performed entirely within such state.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and attested, all as of the day and year first above written.

Attest:	CORVETTEPORSCHE CORP.
By --- Name: Title:	By --- Name: Title
Attest:	[CHASEMELLON SHAREHOLDER SERVICES, L.L.C.]
By --- Name: Title:	By --- Name: Title

FORM

of

CERTIFICATE OF DESIGNATIONS

of

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

of

CORVETTEPORSCHE CORP.

(Pursuant to Section 151 of the
Delaware General Corporation Law)

CORVETTEPORSCHE CORP., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held on , 200_:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock, par value $.01 per share, of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, powers, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be [10,000,000]. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock

with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value $.01 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such

dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the holders of Common Stock of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dis-

solution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total

amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Chairman of the Board and attested by its Secretary this day of , 200 .

Chairman of the Board

Attest:

- ---

Secretary

Exhibit B

Form of Right Certificate

Certificate No. R- Rights

NOT EXERCISABLE AFTER , 201_ OR EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AT $.01 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE AGREEMENT.

Right Certificate

CORVETTEPORSCHE CORP.

This certifies that , or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Agreement, dated as of , 200_ (the "Agreement"), between CORVETTTEPORSCHE CORP., a Delaware corporation (the "Company"), and CHASEMELLON SHAREHOLDER SERVICES, L.L.C. (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Agreement) and prior to 5:00 P.M., [New York City] time, on , 201_ at the principal office of the Rights Agent, or at the office of its successor as Rights Agent, one one-hundredth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock, par value $.01 per share, of the Company (the "Preferred Shares"), at a purchase price of $[200] per one one-hundredth of a Preferred Share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of one one-hundredths of a Preferred Share which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of , 200_, based on the Preferred Shares as constituted at such date. As provided in the Agreement, the Purchase Price and the number of one one-hundredths of a Preferred Share which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Agreement are on file at the principal executive offices of the Company and the offices of the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the principal office of the Rights Agent, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggre-

gate number of Preferred Shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Agreement, the Rights evidenced by this Right Certificate (i) may be redeemed by the Company at a redemption price of $.01 per Right or (ii) may be exchanged in whole or in part for Preferred Shares or shares of the Company's Common Stock, par value $.01 per share.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-hundredth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but, in lieu thereof, a cash payment will be made, as provided in the Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of , ____.

ATTEST:

CORVETTEPORSCHE CORP.

By

- ----------

Name:
Title:

Name:
Title:

Countersigned:

[CHASEMELLON SHAREHOLDER SERVICES, L.L.C.]

By

Name:
Title:

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

_____

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint

_____

Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____

_____
Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) which is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement).

_____
Signature

Form of Reverse Side of Right Certificate - continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise
Rights represented by the Right Certificate.)

To CORVETTEPORSCHE

The undersigned hereby irrevocably elects to exercise Rights represented by this Right Certificate to purchase the Preferred Shares issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares be issued in the name of:

Please insert social security
or other identifying number

- ---

(Please print name and address)

- ---

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security
or other identifying number

- ---

(Please print name and address)

- ---

Dated:

Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) which is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement).

Signature

NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement) and such Assignment or Election to Purchase will not be honored.

SUMMARY OF RIGHTS TO PURCHASE
PREFERRED SHARES

Introduction

On _____ __, 200_, the Board of Directors of our Company, CorvettePorsche, a Delaware corporation, declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value $.01 per share. The dividend is payable on _____ __, 200_ to the stockholders of record on _____ __, 200_.

Our Board has adopted this Rights Agreement to protect stockholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing a significant penalty upon any person or group which acquires 15% or more of our outstanding common stock without the approval of our Board. The Rights Agreement should not interfere with any merger or other business combination approved by our Board.

For those interested in the specific terms of the Rights Agreement as made between our Company and [ChaseMellon Shareholder Services, L.L.C.], as the Rights Agent, on _____ __, 200_, we provide the following summary description. Please note, however, that this description is only a summary, and is not complete, and should be read together with the entire Rights Agreement, which has been filed with the Securities and Exchange Commission as an exhibit to a Registration Statement on Form 8-A dated _____ __, 200_. A copy of the agreement is available free of charge from our Company.

The Rights. Our Board authorized the issuance of a Right with respect to each outstanding share of common stock on _____ __, 200_. The Rights will initially trade with, and will be inseparable from, the common stock. The Rights are evidenced only by certificates that represent shares of common stock. New Rights will accompany any new shares of common stock we issue after _____ __, 200_ until the Distribution Date described below.

Exercise Price. Each Right will allow its holder to purchase from our Company one one-hundredth of a share of Series A Junior Participating Preferred Stock ("Preferred Share") for $[200], once the Rights become exercisable. This portion of a Preferred Share will give the stockholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability. The Rights will not be exercisable until

- - 10 days after the public announcement that a person or group has become an "Acquiring Person" by obtaining beneficial ownership of 15% or more of our outstanding common stock, or, if earlier,

- - 10 business days (or a later date determined by our Board before any person or group becomes an Acquiring Person) after a person or group begins a tender or exchange offer which, if completed, would result in that person or group becoming an Acquiring Person.

We refer to the date when the Rights become exercisable as the "Distribution Date." Until that date, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and be evidenced by book-entry credits or by Rights certificates that we will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person are void and may not be exercised.

Our Board may reduce the threshold at which a person or group becomes an Acquiring Person from 15% to not less than 10% of the outstanding common stock.

Consequences of a Person or Group Becoming an Acquiring Person.

- - Flip In. If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for $[200], purchase shares of our common stock with a market value of $[400], based on the market price of the common stock prior to such acquisition.

- - Flip Over. If our Company is later acquired in a merger or similar transaction after the Rights Distribution Date, all holders of Rights except the Acquiring Person may, for $[200], purchase shares of the acquiring corporation with a market value of $[400] based on the market price of the acquiring corporation's stock, prior to such merger.

Preferred Share Provisions.

Each one one-hundredth of a Preferred Share, if issued:

- - will not be redeemable.

- - will entitle holders to quarterly dividend payments of $.01 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.

- - will entitle holders upon liquidation either to receive $1 per share or an amount equal to the payment made on one share of common stock, whichever is greater.

- - will have the same voting power as one share of common stock.

- - if shares of our common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-hundredth interest in a Preferred Share should approximate the value of one share of common stock.

Expiration. The Rights will expire on _____ __, 201_.

Redemption. Our Board may redeem the Rights for $.01 per Right at any time before any person or group becomes an Acquiring Person. If our Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to re-

ceive the redemption price of $.01 per Right. The redemption price will be adjusted if we have a stock split or stock dividends of our common stock.

Exchange. After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of our outstanding common stock, our Board may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

Anti-Dilution Provisions. Our Board may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock. No adjustments to the Exercise Price of less than 1% will be made.

Amendments. The terms of the Rights Agreement may be amended by our Board without the consent of the holders of the Rights. However, our Board may not amend the Rights Agreement to lower the threshold at which a person or group becomes an Acquiring Person to below 10% of our outstanding common stock. In addition, the Board may not cause a person or group to become an Acquiring Person by lowering this threshold below the percentage interest that such person or group already owns. After a person or group becomes an Acquiring Person, our Board may not amend the agreement in a way that adversely affects holders of the Rights.

Exhibit 10.1

CONFORMED COPY

EMPLOYMENT AGREEMENT

This AGREEMENT (the "Agreement"), by and among CORVETTEPORSCHE CORP., a Delaware Corporation ("New Parent"), PHILLIPS PETROLEUM COMPANY, a Delaware corporation (the "Company"), and JAMES J. MULVA (the "Executive"), is dated as of the 18th day of November, 2001, and is to be effective as of the date of the consummation of the transactions (collectively, the "Merger") contemplated by the Agreement and Plan of Merger (the "Merger Agreement") dated as of November 18, 2001, by and among the Company, New Parent, Porsche Merger Corp., a Delaware corporation and direct wholly owned subsidiary of New Parent, Corvette Merger Corp., a Delaware corporation and direct wholly owned subsidiary of New Parent, and Conoco Inc. ("Conoco") as of the same time as the consummation of the Merger (the "Agreement Effective Date"). In the event that the Merger is not consummated, this Agreement shall be void AB INITIO and shall be of no further force and effect.

As the Executive will provide valuable additional services between the signing of the Merger Agreement and the consummation of the Merger; the Executive has brought about a strategically significant transaction between the Company and Conoco that the Board of Directors of Phillips Petroleum Company (the "Board") believes is significantly in the interest of shareholders; and the terms and conditions of the Executive's continuing relationship with the Company will be substantially modified following the Merger,

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period.
---------- As of the Agreement Effective Date, the Company hereby agrees to continue to employ the Executive, and the Executive hereby agrees to accept employment with the Company, in accordance with, and subject to, the terms and provisions of this Agreement, for the period (the "Employment Period") commencing on the Agreement Effective Date and ending on the third anniversary of the Agreement Effective Date; PROVIDED, HOWEVER, that, commencing on the date one year after the Agreement Effective Date, and on each annual anniversary of such date (such date and each annual anniversary thereof, the "Renewal Date"), unless previously terminated, the Employment Period shall be automatically extended so as to terminate three years from such Renewal Date, unless, at least 60 days prior to the Renewal Date, either party shall give written notice to the other that the Employment Period shall not be so extended; and PROVIDED, FURTHER, that no such extension shall extend the Employment Period beyond the end of the month in which the Executive attains age 65 (the "Retirement Date").

2. Terms of Employment.

(a) Position and Duties.

(i) Position and Duties.
---------- During the Employment Period, (i) the Executive shall serve as Chief Executive Officer and President of the Company, with general responsibility for the management of the Company as provided in the Company's by-laws, reporting directly to the Board of Directors of New Parent (the "New Parent Board"), (ii) the Executive's services shall be performed at the Company's headquarters in the Houston, Texas metropolitan area and (iii) the Executive shall be a member of the

New Parent Board. Without limiting the generality of the foregoing, the Executive shall have all the customary duties and responsibilities of a chief executive officer and president, and all of the Company's executive officers shall report directly to him or indirectly to him through another such executive officer who reports to him. While Archie Dunham (the "Chairman") is serving as Chairman of the New Parent Board (the "Initial Employment Period"), the Executive shall work with the Chairman on external stakeholder relations (community, state, federal and foreign governments), business development (growth) initiatives, and the creation of an outstanding and cohesive New Parent Board. Furthermore, while the Chairman is Chairman of the New Parent Board, Executive and the Chairman shall jointly recommend to the New Parent Board the long-range strategic plan for the Company, major acquisitions and divestitures, and major changes to the Company's capital structure, and with respect to all other matters, the Executive shall, in consultation with the Chairman, arrange the agenda for meetings of the New Parent Board, and shall report to the New Parent Board and arrange for other executives and advisors to report to the New Parent Board. If during the Employment Period, the Chairman ceases for any reason to serve as the Chairman of the New Parent Board, the Executive shall immediately assume that position in addition to his other positions as set forth above. The duties and responsibilities of the Executive may not be terminated or diminished other than pursuant to the affirmative vote of the Required Board Majority. During the period commencing on the Agreement Effective Date and ending on the later of (i) October 1, 2004 and (ii) the second anniversary of the Agreement Effective Date, the "Required Board Majority" means at least two-thirds of the members of the New Parent Board, and thereafter the "Required Board Majority" means such vote of the New Parent Board as may be required by the by-laws of the Company as in effect from time to time, but in no event less than a majority of the New Parent Board.

(ii) Responsibilities.
---------- During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Agreement Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Agreement Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.
---------- During the Initial Employment Period, Executive's compensation and benefits shall be, both in the aggregate and with respect to each element of compensation and benefits, the same as the Chairman. However, with respect to employee

benefit plans, programs and practices that were in effect prior to the Agreement Effective Date for individuals who were salaried United States Company employees (including senior executives) prior to the Agreement Effective Date (the "Company Prior Arrangements"), participation by Executive in such programs after the Agreement Effective Date, even if such arrangements provide lesser benefits than those analogous arrangements provided the Chairman, shall satisfy any requirement in this Agreement that Executive participate in, or be covered by, such an arrangement, but only if (i) the analogous arrangements provided to the Chairman were in effect prior to the Agreement Effective Date ("Conoco Prior Arrangements"), (ii) to the extent either of the Company Prior Arrangements or Conoco Prior Arrangements are modified, both are similarly modified and (iii) each of such arrangements continue to cover the applicable Company or Conoco United States salaried employees (including senior executives) generally in the same manner as immediately prior to the Agreement Effective Date. Notwithstanding any other provision of this Agreement, neither the compensation and benefits set forth in Annex B of the Employment Agreement dated as of November 18, 2001 by and among New Parent, Conoco and the Chairman nor the options to purchase shares of the Company's common stock and the restricted shares of the Company's common stock granted to the Executive on November 17, 2001 (the "Special Grants") shall be taken into account in determining the comparability of the compensation and benefits of the Executive and the Chairman.

(i) Base Salary.

Commencing on the Agreement Effective Date, during the Employment Period, the Executive shall receive an annual base salary of not less than his annual base salary as in effect immediately prior to the Agreement Effective Date ("Annual Base Salary"), which shall be paid in accordance with the Company's regular payroll practices. Commencing on the January 1 following the Agreement Effective Date, and thereafter during the Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with competitive industry practice, but in no event less than increases consistent with increases in base salary generally awarded in the ordinary course of business to the Chairman, taking into account the Executive's unique position with the Company and in no event shall Annual Base Salary be less than that applicable to the Chairman. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase, and the term "Annual Base Salary," as utilized in this Agreement, shall refer to Annual Base Salary as so increased.

(ii) Annual Bonus.

In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year or portion thereof during the Employment Period, an Annual Bonus opportunity (the "Annual Bonus") in an amount substantially consistent with competitive industry practice, prorated for any period consisting of less than 12 full months. The Annual Bonus shall not be less than the annual bonus paid to the Chairman for the same fiscal year or portion thereof.

(iii) Incentive, Savings and Retirement Plans.

During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans that are tax-qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended ("Code"), and in all plans that are supplemental to any such tax-qualified plans, in each case to the extent that such plans are applicable generally to other executives of

the Company, but in no event shall such plans provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities that are, in each case, less favorable to the Executive, in the aggregate, than the most favorable plans of the Company. As used in this Agreement, the term "most favorable" shall, when used with reference to any plans, practices, policies or programs of the Company, be deemed to refer to the plans, practices, policies or programs of the Company, as in effect at any time during the Employment Period and provided generally to the Chairman during the Initial Employment Period, or to other executives of the Company, that are most favorable to the Executive.

(iv) Welfare Benefit Plans.
---------- During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, vision, disability, salary continuance, group life and supplemental group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other executives of the Company, but in no event shall such plans, practices, policies and programs provide the Executive with benefits that are less favorable, in the aggregate, than the most favorable such plans, practices, policies and programs of the Company.

(v) Expenses.
-------- During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company.

(vi) Fringe Benefits and Perquisites.
---------- During the Employment Period, the Executive shall be entitled to fringe benefits and perquisites in accordance with the most favorable plans, practices, programs and policies of the Company.

(vii) Office and Support Staff.
---------- During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments at least equal to the most favorable of the foregoing provided to the Executive by the Company at any time during the Employment Period, and to secretarial and other assistance to the extent needed to fulfill his corporate responsibilities at least equal to the most favorable of the foregoing provided to the Executive by the Company at any time during the Employment Period.

(viii) Vacation.
-------- During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company.

(ix) Long-Term Incentive Compensation.
---------- In addition to Base Salary, Annual Bonus and other elements of compensation described in Section 2(b) or otherwise in this Agreement, during the Employment Period, the Executive periodically shall be awarded incentive compensation awards, which may consist of, among other things, stock options, stock appreciation rights, restricted stock, stock units or performance awards, having in

the aggregate target values consistent with each of (A) the Executive's position and (B) competitive industry practice. During the Initial Employment Period, such incentive compensation awards shall be substantially the same, both in amount, exercise, strike or base price (if applicable) and other terms and conditions, as those awarded to the Chairman.

(x) Financial and Tax Planning. During the Employment Period, the Executive shall be entitled to reimbursement of (A) reasonable expenses incurred with respect to preparation of his personal income tax returns and (B) reasonable costs of financial counseling (in either case, including a complete gross up for any taxes incurred by the Executive as a result of such reimbursement). During the Initial Employment Period, such reimbursement shall be substantially the same, both in scope and other terms and conditions, as those made available to the Chairman.

(xi) Life Insurance. During the Employment Period, the Company shall provide the Executive with term life insurance in an amount equal to the Executive's Annual Base Salary multiplied by four, which insurance may be provided through one or more group policies and/or the purchase of an individual policy, as well as a complete gross up for any taxes incurred by the Executive as a result of such insurance coverage. The Executive agrees to submit to physical examinations as reasonably requested by the Company for purposes of obtaining such insurance. During the Initial Employment Period, such coverage shall be substantially the same, both in scope and other terms and conditions, as made available to the Chairman.

(xii) Home Sales Assistance. In connection with the Executive's relocation to Houston, Texas, the Company shall provide the Executive with the "Home Sales Assistance" benefits described in Article V, Section 2(a), (b) and (c) of the Work Force Stabilization Plan as if the Executive had suffered a "Layoff" (as defined in such plan).

Notwithstanding the foregoing provisions of this Section 2(b), prior to a Change of Control, the Company may reduce or modify amounts and benefits described in this Section 2(b) to the extent that such changes are applicable to all of the Company's senior executives, including, during the Initial Employment Period, the Chairman.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Required Board Majority determines in good faith that a Disability (as defined below) of the Executive has occurred during the Employment Period, it may give to the Executive written notice in accordance with Section 11(d) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the later of (i) the date the Executive would otherwise be placed on permanent disability status under the Company's disability programs for United States salaried employees and (ii) the 30th day after receipt of such notice by the Executive, provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties (such later date being the "Disability Effective Date"). For purposes of this

Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or injury which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause.

----- The Company, acting pursuant to a resolution adopted by the Required Board Majority, may terminate the Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean the Company's termination pursuant to a resolution adopted by the Required Board Majority of the Executive's employment for any of the following: (i) the Executive's final conviction of a felony crime against the Company involving moral turpitude or (ii) the Executive's deliberate and intentional continuing failure to substantially perform his duties and responsibilities hereunder (except by reason of the Executive's incapacity due to physical or mental illness or injury) for a period of 45 days after the Required Board Majority has delivered to the Executive a written demand for substantial performance hereunder which specifically identifies the bases for the Required Board Majority's determination that the Executive has not substantially performed his duties and responsibilities hereunder (that 45-day period being the "Grace Period"); provided, that for purposes of this clause (ii), the Company shall not have Cause to terminate the Executive's employment unless (A) at a meeting of the New Parent Board called and held following the Grace Period in the city in which the Company's principal executive offices are located, of which the Executive was given not less than 10 days' prior written notice and at which the Executive was afforded the opportunity to be represented by counsel, to appear and to be heard, the Required Board Majority shall adopt a written resolution that (1) sets forth the Required Board Majority's determination that the failure of the Executive to substantially perform his duties and responsibilities hereunder has (except by reason of his incapacity due to physical or mental illness or injury) continued past the Grace Period and (2) specifically identifies the bases for that determination, and (B) the Company, at the written direction of the Required Board Majority, shall deliver to the Executive a Notice of Termination for Cause to which a copy of that resolution, certified as being true and correct by the secretary or any assistant secretary of the Company, is attached.

(c) Good Reason.

---------- The Executive's employment may be terminated during the Employment Period by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2 of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company ceasing to be a publicly traded entity or becoming a subsidiary of a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of this Agreement not specifically addressed in parts (iii) through (vi) below, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office outside the Houston, Texas metropolitan area;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement;

(v) the failure of the Company to appoint and continue the Executive as Chairman of the New Parent Board as required by Section 2(a)(i); or

(vi) any failure by the Company to comply with and satisfy the requirements of Section 10 of this Agreement; provided that (A) the successor described in Section 10(c) has received, at least 10 days prior to the Date of Termination (as defined in subparagraph (f) below), written notice from the Company or the Executive of the requirements of such provision, and (B) such failure to be in compliance with and satisfy the requirements of Section 10 continues as of the Date of Termination.

Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated within one year prior to the date on which the Change of Control occurs, unless it is reasonably demonstrated by the Company that such termination of employment (x) was not at the request of a third party who has taken steps reasonably calculated to effect the Change of Control and (y) otherwise did not arise in connection with or anticipation of the Change of Control, then any such termination shall be deemed for Good Reason.

(d) Other Termination by the Executive. ---------- The Executive's employment (and status as a member of the New Parent Board) may be terminated voluntarily by the Executive at any time during the Employment Period and, if other than (i) at a time when the Executive is eligible to terminate his employment for Good Reason or (ii) by retirement on or after the Retirement Date ("Retirement"), is referred to herein as an "Other Termination by the Executive." The Executive agrees not to cause termination of employment to occur within six months following a Change of Control, except by reason of a Retirement, for Good Reason or Disability.

(e) Notice of Termination. ---------- Any termination shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(d) of this Agreement. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. ---------- For purposes of this Agreement, the term "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause,

by the Executive for Good Reason, or as an Other Termination by the Executive, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be and (iv) if the Executive's employment is terminated at the expiration of the Employment Period as provided in Section 4(e), then the last day of the Employment Period.

4. Obligations of the Company upon Termination.

(a) Good Reason; Other than for Cause or Death or Disability. If, during the Employment Period, (x) the Company shall terminate the Executive's employment other than for Cause or death or Disability or (y) the Executive shall terminate employment for Good Reason:

(i) the Company shall pay or provide to or in respect of the Executive the following amounts and benefits:

A. in a lump sum in cash, within 10 days after the Date of Termination, an amount equal to the sum of (1) the Executive's Annual Base Salary through the Date of Termination and (2) any compensation for unused vacation time for which the Executive is eligible in accordance with the most favorable plans, policies, programs and practices of the Company, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2) shall be hereinafter referred to as the "Accrued Obligation");

B. in a lump sum in cash, within 10 days after the Date of Termination, an amount equal to the product of (x) the Annual Bonus paid or awarded by the Company to or for the benefit of the Executive in respect of the fiscal year immediately preceding the Date of Termination and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination and the denominator of which is 365;

C. in a lump sum in cash, undiscounted, within 10 days after the Date of Termination, an amount equal to the amount of Annual Base Salary that would have been paid to the Executive pursuant to this Agreement for the period (the "Remaining Employment Period") beginning on the Date of Termination and ending on the date that is three years after the Date of Termination (the "Final Expiration Date") if the Executive's employment had not been terminated plus the Annual Bonus that would have been paid or awarded to or for the benefit of the Executive during the Remaining Employment Period if the Executive's employment had not been terminated and if the amount of the Annual Bonus for each fiscal year or portion thereof during such period were equal to the average of the two highest Annual Bonuses paid or awarded to or for the benefit of the Executive in respect of the three full fiscal years preceding the Date of Termination;

D. in a lump sum in cash, undiscounted, within 30 days after the Date of Termination, an amount equal to the economic equivalent of the benefits the Executive (and his dependents or beneficiaries) would have received or become entitled to under Section 2(b)(iii) of this Agreement for the Remaining Employment Period if the Executive's employment had not been terminated;

E. effective as of the Date of Termination, (1) if the Executive has not received a grant of stock options in respect of any calendar year during the Employment Period or the Remaining Employment Period, for each such calendar year, a stock option grant covering the same number of shares and on the same terms and conditions as the average of the prior stock option grants to the Executive for the three full fiscal years preceding the Date of Termination (excluding for this purpose the Special Grants), prorated in the case of any period of less than a full fiscal year, and (2) if the Executive has not received a grant of restricted stock and/or restricted stock units and/or other similar equity-based awards in respect of any calendar year during the Employment Period or the Remaining Employment Period, for each such calendar year, a grant covering the same number of shares and on the same terms and conditions as the average of the prior grants of such awards to the Executive for the three full fiscal years preceding the Date of Termination (excluding for this purpose the Special Grants), prorated in the case of any period of less than a full fiscal year; provided that any awards required by (1) or (2) shall be prorated based on the length of the Remaining Employment Period as compared to the customary terms of such awards for purposes of a recipient becoming entitled to full vesting in such award; and

F. effective as of the Date of Termination, (1) immediate vesting and exercisability of, and termination of any restrictions on sale or transfer (other than any such restriction arising by operation of law) with respect to, each and every stock option, restricted stock award, restricted stock unit award and other equity-based award and performance award that is outstanding as of the Date of Termination (including, without limitation, each of the foregoing granted pursuant to Section 4(a)(i)(E)) (each, a "Compensatory Award"), (2) the extension of the term during which each and every Compensatory Award may be exercised by the Executive until the earlier of (x) the first anniversary of the Date of Termination or (y) the date upon which the right to exercise any Compensatory Award would have expired if the Executive had continued to be employed by the Company under the terms of this Agreement until the Final Expiration Date and (3) if a Change of Control precedes or occurs within one year following the Date of Termination, at the sole election of the Executive, in exchange for any or all Compensatory Awards that are either denominated in or payable in Common Stock (as defined in Section 9 hereof), an amount in cash equal to the excess of (x) the Highest Price Per Share over (y) the exercise or purchase price, if any, of such Compensatory Awards. As used herein, the term "Highest Price Per Share" shall mean the highest price per share that can be determined to have been paid or agreed to be paid for any share of Common Stock by a Covered Person (as defined below) at any time during the six-month period immediately preceding

any Change of Control. As used herein, the term "Covered Person" shall mean any Person other than an Exempt Person (in each case as defined in Section 9 hereof) who (I) is the Beneficial Owner (as defined in Section 9 hereof) of 20% or more of the outstanding shares of Common Stock or 20% or more of the combined voting power of the outstanding Voting Stock (as defined in Section 9 hereof) of the Company at any time during the Employment Period, (II) is a Person who has any material involvement in proposing or effectuating the Change of Control (as defined in Section 9 hereof), (III) is an assignee of or has otherwise succeeded to any shares of Common Stock or Voting Stock of the Company which were at any time during the Employment Period "beneficially owned" (as defined in Section 9 hereof) by any Person identified in clause (I) or (II) of this definition, if such assignment or succession shall have occurred in the course of a privately negotiated transaction rather than an open market transaction, or (IV) is described in Section 3(c)(vi) hereof. For purposes of determining whether a Person is a Covered Person, the number of shares of Common Stock or Voting Stock of the Company deemed to be outstanding shall include shares of which the Person is deemed the Beneficial Owner, but shall not include any other shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options. In determining the Highest Price Per Share, the price paid or agreed to be paid by a Covered Person will be appropriately adjusted to take into account (W) distributions paid or payable in stock, (X) subdivisions of outstanding stock, (Y) combinations of shares of stock into a smaller number of shares and (Z) similar events.

(ii) for the period extending until the later of (A) the third anniversary of the Date of Termination or (B) the date the Executive attains age 70, or such longer period as any plan, program, practice or policy may provide (the "Benefit Continuation Period"), the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the most favorable plans, programs, practices and policies described in Sections 2(b)(iv) of this Agreement if the Executive's employment had not been terminated, provided that the obligation of the Company to provide these benefits shall cease upon the Executive's refusal to serve as a member of the New Parent Board. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the Final Expiration Date and to have retired on such date;

(iii) for the Remaining Employment Period, to the extent not previously paid or provided, the Company shall timely pay or provide to the Executive and/or the Executive's family any other amounts or benefits required to be paid or provided, or which the Executive and/or the Executive's family is eligible to receive as of the Date of Termination, pursuant to this Agreement and under any plan, program, policy or practice or contract or agreement of the Company as in effect and applicable generally to other executives and their families on the Agreement Effective Date or, if more favorable to the Executive, as in effect generally thereafter and on or prior to the Date of Termination with respect to other executives of the Company and their families (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits"); and

(iv) unless otherwise provided herein, until the Executive (or any family member or family entity assignee of the Executive) no longer holds any stock options granted by the Company to the Executive, the Company will provide to the Executive at no cost to the Executive (including a complete gross up for any taxes incurred by the Executive as a result of receiving such benefits), the benefits described in Sections 2(b)(x), but in no event beyond the date of death of the Executive.

(b) Death or Disability.
---------- If the Executive's employment is terminated by reason of the Executive's death or Disability during the Employment Period (regardless of whether a Change of Control has occurred), this Agreement shall terminate without further obligations to the Executive under this Agreement, other than the payment of Accrued Obligations, which shall be paid to the Executive, or the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days after the Date of Termination, and the provision of the Other Benefits.

(c) Cause.
----- If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive under this Agreement, other than the payment of the Accrued Obligations. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination.

(d) Other Termination by the Executive.
---------- If an Other Termination by the Executive occurs during the Employment Period, this Agreement shall terminate without further obligations to the Executive under this Agreement, other than the payment of Accrued Obligations and the provision of the Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination.

(e) Expiration of Employment Period.
---------- Notwithstanding any other provision of this Agreement, if the Executive remains employed until the expiration of the Employment Period, upon any termination of employment at or after such expiration, (i) the Executive shall be entitled to payment of the Accrued Obligation as described in Section 4(a)(i)(A) as though the termination of employment was a termination by the Executive with Good Reason and (ii) each and every Compensatory Award, as defined in Section 4(a)(i)(F)(1), shall be immediately vested and exercisable, and any restrictions on sale or transfer (other than any such restrictions arising by operation of law) with respect to such awards shall lapse. It is contemplated by the parties that the Executive shall serve as a member of the New Parent Board during the Benefit Continuation Period.

5. Non-Exclusivity of Rights.
---------- Except as provided in Section 4 of this Agreement, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement with, the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement. Notwithstanding the foregoing, (a) if the Executive receives payments

and benefits pursuant to Section 4(a) of this Agreement, the Executive shall not be entitled to any severance pay or benefits under any severance, plan, program or policy of the Company and its affiliates, unless otherwise provided therein in a specific reference to this Agreement and (b) in no event shall the Executive be entitled to receive any benefits under the Phillips Petroleum Company Executive Severance Plan.

6. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set off, counterclaim, recoupment, defense, mitigation or other claim, right or action which the Company may have against the Executive or others. The Company agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others as to the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any such payment pursuant to this Agreement) plus, in each case, interest on any delayed payment at the annual percentage rate which is three percentage points above the interest rate shown as the Prime Rate in the Money Rates column in the then most recently published edition of THE WALL STREET JOURNAL (Southwest Edition), or, if such rate is not then so published on at least a weekly basis, the interest rate announced by Chase Bank Texas, N.A. (or its successor), from time to time, as its "Base Rate" (or prime lending rate), from the date those amounts were required to have been paid or reimbursed to the Executive until those amounts are finally and fully paid or reimbursed; provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder exceed the maximum non-usurious amount of interest allowed by applicable law.

(b) If there shall be any dispute between the Company and the Executive concerning (i) in the event of any termination of the Executive's employment by the Company, whether such termination was for Cause or Disability, (ii) in the event of any termination of employment by the Executive, whether Good Reason existed, (iii) whether termination occurred after expiration of the Employment Period or in contemplation of or following a Change of Control or (iv) the compensation or benefits to be provided in respect of any termination of the Executive's employment with the Company, then, unless and until there is a final, nonappealable judgment by a court of competent jurisdiction declaring that such termination was for Cause or Disability or that the determination by the Executive of the existence of Good Reason was improper or that the termination did not occur in contemplation of or following a Change of Control or after expiration of the Employment Period, or that the Executive or the Executive's beneficiary or estate claimed improper benefits upon termination, the Company shall pay all amounts, and provide all benefits, to the Executive and/or the Executive's family or other beneficiaries, as the case may be, that the Company would be required to pay or provide pursuant to the applicable provisions of Section 4 hereof as though such termination were by the Company without Cause or in contemplation of or following a Change of Control or by the Executive with Good Reason or after expiration of the Employment Period, or the benefits that the Executive or the Executive's beneficiary or estate claimed were properly payable hereunder.

7. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company's obligation to make Gross-Up Payments under this Section 7 shall not be conditioned upon the Executive's termination of employment.

(b) Subject to the provisions of Section 7(c), all determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Merger (as defined in the Merger Agreement) or the Change of Control, the Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Accounting Firm shall not determine that no Excise Tax is payable by the Executive unless it delivers to the Executive a written opinion (the "Accounting Opinion") that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 7(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 30 days after the Executive actually receives notice in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid; PROVIDED, HOWEVER, that the failure of the Executive to notify the Company of such claim (or to

\provide any required information with respect thereto) shall not affect any rights granted to the Executive under this Section 7 except to the extent that the Company is materially prejudiced in the defense of such claim as a direct result of such failure. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Company and reasonably acceptable to the Executive;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

PROVIDED, HOWEVER, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income or employment tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 7(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; PROVIDED, HOWEVER, that, if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance; and PROVIDED, FURTHER, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 7(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 7(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 7(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Notwithstanding any other provision of this Section 7, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of the Gross-Up Payment, and the Executive hereby consents to such withholding.

(f) Definitions.
---------- The following terms shall have the following meanings for purposes of this Section 7.

(i) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

8. Confidential Information.

The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement) (referred to herein as "Confidential Information"). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 8 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. Also, within 14 days after the termination of Executive's employment for any reason, the Executive shall return to Company all documents and other tangible items containing Company information which are in the Executive's possession, custody or control.

9. Change of Control.

As used in this Agreement, the terms set forth below shall have the following respective meanings:

"Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement.

"Associate" shall mean, with reference to any Person, (a) any corporation, firm, partnership, association, unincorporated organization or other entity (other than New Parent or a subsidiary of New Parent) of which such Person is an officer or general partner (or officer or general partner of a general partner) or is, directly or indirectly, the Beneficial Owner of 10% or more of any class of equity securities, (b) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"Beneficial Owner" shall mean, with reference to any securities, any Person if:

(a) such Person or any of such Person's Affiliates and Associates, directly or indirectly, is the "beneficial owner" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement) such securities or otherwise has the right to vote or dispose of such securities, including pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subsection (a) as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding: (i) arises solely from a revocable proxy or consent given in response to a public (I.E., not including a solicitation exempted by Rule 14a-2(b)(2) of the General Rules and Regulations under the Exchange Act) proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions

of the General Rules and Regulations under the Exchange Act and (ii) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report);

(b) such Person or any of such Person's Affiliates and Associates, directly or indirectly, has the right or obligation to acquire such securities (whether such right or obligation is exercisable or effective immediately or only after the passage of time or the occurrence of an event) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, other rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to "beneficially own," (i) securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange or (ii) securities issuable upon exercise of Exempt Rights; or

(c) such Person or any of such Person's Affiliates or Associates (i) has any agreement, arrangement or understanding (whether or not in writing) with any other Person (or any Affiliate or Associate thereof) that beneficially owns such securities for the purpose of acquiring, holding, voting (except as set forth in the proviso to subsection (a) of this definition) or disposing of such securities or (ii) is a member of a group (as that term is used in Rule 13d-5(b) of the General Rules and Regulations under the Exchange Act) that includes any other Person that beneficially owns such securities;

provided, however, that nothing in this definition shall cause a Person engaged in business as an underwriter of securities to be the Beneficial Owner of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition. For purposes hereof, "voting" a security shall include voting, granting a proxy, consenting or making a request or demand relating to corporate action (including, without limitation, a demand for a stockholder list, to call a stockholder meeting or to inspect corporate books and records) or otherwise giving an authorization (within the meaning of Section 14(a) of the Exchange Act) in respect of such security.

The terms "beneficially own" and "beneficially owning" shall have meanings that are correlative to this definition of the term "Beneficial Owner."

"Change of Control" shall mean the first to occur of any of the following occurring after the Agreement Effective Date (it being understood and agreed that for purposes of this Agreement, neither the Merger, nor approval by the shareholders of the Company or Conoco thereof, shall constitute a "Change of Control" under this Agreement):

(a) any Person (other than an Exempt Person) shall become the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of New Parent then outstanding; provided, however, that no Change of Control shall be deemed to occur for purposes of this subsection (a) if such Person shall become a Beneficial Owner of 20% or more of the shares of Common Stock or 20% or more of the combined voting power of the Voting Stock of New Parent solely as a result of (i) an Exempt Transaction or (ii) an acquisition by a Person pursuant to a reorganization, merger or consolidation, if, following such

reorganization, merger or consolidation, the conditions described in clauses (i), (ii) and (iii) of subsection (c) of this definition are satisfied;

(b) individuals who, immediately following the consummation of the Merger, constitute the New Parent Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the New Parent Board; provided, however, that any individual becoming a director thereafter whose election, or nomination for election by New Parent's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, further, that there shall be excluded, for this purpose, any such individual whose initial assumption of office occurs as a result of any actual or threatened election contest that is subject to the provisions of Rule 14a-11 of the General Rules and Regulations under the Exchange Act;

(c) the shareholders of New Parent shall approve a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (i) more than 70% of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding Voting Stock of such corporation beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the Beneficial Owners of the outstanding Common Stock immediately prior to such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the outstanding Common Stock, (ii) no Person (excluding any Exempt Person or any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of New Parent then outstanding) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding Voting Stock of such corporation and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or initial action by the New Parent Board providing for such reorganization, merger or consolidation; or

(d) the shareholders of New Parent shall approve (i) a complete liquidation or dissolution of New Parent unless such liquidation or dissolution is approved as part of a plan of liquidation and dissolution involving a sale or disposition of all or substantially all of the assets of New Parent to a corporation with respect to which, following such sale or other disposition, all of the requirements of clauses (ii)(A), (B) and (C) of this subsection (d) are satisfied, or (ii) the sale or other disposition of all or substantially all of the assets of New Parent, other than to a corporation, with respect to which, following such sale or other disposition, (A) more than 70% of the then outstanding shares of common stock of such corporation and the combined voting power of the Voting Stock of such corporation is then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the Beneficial Owners of the outstanding Common Stock immediately prior to such sale or other disposition in substantially the same proportion as

their ownership, immediately prior to such sale or other disposition, of the outstanding Common Stock, (B) no Person (excluding any Exempt Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of New Parent then outstanding) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding Voting Stock of such corporation and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement or initial action of the New Parent Board providing for such sale or other disposition of assets of New Parent.

"Common Stock" shall mean the common stock, par value $.01 per share, of New Parent.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exempt Person" shall mean any of New Parent, any subsidiary of New Parent, any employee benefit plan of New Parent or any subsidiary of New Parent, and any Person organized, appointed or established by New Parent for or pursuant to the terms of any such plan.

"Exempt Rights" shall mean any rights to purchase shares of Common Stock or other Voting Stock of New Parent if at the time of the issuance thereof such rights are not separable from such Common Stock or other Voting Stock (i.e., are not transferable otherwise than in connection with a transfer of the underlying Common Stock or other Voting Stock), except upon the occurrence of a contingency, whether such rights exist as of the Agreement Effective Date or are thereafter issued by New Parent as a dividend on shares of Common Stock or other Voting Securities or otherwise.

"Exempt Transaction" shall mean an increase in the percentage of the outstanding shares of Common Stock or the percentage of the combined voting power of the outstanding Voting Stock of New Parent beneficially owned by any Person solely as a result of a reduction in the number of shares of Common Stock then outstanding due to the repurchase of Common Stock or Voting Stock by New Parent, unless and until such time as (a) such Person or any Affiliate or Associate of such Person shall purchase or otherwise become the Beneficial Owner of additional shares of Common Stock constituting 1% or more of the then outstanding shares of Common Stock or additional Voting Stock representing 1% or more of the combined voting power of the then outstanding Voting Stock, or (b) any other Person (or Persons) who is (or collectively are) the Beneficial Owner of shares of Common Stock constituting 1% or more of the then outstanding shares of Common Stock or Voting Stock representing 1% or more of the combined voting power of the then outstanding Voting Stock shall become an Affiliate or Associate of such Person.

"Person" shall mean any individual, firm, corporation, partnership, association, trust, unincorporated organization or other entity.

"Voting Stock" shall mean, with respect to a corporation, all securities of such corporation of any class or series that are entitled to vote generally in the election of directors of such corporation (excluding any class or series that would be entitled so to vote by reason of the occurrence of any contingency, so long as such contingency has not occurred).

10. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of, and be enforceable by, the Executive's heirs, executors and other legal representatives.

(b) This Agreement shall inure to the benefit of, and be binding upon, the Company and may only be assigned to a successor described in Section 10(c).

(c) As of the Agreement Effective Date, New Parent shall be substituted for the Company as the obligor under this Agreement, and each reference to the Company with respect to periods on or after the Agreement Effective Date shall be replaced with a reference to New Parent, and each reference to the Company with respect to periods prior to the Agreement Effective Date shall mean Phillips Petroleum Company, except where the context requires otherwise. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws that would require the application of the laws of any other state or jurisdiction.

(b) The Executive acknowledges that the Company currently has and may in the future institute comprehensive security programs associated with the Executive and his position with the Company. The Executive further acknowledges that such programs are instituted by the Company to protect the Company's interest in the Executive's continued performance of his responsibilities as Chief Executive Officer of the Company. To that end, the Executive agrees to comply with such programs and, to the extent practicable, to cause members of his family to comply with such programs if such individuals are covered thereby. The Executive further acknowledges that the Company has a substantial interest in the health of the Executive and agrees to comply with preventive medical policies and programs established by the Company. Such policies currently include a requirement that the Executive annually obtain a complete physical examination at the Johns Hopkins Medical Center (or another facility of similar stature at the election of the Executive).

(c) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and heirs, executors and other legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given, if by the Executive to the Company, by telecopy or facsimile transmission at the telecommunications number set forth below and, if by either the Company or the Executive, either by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At the most recent address on file for the Executive in the records of the Company.

If to the Company:

Phillips Petroleum Company
18 Phillips Building
Fourth & Keeler
18th Floor
Bartlesville, Oklahoma 74004

or, as applicable:

CorvettePorsche Corp.
600 North Dairy Ashford
Houston, Texas 77079-6651
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) The provisions of this Agreement shall govern in the event of a conflict or inconsistency with respect to any other agreement concerning Executive's employment relationship with the Company, including the provisions of any benefit plan, program or practice.

(i) This Agreement shall be effective as of the Agreement Effective Date.

IN WITNESS WHEREOF, the Executive has hereunto set his hand and, pursuant to the authorization from the Company, the Board and the New Parent Board, respectively, the Company and New Parent each have caused these presents to be executed in its name on its behalf.

PHILLIPS PETROLEUM COMPANY

By: /s/ J. Bryan Whitworth

J. Bryan Whitworth, Esq.

CORVETTEPORSCHE CORP.

By: /s/ J. Bryan Whitworth

J. Bryan Whitworth, Esq.

/s/ James J. Mulva

James J. Mulva

ANNEX A

CERTAIN DEFINITIONS

Accounting Firm is defined in Section 7(b).

Accounting Opinion is defined in Section 7(b).

Accrued Obligation is defined in Section 4(a)(i)(A).

Affiliate is defined in Section 9.

Agreement Effective Date is defined in the Preamble.

Annual Base Salary is defined in Section 2(b)(i).

Annual Bonus is defined in Section 2(b)(ii).

Associate is defined in Section 9.

Base Rate is defined in Section 6(a).

Beneficial Owner is defined in Section 9.

Benefit Continuation Period is defined in Section 4(a)(ii).

Board is defined in Section 2(a).

Cause is defined in Section 3(b).

Change of Control is defined in Section 9.

Chairman is defined in Section 2(a).

Chief Executive Officer or CEO is defined in Section 2(a).

Code is defined in Section 2(b)(iii).

Common Stock is defined in Section 9.

Company is defined in the Preamble and in Section 10(c).

Company Prior Arrangements is defined in Section 2(b).

Compensatory Award is defined in Section 4(a)(i)(F).

Confidential Information is defined in Section 8.

Conoco is defined in the Preamble.

Conoco Prior Arrangements is defined in Section 2(b).

Covered Person is defined in Section 4(a)(i)(F).

Date of Termination is defined in Section 3(f).

Disability is defined in Section 3(a).

Disability Effective Date is defined in Section 3(a).

Employment Period is defined in Section 1.

Exchange Act is defined in Section 9.

Excise Tax is defined in Section 7(f).

Executive is defined in the Preamble.

Exempt Person is defined in Section 9.

Exempt Rights is defined in Section 9.

Exempt Transaction is defined in Section 9.

Final Expiration Date is defined in Section 4(a)(i)(C).

Good Reason is defined in Section 3(c).

Grace Period is defined in Section 3(b).

Gross-Up Payment is defined in Section 7(a).

Highest Price Per Share is defined in Section 4(a)(i)(F).

Home Sales Assistance is defined in Section 2(b)(xii).

Incumbent Board is defined in Section 9.

Initial Employment Period is defined in Section 2(a)(i)

Layoff is defined in Section 2(b)(xii).

Merger is defined in the Preamble.

Merger Agreement is defined in the Preamble.

Most Favorable is defined in Section 2(b)(iii).

New Parent is defined in the Preamble.

New Parent Board is defined in Section 2(a)(i).

Other Benefits is defined in Section 4(a)(iii).

Other Termination by the Executive is defined in Section 3(d).

Payment is defined in Section 7(f).

Person is defined in Section 9.

Remaining Employment Period is defined in Section 4(a)(i)(C).

Renewal Date is defined in Section 1.

Required Board Majority is defined in Section 2(a)(i).

Retirement is defined in Section 3(d).

Retirement Date is defined in Section 1.

Special Grants is defined in Section 2(b).

Underpayment is defined in Section 7(b).

Voting is defined in Section 9.

Voting Stock is defined in Section 9.

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

(EXECUTED NOVEMBER 18, 2001)

TABLE OF CONTENTS

EMPLOYMENT AGREEMENT

This AGREEMENT (the "Agreement"), by and between CorvettePorsche Corp., a Delaware Corporation ("New Parent"), Conoco Inc., a Delaware corporation (the "Company"), and Archie W. Dunham (the "Executive"), is dated as of the 18 day of November, 2001, and is to be effective as of the date of the consummation of the transactions (collectively, the "Merger") contemplated by the Agreement and Plan of Merger dated as of November 18, 2001, by and among Phillips Petroleum Company, a Delaware corporation ("Phillips"), New Parent, Porsche Merger Corp., a Delaware corporation and wholly owned subsidiary of New Parent, Corvette Merger Corp., a Delaware corporation and wholly owned subsidiary of New Parent, and the Company ("the Merger Agreement") as of the same time as the consummation of the Merger (the "Agreement Effective Date").

The Company and the Executive entered into an Employment Agreement effective as of August 17, 1999, and as amended and restated as of October 19, 2000 (the "Prior Employment Agreement") pursuant to authorization by the Board of Directors of the Company (the "Company Board") to provide the Executive with substantial incentives to continue to serve the Company as Chairman of the Company Board, President and Chief Executive Officer and a member of the Company Board performing at the highest level of leadership and stewardship, without distraction or concern over compensation, benefits or tenure, to manage the Company's future growth and development, and to maximize the returns to the Company's stockholders.

As the Merger will constitute a "Change of Control" under the Prior Employment Agreement and the election of another individual as Chief Executive Officer constitutes "Good Reason" under the Prior Employment Agreement, either of which events triggers the Executive's right to terminate his employment and receive certain compensation and benefits, and in consideration of the Executive's entering into this Agreement, which results in substantial modifications of the terms and conditions of the Executive's continuing relationship with the Company, the parties agree that in lieu of the compensation and benefits provided under the Prior Employment Agreement, promptly following the Agreement Effective Date the Executive shall receive the compensation and benefits set forth in Annex B, determined as of the Agreement Effective Date without regard to any services performed or compensation earned following the Agreement Effective Date.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. As of the Agreement Effective Date, the Company hereby agrees to continue to employ the Executive, and the Executive hereby agrees to accept employment with the Company, in accordance with, and subject to, the terms and provisions of this Agreement, for the period commencing on the Agreement Effective Date and ending on the date that is the later of (i) October 1, 2004 and (ii) the second anniversary of the Agreement Effective Date. As used herein, the term "Employment Period" means the period commencing on the Agreement Effective Date and ending on the date that is the later of (i) October 1, 2004 and (ii) the second anniversary of the Agreement Effective Date.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (i) the Executive shall be a senior executive employee of New Parent and a member and Chairman of the Board of Directors of New Parent (the "New Parent Board") and Chairman of the Executive Committee of the New Parent Board, and (ii) the Executive's services shall be performed at New Parent's headquarters in the Houston, Texas metropolitan area. During the Employment Period: the Executive shall preside at meetings of the New Parent Board and of New Parent's shareholders; shall work with the Chief Executive Officer of New Parent (the "CEO" or "Chief Executive Officer") on external stakeholder relations (community, state, federal and foreign governments), business development (growth) initiatives, and the creation of an outstanding and cohesive New Parent Board; and shall have such other executive responsibilities as he and the CEO may agree. While the Executive is

Chairman of the New Parent Board, the Executive and the CEO shall jointly recommend to the New Parent Board the long-range strategic plan for New Parent, major acquisitions and divestitures, and major changes to New Parent's capital structure, and with respect to all other matters, the CEO shall, in consultation with the Executive, arrange the agenda for meetings of the New Parent Board, and shall report to the New Parent Board and arrange for other executives and advisors to report to the New Parent Board. At the conclusion of the Employment Period, the Executive shall retire from employment with New Parent and as Chairman of the New Parent Board but shall remain a member of the New Parent Board, a member of the Executive Committee of the New Parent Board and Chairman of the Committee on Directors' Affairs until his 70th birthday (or earlier retirement from such positions), subject to being periodically re-elected to the New Parent Board by New Parent's shareholders; provided, that he shall be proposed for such re-election whenever his then current term as a member of the New Parent Board is set to expire before his 70th birthday. The duties and responsibilities of the Executive may not be terminated or diminished during the Employment Period other than pursuant to the affirmative vote of at least two-thirds of the members of the New Parent Board (the "Required Board Majority").

(ii) During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Agreement Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Agreement Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. During the Employment Period, Executive's compensation and benefits shall be, both in the aggregate and with respect to each element of compensation and benefits, the same as the Chief Executive Officer. However, with respect to employee benefit plans, programs and practices that were in effect prior to the Agreement Effective Date for individuals who were salaried United States Company employees (including senior executives) prior to the Agreement Effective Date (the "Company Prior Arrangements"), participation by Executive in such programs after the Agreement Effective Date, even if such arrangements provide lesser benefits than those analogous arrangements provided the Chief Executive Officer, shall satisfy any requirement in this Agreement that Executive participate in, or be covered by, such an arrangement, but only if (i) the analogous arrangements provided to the Chief Executive Officer were in effect prior to the Agreement Effective Date ("Phillips Prior Arrangements"), (ii) to the extent either of the Company Prior Arrangements or Phillips Prior Arrangements are modified, both are similarly modified and (iii) each of such arrangements continue to cover the applicable of Company or Phillips United States salaried employees (including senior executives) generally in the same manner as immediately prior to the Agreement Effective Date. Notwithstanding any other provision of this Agreement, neither the Executive's compensation and benefits set forth on Annex B nor the Chief Executive Officer's Special Grants (as defined in the Employment Agreement dated as of November 18, 2001 among New Parent, Phillips and James J. Mulva) shall be taken into account in determining the comparability of the compensation and benefits of the Executive to the Chief Executive Officer.

(i) Base Salary. Commencing on the Agreement Effective Date, during the Employment Period, the Executive shall receive an annual base salary of not less than his annual base salary as in effect immediately prior to the Agreement Effective Date ("Annual Base Salary"), which

shall be paid in accordance with the Company's regular payroll practices. Commencing on the January 1 following the Agreement Effective Date, and thereafter during the Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with competitive industry practice but in no event less than increases consistent with increases in base salary generally awarded in the ordinary course of business to the Chief Executive Officer, taking into account the Executive's unique position with the Company and in no event shall Annual Base Salary be less than that applicable to the Chief Executive Officer. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase, and the term "Annual Base Salary," as utilized in this Agreement, shall refer to Annual Base Salary as so increased.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year or portion thereof during the Employment Period, an Annual Bonus opportunity (the "Annual Bonus") in an amount substantially consistent with competitive industry practice, prorated for any period consisting of less than 12 full months. The Annual Bonus shall not be less than the annual bonus paid to the Chief Executive Officer for the same fiscal year or portion thereof.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans that are tax-qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended ("Code"), and in all plans that are supplemental to any such tax-qualified plans, in each case to the extent that such plans are applicable generally to other executives of the Company, but in no event shall such plans provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities that are, in each case, less favorable to the Executive, in the aggregate, than the most favorable plans of the Company. As used in this Agreement, the term "most favorable" shall, when used with reference to any plans, practices, policies or programs of the Company, be deemed to refer to the plans, practices, policies or programs of the Company, as in effect at any time during the Employment Period and provided generally to the Chief Executive Officer or to other executives of the Company, that are most favorable to the Executive.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, vision, disability, salary continuance, group life and supplemental group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other executives of the Company, but in no event shall such plans, practices, policies and programs provide the Executive with benefits that are less favorable, in the aggregate, than the most favorable such plans, practices, policies and programs of the Company.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company.

(vi) Fringe Benefits and Perquisites. During the Employment Period, the Executive shall be entitled to fringe benefits and perquisites in accordance with the most favorable plans, practices, programs and policies of the Company.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments at least equal to the most favorable of the foregoing provided to the Executive by the Company at any time during the Employment Period, and to secretarial and other assistance to the extent needed to

fulfill his corporate responsibilities at least equal to the most favorable of the foregoing provided to the Executive by the Company at any time during the Employment Period.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company.

(ix) Long-Term Incentive Compensation. In addition to Base Salary, Annual Bonus and other elements of compensation described in Section 2(b) or otherwise in this Agreement, during the Employment Period, the Executive periodically shall be awarded incentive compensation awards, which may consist of, among other things, stock options, stock appreciation rights, restricted stock, stock units or performance awards, having in the aggregate target values consistent with each of (A) the Executive's position and (B) competitive industry practice. Such incentive compensation awards shall be substantially the same, both in amount, exercise, strike or base price (if applicable) and other terms and conditions, as those awarded to the Chief Executive Officer.

(x) Financial and Tax Planning. During the Employment Period, the Executive shall be entitled to reimbursement of (A) reasonable expenses incurred with respect to preparation of his personal income tax returns and (B) reasonable costs of financial counseling (in either case, including a complete gross up for any taxes incurred by the Executive as a result of such reimbursement). Such reimbursement shall be substantially the same, both in scope and other terms and conditions, as those made available to the Chief Executive Officer.

(xi) Life Insurance. During the Employment Period, the Company shall provide the Executive with term life insurance in an amount equal to the Executive's Annual Base Salary multiplied by four, which insurance may be provided through one or more group policies and/or the purchase of an individual policy, as well as a complete gross up for any taxes incurred by the Executive as a result of such insurance coverage. The Executive agrees to submit to physical examinations as reasonably requested by the Company for purposes of obtaining such insurance. Such coverage shall be substantially the same, both in scope and other terms and conditions, as made available to the Chief Executive Officer.

Notwithstanding the foregoing provisions of this Section 2(b), prior to a Change of Control, the Company may reduce or modify amounts and benefits described in this Section 2(b) to the extent that such changes are applicable to all of the Company's senior executives, including the Chief Executive Officer.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Required Board Majority determines in good faith that a Disability of the Executive has occurred during the Employment Period, it may give to the Executive written notice in accordance with Section 11(d) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the later of (i) the date the Executive would otherwise be placed on permanent disability status under the Company's disability programs for United States salaried employees and (ii) the 30th day after receipt of such notice by the Executive, provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties (such later date being the "Disability Effective Date"). For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or injury which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company, acting pursuant to a resolution adopted by the Required Board Majority, may terminate the Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean the Company's termination pursuant to a resolution adopted by the Required Board Majority of the Executive's employment for any of the following: (i) the Executive's final conviction of a felony crime against the Company involving moral turpitude or (ii) the Executive's deliberate and intentional continuing failure to substantially perform his duties and responsibilities hereunder (except by reason of the Executive's incapacity due to physical or mental illness or injury) for a period of 45 days after the Required Board Majority has delivered to the Executive a written demand for substantial performance hereunder which specifically identifies the bases for the Required Board Majority's determination that the Executive has not substantially performed his duties and responsibilities hereunder (that 45-day period being the "Grace Period"); provided, that for purposes of this clause (ii), the Company shall not have Cause to terminate the Executive's employment unless (A) at a meeting of the New Parent Board called and held following the Grace Period in the city in which the Company's principal executive offices are located, of which the Executive was given not less than 10 days' prior written notice and at which the Executive was afforded the opportunity to be represented by counsel, to appear and to be heard, the Required Board Majority shall adopt a written resolution that (1) sets forth the Required Board Majority's determination that the failure of the Executive to substantially perform his duties and responsibilities hereunder has (except by reason of his incapacity due to physical or mental illness or injury) continued past the Grace Period and (2) specifically identifies the bases for that determination, and (B) the Company, at the written direction of the Required Board Majority, shall deliver to the Executive a Notice of Termination for Cause to which a copy of that resolution, certified as being true and correct by the secretary or any assistant secretary of the Company, is attached.

(c) Good Reason. The Executive's employment may be terminated during the Employment Period by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2 of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company ceasing to be a publicly traded entity or becoming a subsidiary of a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of this Agreement not specifically addressed in parts (iii) through (vi) below, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office outside the Houston, Texas metropolitan area;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement;

(v) the failure to continue the Executive as Chairman of the New Parent Board; or

(vi) any failure by the Company to comply with and satisfy the requirements of Section 10 of this Agreement; provided that (A) the successor described in Section 10(c) has received, at least 10 days prior to the Date of Termination (as defined in subparagraph (f) below), written notice from the Company or the Executive of the requirements of such provision, and (B) such

failure to be in compliance with and satisfy the requirements of Section 10 continues as of the Date of Termination.

Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated within one year prior to the date on which the Change of Control occurs, unless it is reasonably demonstrated by the Company that such termination of employment (x) was not at the request of a third party who has taken steps reasonably calculated to effect the Change of Control and (y) otherwise did not arise in connection with or anticipation of the Change of Control, then any such termination shall be deemed for Good Reason.

(d) Other Termination by the Executive. The Executive's employment (and status as a member of the New Parent Board) may be terminated voluntarily by the Executive at any time during the Employment Period and, if other than (i) at a time when the Executive is eligible to terminate his employment for Good Reason or (ii) by retirement on or after the last day of the Employment Period ("Retirement"), is referred to herein as an "Other Termination by the Executive." The Executive agrees not to cause termination of employment to occur within six months following a Change of Control, except by reason of a Retirement, for Good Reason or Disability.

(e) Notice of Termination. Any termination shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(d) of this Agreement. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. For purposes of this Agreement, the term "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason, or as an Other Termination by the Executive, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be and (iv) if the Executive's employment is terminated at the expiration of the Employment Period as provided in Section 4(e), then the last day of the Employment Period.

4. Obligations of the Company upon Termination.

(a) Good Reason; Other than for Cause or Death or Disability. If, during the Employment Period, (x) the Company shall terminate the Executive's employment other than for Cause or death or Disability or (y) the Executive shall terminate employment for Good Reason:

(i) the Company shall pay or provide to or in respect of the Executive the following amounts and benefits:

A. in a lump sum in cash, within 10 days after the Date of Termination, an amount equal to the sum of (1) the Executive's Annual Base Salary through the Date of Termination, (2) at the election of the Executive prior to the Date of Termination, any deferred compensation previously awarded to or earned by the Executive (together with any accrued interest or earnings thereon) and (3) any compensation for unused vacation time for which the Executive is eligible in accordance with the most favorable plans, policies, programs and practices of the Company, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligation");

B. in a lump sum in cash, within 10 days after the Date of Termination, an amount equal to the product of (x) the Annual Bonus (excluding for this purpose any payments set

forth on Annex B) paid or awarded by the Company to or for the benefit of the Executive in respect of the fiscal year immediately preceding the Date of Termination and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination and the denominator of which is 365;

C. in a lump sum in cash, undiscounted, within 10 days after the Date of Termination, an amount equal to the amount of Annual Base Salary that would have been paid to the Executive pursuant to this Agreement for the period (the "Remaining Employment Period") beginning on the Date of Termination and ending on the date that is the last day of the Employment Period (the "Final Expiration Date") if the Executive's employment had not been terminated plus the Annual Bonus that would have been paid or awarded to or for the benefit of the Executive during the Remaining Employment Period if the Executive's employment had not been terminated and if the amount of the Annual Bonus (excluding for this purpose any payments set forth on Annex B) for each fiscal year or portion thereof during such period were equal to the average of the two highest Annual Bonuses paid or awarded to or for the benefit of the Executive in respect of the three full fiscal years preceding the Date of Termination, prorated in the case of any period of less than a full fiscal year;

D. in a lump sum in cash, undiscounted, within 30 days after the Date of Termination, an amount equal to the economic equivalent of the benefits the Executive (and his dependents or beneficiaries) would have received or become entitled to under Section 2(b)(iii) of this Agreement for the Remaining Employment Period if the Executive's employment had not been terminated;

E. effective as of the Date of Termination, (1) if the Executive has not received a grant of stock options in respect of any calendar year during the Employment Period or the Remaining Employment Period, for each such calendar year, a stock option grant covering the same number of shares and on the same terms and conditions as the average of the prior stock option grants to the Executive for the three full fiscal years preceding the Date of Termination (excluding for this purpose any grant pursuant to Annex B), prorated in the case of any period of less than a full fiscal year, and (2) if the Executive has not received a grant of restricted stock and/or restricted stock units and/or other similar equity-based awards in respect of any calendar year during the Employment Period or the Remaining Employment Period, for each such calendar year, a grant covering the same number of shares and on the same terms and conditions as the average of the prior grants of such awards to the Executive for the three full fiscal years preceding the Date of Termination (excluding for this purpose any grant pursuant to Annex B), prorated in the case of any period of less than a full fiscal year; provided that any awards required by (1) or (2) shall be prorated based on the length of the Remaining Employment Period as compared to the customary terms of such awards for purposes of a recipient becoming entitled to full vesting in such award; and

F. effective as of the Date of Termination, (1) immediate vesting and exercisability of, and termination of any restrictions on sale or transfer (other than any such restriction arising by operation of law) with respect to, each and every stock option, restricted stock award, restricted stock unit award and other equity-based award and performance award that is outstanding as of the Date of Termination (including, without limitation, each of the foregoing granted pursuant to Section 4(a)(i)(E)) (each, a "Compensatory Award"), (2) the extension of the term during which each and every Compensatory Award may be exercised by the Executive until the earlier of (x) the first anniversary of the Date of Termination or (y) the date upon which the right to exercise any Compensatory Award would have expired if the Executive had continued to be employed by the Company under the terms of this Agreement until the Final Expiration Date and (3) if a Change of Control precedes or occurs within one year following the Date of Termination, at the sole election of

the Executive, in exchange for any or all Compensatory Awards that are either denominated in or payable in Common Stock (as defined in Section 9 hereof), an amount in cash equal to the excess of (x) the Highest Price Per Share over (y) the exercise or purchase price, if any, of such Compensatory Awards. As used herein, the term "Highest Price Per Share" shall mean the highest price per share that can be determined to have been paid or agreed to be paid for any share of Common Stock by a Covered Person (as defined below) at any time during the six-month period immediately preceding any Change of Control. As used herein, the term "Covered Person" shall mean any Person other than an Exempt Person (in each case as defined in Section 9 hereof) who (I) is the Beneficial Owner (as defined in Section 9 hereof) of 20% or more of the outstanding shares of Common Stock or 20% or more of the combined voting power of the outstanding Voting Stock (as defined in Section 9 hereof) of the Company at any time during the Employment Period, (II) is a Person who has any material involvement in proposing or effectuating the Change of Control (as defined in Section 9 hereof), (III) is an assignee of or has otherwise succeeded to any shares of Common Stock or Voting Stock of the Company which were at any time during the Employment Period "beneficially owned" (as defined in Section 9 hereof) by any Person identified in clause (I) or (II) of this definition, if such assignment or succession shall have occurred in the course of a privately negotiated transaction rather than an open market transaction, or (IV) is described in Section 3(c)(vi) hereof. For purposes of determining whether a Person is a Covered Person, the number of shares of Common Stock or Voting Stock of the Company deemed to be outstanding shall include shares of which the Person is deemed the Beneficial Owner, but shall not include any other shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options. In determining the Highest Price Per Share, the price paid or agreed to be paid by a Covered Person will be appropriately adjusted to take into account (W) distributions paid or payable in stock, (X) subdivisions of outstanding stock, (Y) combinations of shares of stock into a smaller number of shares and (Z) similar events.

(ii) for the period extending until the later of (A) the third anniversary of the Date of Termination or (B) the date the Executive attains age 70, or such longer period as any plan, program, practice or policy may provide (the "Benefit Continuation Period"), the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the most favorable plans, programs, practices and policies described in Sections 2(b)(iv) of this Agreement if the Executive's employment had not been terminated, provided that the obligation of the Company to provide these benefits shall cease upon the Executive's refusal to serve as a member of the New Parent Board. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the Final Expiration Date and to have retired on such date;

(iii) for the Remaining Employment Period, to the extent not previously paid or provided, the Company shall timely pay or provide to the Executive and/or the Executive's family any other amounts or benefits required to be paid or provided, or which the Executive and/or the Executive's family is eligible to receive as of the Date of Termination, pursuant to this Agreement and under any plan, program, policy or practice or contract or agreement of the Company as in effect and applicable generally to other executives and their families on the Agreement Effective Date or, if more favorable to the Executive, as in effect generally thereafter and on or prior to the Date of Termination with respect to other executives of the Company and their families (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits");

(iv) upon the Executive's termination of employment described in Section 4(a), the Executive shall receive Post-Employment Compensation during the Benefit Continuation Period as described in Section 4(f); and

(v) unless otherwise provided herein, until the Executive (or any family member or family entity assignee of the Executive) no longer holds any stock options granted by the Company to the Executive, the Company will provide to the Executive at no cost to the Executive (including a complete gross up for any taxes incurred by the Executive as a result of receiving such benefits), the benefits described in Sections 2(b)(x) and 2(b)(xi), but in no event beyond the date of death of the Executive.

(b) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or Disability during the Employment Period (regardless of whether a Change of Control has occurred), this Agreement shall terminate without further obligations to the Executive under this Agreement, other than the payment of Accrued Obligations, which shall be paid to the Executive, or the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days after the Date of Termination, and the provision of the Other Benefits.

(c) Cause. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive under this Agreement, other than the payment of the Accrued Obligations. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination.

(d) Other Termination by the Executive: If an Other Termination by the Executive occurs during the Employment Period, this Agreement shall terminate without further obligations to the Executive under this Agreement, other than the payment of Accrued Obligations and the provision of the Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination.

(e) Expiration of Employment Period. Notwithstanding any other provision of this Agreement, if the Executive remains employed until the expiration of the Employment Period, upon any termination of employment at or after such expiration, (i) the Executive shall be entitled to payment of the Accrued Obligation as described in Section 4(a)(i)(A) as though the termination of employment was a termination by the Executive with Good Reason and (ii) each and every Compensatory Award, as defined in Section 4(a)(i)(F)(1), shall be immediately vested and exercisable, and any restrictions on sale or transfer (other than any such restrictions arising by operation of law) with respect to such awards shall lapse. Immediately upon such a termination, the Executive shall receive the Post-Employment Compensation as described in Section 4(f), provided that the obligation of Company to provide these benefits shall cease upon the Executive's refusal to serve as a member of the New Parent Board. It is contemplated by the parties that the Executive shall serve as a member of the New Parent Board during the Benefit Continuation Period.

(f) Post-Employment Compensation. As used herein, Post-Employment Compensation shall mean, during the Benefit Continuation Period:

(i) continued participation in the Directors' Charitable Gift Plan;

(ii) continued participation in the benefit plans described in Section 2(b)(iv);

(iii) continued coverage under the comprehensive security program the Executive participated in pursuant to Section 11(b) during employment, in the same manner and providing the same level of security protection as in effect on the date of execution of this Agreement, and in any event on a basis no less favorable than the coverage provided to the Chief Executive Officer, including both company-provided air and ground transportation and home security protection and a complete gross up for any taxes incurred by the Executive as a result of such continued coverage, and

(iv) continued participation in the Conoco Domestic Relocation Policy with respect to a single relocation, at the election of the Executive.

5. Non-Exclusivity of Rights. Except as provided in Section 4 of this Agreement, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement with, the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as such plan, policy, practice or program or contract or agreement is superseded by this Agreement.

6. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set off, counterclaim, recoupment, defense, mitigation or other claim, right or action which the Company may have against the Executive or others. The Company agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others as to the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any such payment pursuant to this Agreement) plus, in each case, interest on any delayed payment at the annual percentage rate which is three percentage points above the interest rate shown as the Prime Rate in the Money Rates column in the then most recently published edition of The Wall Street Journal (Southwest Edition), or, if such rate is not then so published on at least a weekly basis, the interest rate announced by Chase Bank Texas, N.A. (or its successor), from time to time, as its "Base Rate" (or prime lending rate), from the date those amounts were required to have been paid or reimbursed to the Executive until those amounts are finally and fully paid or reimbursed; provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder exceed the maximum non-usurious amount of interest allowed by applicable law.

(b) If there shall be any dispute between the Company and the Executive concerning (i) in the event of any termination of the Executive's employment by the Company, whether such termination was for Cause or Disability, (ii) in the event of any termination of employment by the Executive, whether Good Reason existed, (iii) whether termination occurred after expiration of the Employment Period or in contemplation of or following a Change of Control, (iv) the compensation or benefits to be provided in respect of any termination of the Executive's employment with the Company or as Post-Employment Compensation, or (v) the compensation and benefits to be provided to Executive as described in Annex B on or after the Agreement Effective Date, then, unless and until there is a final, nonappealable judgment by a court of competent jurisdiction declaring that such termination was for Cause or Disability or that the determination by the Executive of the existence of Good Reason was improper or that the termination did not occur in contemplation of or following a Change of Control or after expiration of the Employment Period, or that the Executive or the Executive's beneficiary or estate claimed improper benefits upon termination or as Post-Employment Compensation, the Company shall pay all amounts, and provide all benefits, to the Executive and/or the Executive's family or other beneficiaries, as the case may be, that the Company would be required to pay or provide pursuant to the applicable provisions of Section 4 hereof as though such termination were by the Company without Cause or in contemplation of or following a Change of Control or by the Executive with Good Reason or by either party after expiration of the Employment Period, or the benefits that the Executive or the Executive's beneficiary or estate claimed were properly payable hereunder.

7. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the

Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company's obligation to make Gross-Up Payments under this Section 7 shall not be conditioned upon the Executive's termination of employment.

(b) Subject to the provisions of Section 7(c), all determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PricewaterhouseCoopers LLP or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Merger (as defined in the Merger Agreement) or the Change of Control, the Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Accounting Firm shall not determine that no Excise Tax is payable by the Executive unless it delivers to the Executive a written opinion (the "Accounting Opinion") that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 7(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claims by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 30 days after the Executive actually receives notice in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid; provided, however, that the failure of the Executive to notify the Company of such claim (or to provide any required information with respect thereto) shall not affect any rights granted to the Executive under this Section 7 except to the extent that the Company is materially prejudiced in the defense of such claim as a direct result of such failure. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal

representation with respect to such claim by an attorney selected by the Company and reasonably acceptable to the Executive;

(iii) cooperate with the Company in good faith in order to effectively contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income or employment tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 7(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that, if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 7(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 7(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 7(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim, and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Notwithstanding any other provision of this Section 7, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of the Gross-Up Payment, and the Executive hereby consents to such withholding.

(f) Definitions. The following terms shall have the following meanings for purposes of this Section 7.

(i) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

8. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement) (referred to herein as "Confidential Information"). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 8 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. Also, within 14 days after the termination of Executive's employment for any reason, the Executive shall return to Company all documents and other tangible items containing Company information which are in the Executive's possession, custody or control.

9. Change of Control. As used in this Agreement, the terms set forth below shall have the following respective meanings:

"Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement.

"Associate" shall mean, with reference to any Person, (a) any corporation, firm, partnership, association, unincorporated organization or other entity (other than New Parent or a subsidiary of New Parent) of which such Person is an officer or general partner (or officer or general partner of a general partner) or is, directly or indirectly, the Beneficial Owner of 10% or more of any class of equity securities, (b) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"Beneficial Owner" shall mean, with reference to any securities, any Person if:

(a) such Person or any of such Person's Affiliates and Associates, directly or indirectly, is the "beneficial owner" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement) such securities or otherwise has the right to vote or dispose of such securities, including pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subsection (a) as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding: (i) arises solely from a revocable proxy or consent given in response to a public (i.e., not including a solicitation exempted by Rule 14a-2(b)(2) of the General Rules and Regulations under the Exchange Act) proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act and (ii) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report);

(b) such Person or any of such Person's Affiliates and Associates, directly or indirectly, has the right or obligation to acquire such securities (whether such right or obligation is exercisable or effective immediately or only after the passage of time or the occurrence of an event) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, other rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to "beneficially own," (i) securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange or (ii) securities issuable upon exercise of Exempt Rights; or

(c) such Person or any of such Person's Affiliates or Associates (i) has any agreement, arrangement or understanding (whether or not in writing) with any other Person (or any Affiliate or Associate thereof) that beneficially owns such securities for the purpose of acquiring, holding, voting (except as set forth in the proviso to subsection (a) of this definition) or disposing of such securities or (ii) is a member of a group (as that term is used in Rule 13d-5(b) of the General Rules and Regulations under the Exchange Act) that includes any other Person that beneficially owns such securities;

provided, however, that nothing in this definition shall cause a Person engaged in business as an underwriter of securities to be the Beneficial Owner of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition. For purposes hereof, "voting" a security shall include voting, granting a proxy, consenting or making a request or demand relating to corporate action (including, without limitation, a demand for a stockholder list, to call a stockholder meeting or to inspect corporate books and records) or otherwise giving an authorization (within the meaning of Section 14(a) of the Exchange Act) in respect of such security.

The terms "beneficially own" and "beneficially owning" shall have meanings that are correlative to this definition of the term "Beneficial Owner."

"Change of Control" shall mean the first to occur of any of the following occurring after the Agreement Effective Date (it being understood and agreed that for purposes of this Agreement, neither the Merger, nor approval by the shareholders of Phillips or the Company thereof, shall constitute a "Change of Control" under this Agreement):

(a) any Person (other than an Exempt Person) shall become the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of New Parent then outstanding; provided, however, that no Change of Control shall be deemed to occur for purposes of this subsection (a) if such Person shall become a Beneficial Owner of 20% or more of the shares of Common Stock or 20% or more of the combined voting power of the Voting Stock of New Parent solely as a result of (i) an Exempt Transaction or (ii) an acquisition by a Person pursuant to a reorganization, merger or consolidation, if, following such reorganization, merger or consolidation, the conditions described in clauses (i), (ii) and (iii) of subsection (c) of this definition are satisfied;

(b) individuals who, immediately following the consummation of the Merger, constitute the New Parent Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the New Parent Board; provided, however, that any individual becoming a director thereafter whose election, or nomination for election by New Parent's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, further, that there shall be excluded, for this purpose, any such individual whose initial assumption of office occurs as a result of any actual or threatened election contest that is subject to the provisions of Rule 14a-11 of the General Rules and Regulations under the Exchange Act;

(c) the shareholders of New Parent shall approve a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (i) more than 70% of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding Voting Stock of such corporation beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the Beneficial Owners of the outstanding Common Stock immediately prior to such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the outstanding Common Stock, (ii) no Person (excluding any Exempt Person or any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Common Stock then outstanding or 20% or more of the combined

voting power of the Voting Stock of New Parent then outstanding) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding Voting Stock of such corporation and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or initial action by the New Parent Board providing for such reorganization, merger or consolidation; or

(d) the shareholders of New Parent shall approve (i) a complete liquidation or dissolution of New Parent unless such liquidation or dissolution is approved as part of a plan of liquidation and dissolution involving a sale or disposition of all or substantially all of the assets of New Parent to a corporation with respect to which, following such sale or other disposition, all of the requirements of clauses (ii)(A), (B) and (C) of this subsection (d) are satisfied, or (ii) the sale or other disposition of all or substantially all of the assets of New Parent, other than to a corporation, with respect to which, following such sale or other disposition, (A) more than 70% of the then outstanding shares of common stock of such corporation and the combined voting power of the Voting Stock of such corporation is then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the Beneficial Owners of the outstanding Common Stock immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the outstanding Common Stock, (B) no Person (excluding any Exempt Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of New Parent then outstanding) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding Voting Stock of such corporation and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement or initial action of the New Parent Board providing for such sale or other disposition of assets of New Parent.

"Common Stock" shall mean the common stock, par value $.01 per share, of New Parent.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exempt Person" shall mean any of New Parent, any subsidiary of New Parent, any employee benefit plan of New Parent or any subsidiary of New Parent, and any Person organized, appointed or established by New Parent for or pursuant to the terms of any such plan.

"Exempt Rights" shall mean any rights to purchase shares of Common Stock or other Voting Stock of New Parent if at the time of the issuance thereof such rights are not separable from such Common Stock or other Voting Stock (i.e., are not transferable otherwise than in connection with a transfer of the underlying Common Stock or other Voting Stock), except upon the occurrence of a contingency, whether such rights exist as of the Agreement Effective Date or are thereafter issued by New Parent as a dividend on shares of Common Stock or other Voting Securities or otherwise.

"Exempt Transaction" shall mean an increase in the percentage of the outstanding shares of Common Stock or the percentage of the combined voting power of the outstanding Voting Stock of New Parent beneficially owned by any Person solely as a result of a reduction in the number of shares of Common Stock then outstanding due to the repurchase of Common Stock or Voting Stock by New Parent, unless and until such time as (a) such Person or any Affiliate or Associate of such Person shall purchase or otherwise become the Beneficial Owner of additional shares of Common Stock constituting 1% or more of the then outstanding shares of Common Stock or additional Voting Stock representing 1% or more of the combined voting power of the then outstanding Voting Stock, or (b) any other Person (or Persons) who is (or collectively are) the Beneficial Owner of shares of Common Stock constituting 1% or more of the then outstanding shares of Common Stock or Voting

Stock representing 1% or more of the combined voting power of the then outstanding Voting Stock shall become an Affiliate or Associate of such Person.

"Person" shall mean any individual, firm, corporation, partnership, association, trust, unincorporated organization or other entity.

"Voting Stock" shall mean, with respect to a corporation, all securities of such corporation of any class or series that are entitled to vote generally in the election of directors of such corporation (excluding any class or series that would be entitled so to vote by reason of the occurrence of any contingency, so long as such contingency has not occurred).

10. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of, and be enforceable by, the Executive's heirs, executors and other legal representatives.

(b) This Agreement shall inure to the benefit of, and be binding upon, the Company and may only be assigned to a successor described in Section 10(c).

(c) As of the Agreement Effective Date, New Parent shall be substituted for the Company as the obligor under this Agreement, and each reference to the Company with respect to periods on or after the Agreement Effective Date shall be replaced with a reference to New Parent, and each reference to the Company with respect to periods prior to the Agreement Effective Date shall mean Conoco Inc., except where the context requires otherwise. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to principles of conflict of laws that would require the application of the laws of any other state or jurisdiction.

(b) The Executive acknowledges that the Company currently has and may in the future institute comprehensive security programs associated with the Executive and his position with the Company. The Executive further acknowledges that such programs are instituted by the Company to protect the Company's interest in the Executive's continued performance of his responsibilities as Chairman of the New Parent Board. To that end, the Executive agrees to comply with such programs and, to the extent practicable, to cause members of his family to comply with such programs if such individuals are covered thereby. The Executive further acknowledges that the Company has a substantial interest in the health of the Executive and agrees to comply with preventive medical policies and programs established by the Company. Such policies currently include a requirement that the Executive annually obtain a complete physical examination at the Johns Hopkins Medical Center (or another facility of similar stature at the election of the Executive).

(c) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and heirs, executors and other legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given, if by the Executive to the Company, by telecopy or facsimile transmission at the telecommunications

number set forth below and, if by either the Company or the Executive, either by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Mr. Archie W. Dunham
Conoco Inc.
600 North Dairy Ashford
Petroleum Building, Suite PE3034
Houston, Texas 77079-6651

If to the Company:

Conoco Inc. or New Parent
600 North Dairy Ashford
Houston, Texas 77079-6651
Telecommunications Number: (281) 293-1054
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) As of the Agreement Effective Date, but not before, this Agreement supersedes the Prior Employment Agreement. The provisions of this Agreement shall govern in the event of a conflict or inconsistency with respect to any other agreement concerning Executive's employment relationship with the Company, including the provisions of any benefit plan, program or practice.

(i) This Agreement shall be effective as of the Agreement Effective Date.

IN WITNESS WHEREOF, the Executive has hereunto set his hand and, pursuant to the authorization from the Company, Board and the New Parent Board, respectively, the Company and New Parent each have caused these presents to be executed in its name on its behalf.

CONOCO INC.

By:

Thomas C. Knudson
Senior Vice President
Human Resources, Information Management and Corporate Communications

CORVETTEPORSCHE CORP.

By:

Archie W. Dunham

ANNEX A

CERTAIN DEFINITIONS

Accounting Firm is defined in Section 7(b).

Accounting Opinion is defined in Section 7(b).

Accrued Obligation is defined in Section 4(a)(i)(A).

Affiliate is defined in Section 9.

Agreement Effective Date is defined in the Preamble.

Annual Base Salary is defined in Section 2(b)(i).

Annual Bonus is defined in Section 2(b)(ii).

Associate is defined in Section 9.

Base Rate is defined in Section 6(a)

Beneficial Owner is defined in Section 9.

Benefit Continuation Period is defined in Section 4(a)(ii).

Cause is defined in Section 3(b).

Change of Control is defined in Section 9.

Chief Executive Officer or CEO is defined in Section 2(a).

Code is defined in Section 2(b)(iii).

Common Stock is defined in Section 9.

Company is defined in the Preamble and in Section 10(c).

Company Board is defined in the Preamble.

Company Prior Arrangements is defined in Section 2(b).

Compensatory Award is defined in Section 4(a)(i)(F).

Confidential Information is defined in Section 8.

Covered Person is defined in Section 4(a)(i)(F).

Date of Termination is defined in Section 3(f).

Directors' Charitable Gift Plan is referenced in Section 4(f).

Disability is defined in Section 3(a).

Disability Effective Date is defined in Section 3(a).

Employment Period is defined in Section 1.

Exchange Act is defined in Section 9.

Excise Tax is defined in Section 7(f).

Executive is defined in the Preamble.

Exempt Person is defined in Section 9.

Exempt Rights is defined in Section 9.

Exempt Transaction is defined in Section 9.

Final Expiration Date is defined in Section 4(a)(i)(C).

Good Reason is defined in Section 3(c).

Grace Period is defined in Section 3(b).

Gross-Up Payment is defined in Section 7(a).

Highest Price Per Share is defined in Section 4(a)(i)(F).

Incumbent Board is defined in Section 9.

Merger is defined in the Preamble.

Merger Agreement is defined in the Preamble.

Most Favorable is defined in Section 2(b)(iii).

New Parent is defined in the Preamble.

New Parent Board is defined in the Preamble.

Other Benefits is defined in Section 4(a)(iii).

Other Termination by the Executive is defined in Section 3(d).

Payment is defined in Section 7(f).

Person is defined in Section 9.

Phillips is defined in the Preamble.

Phillips Prior Arrangements is defined in Section 2(b).

Post-Employment Compensation is defined in Section 4(f).

Prior Compensatory Award is defined in Annex B, Section (i)(E).

Prior Employment Agreement is defined in the Preamble.

Prior Final Expiration Date is defined in Annex B, Section (i)(B).

Remaining Employment Period is defined in Section 4(a)(i)(C).

Remaining Prior Employment Period is defined in Annex B, Section (i)(B).

Required Board Majority is defined in Section 2(a).

Retirement is defined in Section 3(d).

Underpayment is defined in Section 7(b).

Voting is defined in Section 9.

Voting Stock is defined in Section 9.

ANNEX B

In consideration for the execution of this Agreement, New Parent, the Company and the Executive hereby agree to the following:

(i) promptly following the Agreement Effective Date, the Company shall pay or provide to or in respect of the Executive the following amounts and benefits:

A. in a lump sum in cash, within 10 days after the Agreement Effective Date, an amount equal to the sum of (1) the Executive's Annual Base Salary (as defined in the Prior Employment Agreement) through the Agreement Effective Date, (2) any deferred compensation previously awarded to or earned by the Executive (together with any accrued interest or earnings thereon) and (3) any compensation for unused vacation time for which the Executive is eligible in accordance with the most favorable plans, policies, programs and practices of the Company, in each case to the extent not theretofore paid;

B. in a lump sum in cash, undiscounted, within 10 days after the Agreement Effective Date, an amount equal to the sum of (i) the amount of Annual Base Salary (as defined in the Prior Employment Agreement) that would have been paid to the Executive pursuant to the Prior Employment Agreement for the period (the "Remaining Prior Employment Period") beginning on the Agreement Effective Date and ending on the date that is three years following the Agreement Effective Date (the "Prior Final Expiration Date") if the Executive's employment had continued uninterrupted pursuant to the Prior Employment Agreement and (ii) the Annual Bonus (as defined in the Prior Employment Agreement) that would have been paid or awarded to or for the benefit of the Executive during the Remaining Prior Employment Period if the Executive's employment continued uninterrupted pursuant to the Prior Employment Agreement and if the amount of the Annual Bonus (as defined in the Prior Employment Agreement) for each fiscal year or portion thereof during such period were equal to the average of the two highest Annual Bonuses (as defined in the Prior Employment Agreement) paid or awarded to or for the benefit of the Executive in respect of the three full fiscal years preceding the Agreement Effective Date, prorated in the case of any period of less than a full fiscal year;

C. in a lump sum in cash, undiscounted, within 30 days after the Agreement Effective Date, an amount equal to the economic equivalent of the benefits the Executive (and his dependents or beneficiaries) would have received or become entitled to under Section 2(b)(iii) of the Prior Employment Agreement for the Remaining Prior Employment Period if the Executive's employment continued uninterrupted pursuant to the Prior Employment Agreement;

D. effective as of the Agreement Effective Date, (1) if the Executive has not received a grant of stock options in respect of any calendar year during the Employment Period (as defined in the Prior Employment Agreement) or the Remaining Prior Employment Period, for each such calendar year, a stock option grant covering the same number of shares and on the same terms and conditions as the average of the prior stock option grants to the Executive for the three full fiscal years preceding the Agreement Effective Date, prorated in the case of any period of less than a full fiscal year (except that the option will vest after two years of service, subject to earlier vesting upon the occurrence of certain events in accordance with the Agreement and/or the Company's customary stock option grants), and (2) if the Executive has not received a grant of restricted stock and/or restricted stock units and/or other similar equity-based awards in respect of any calendar year during the Employment Period (as defined in the Prior Employment Agreement) or the Remaining Prior Employment Period, for each such calendar year, a grant covering the same number of shares and on the same terms and conditions as the average of the prior grants of such awards to the Executive for the three full fiscal years preceding the Agreement Effective Date, prorated in the case of any period of less than a full fiscal year; provided that any awards required by (1) or (2) shall be prorated based on the length of the Remaining Prior Employment Period as compared to the customary terms of such awards for purposes of a recipient becoming entitled to full vesting in such award;

E. effective as of the Agreement Effective Date, (1) immediate vesting and exercisability of, and termination of any restrictions on sale or transfer (other than any such restriction arising by operation of law) with respect to, each and every stock option, restricted stock award, restricted stock unit award and other equity-based award and performance award that is outstanding as of the Agreement Effective Date (including, without limitation, each of the foregoing granted pursuant to paragraph (i)(D)(2) of this Annex B, but excluding for this purpose the option grant made pursuant to paragraph (i)(D)(1) of this Annex B) (each, a "Prior Compensatory Award"), and (2) the extension of the term during which each and every Prior Compensatory Award may be exercised by the Executive until the earlier of (x) the first anniversary of the Agreement Effective Date or (y) the date upon which the right to exercise any Prior Compensatory Award would have expired if the Executive had continued to be employed by the Company under the terms of the Prior Employment Agreement until the Prior Final Expiration Date; and

F. effective as of the Agreement Effective Date or as soon as practicable thereafter, the Company shall pay to the Executive any Gross-Up Payments due to the Executive pursuant to Section 7 of this Agreement on account of any payments made pursuant to this Annex B or otherwise; provided, that in the case of any Gross-Up Payment relating to a payment that is deferred as provided for below, such Gross-Up Payment shall be paid as and when actually due in respect of such deferred payment; and provided, further, that the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of such Gross-Up Payments, and the Executive hereby consents to such withholding.

(ii) for the Remaining Prior Employment Period, or such longer period as any plan, program, practice or policy may provide, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those benefits which would have been provided to them in accordance with the most favorable plans, programs, practices and policies described in Section 2(b)(iv) of the Prior Employment Agreement if the Executive's employment had continued uninterrupted. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until at least the Prior Final Expiration Date and to have retired on such date;

(iii) for the Remaining Prior Employment Period, to the extent not previously paid or provided, the Company shall timely pay or provide to the Executive and/or the Executive's family any other amounts or benefits required to be paid or provided, or which the Executive and/or the Executive's family would have been eligible to receive, pursuant to the Prior Employment Agreement and under any plan, program, policy or practice or contract or agreement of the Company as in effect and applicable generally to other executives and their families immediately prior to the Agreement Affective Date or, if more favorable to the Executive, as in effect generally thereafter with respect to other executives of the Company and their families; and

(iv) unless otherwise provided herein, until the Executive (or any family member or family entity assignee of the Executive) no longer holds any stock options granted by the Company to the Executive, the Company will provide to the Executive at no cost to the Executive (including a complete gross up for any taxes incurred by the Executive as a result of receiving such benefits), the benefits described in Sections 2(b)(x) and 2(b)(xi) of the Prior Employment Agreement, but in no event beyond the date of death of the Executive.

Any payments to be made pursuant to this Annex B may be deferred pursuant to an election by the Executive on or before March 31, 2002, but in no event later than the date 30 days before the Agreement Effective Date. Any amounts so deferred shall be deferred pursuant to the Global Variable Compensation Deferral Plan.

The parties agree that the compensation and benefits to be provided in this Annex B are in addition to the compensation and benefits to be provided under this Agreement, and in no event shall the payments

and benefits provided under Annex B reduce or offset the amount or duration of payments and benefits to be provided pursuant to this Agreement, and in no event shall the payments and benefits provided pursuant to this Agreement reduce or offset the amount or duration of payments and benefits to be provided under this Annex B; provided, that notwithstanding the foregoing, during any period when the Executive or his family are entitled to receive, pursuant to this Agreement, benefits otherwise required to be provided pursuant to clause (ii), (iii) or (iv) of this Annex B, the Executive shall be entitled to receive benefits under the most favorable of such arrangements, but there shall be no duplication of such benefits and no extension of the period during which such benefits are otherwise required to be provided under Annex B or this Agreement.

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of CorvettePorsche Corp. of our report dated February 19, 2001, except for Note 29, as to which the date is September 6, 2001, relating to the consolidated financial statements, which appears in Conoco Inc.'s Current Report on Form 8-K/A dated July 16, 2001, and of our report dated March 9, 2001 relating to the financial statement schedule of Conoco Inc., which appears in Conoco Inc.'s Annual Report on Form 10-K for the year ended December 31, 2000. We also consent to the reference to us under the heading "Experts" and "Independent Auditors" in such Registration Statement.

Houston, Texas
December 7, 2001

Exhibit 23.2

CONSENT OF ERNST & YOUNG LLP

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related joint proxy statement/prospectus of CorvettePorsche Corp. for the registration of shares of its common stock and to the incorporation by reference therein of our report dated March 15, 2001, with respect to the consolidated financial statements and schedule of Phillips Petroleum Company included in its Annual Report (Form 10-K) for the year ended December 31, 2000, as amended, filed with the Securities Exchange Commission.

We also consent to the use of our report dated December 7, 2001, with respect to the consolidated balance sheet of CorvettePorsche Corp. included in the Registration Statement (Form S-4) and related joint proxy statement/prospectus of CorvettePorsche Corp. for the registration of shares of its common stock.

Ernst & Young LLP

Tulsa, Oklahoma
December 7, 2001

Exhibit 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of CorvettePorsche Corp. of our report dated March 9, 2001 relating to the consolidated financial statements of Tosco Corporation, which appears in the Current Report on Form 8-K/A of Phillips Petroleum Company, dated October 31, 2001.

PricewaterhouseCoopers LLP

Phoenix, Arizona
December 7, 2001

Exhibit 23.4

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement (Form S-4) and related joint proxy statement/prospectus of CORVETTEPORSCHE CORP. for the registration of shares of its common stock of our report dated February 20, 2001 with respect to the consolidated financial statements of Gulf Canada Resources Limited included in the Current Report on Form 8-K/A Amendment No. 1 of Conoco Inc. dated September 10, 2001, filed with the United States Securities and Exchange Commission.

Signed "Ernst & Young LLP"

Calgary, Canada
December 7, 2001

Chartered Accountants

Exhibit 99.1

[MORGAN STANLEY LETTERHEAD]

December , 2001

Board of Directors
CorvettePorsche Corp.
600 North Dairy Ashford Road
Houston, Texas 77079

Members of the Board

We hereby consent to the use in the Registration Statement of CorvettePorsche Corp. on Form S-4 and in the Proxy Statement/Prospectus of Conoco Inc. and Phillips Petroleum Company, which is part of the Registration Statement, of our opinion dated November 18, 2001 appearing as Annex D to such Proxy Statement/Prospectus, to the description therein of such opinion and to the references to our name contained therein under the headings "Summary", "Background of the Merger", "Reasons for the Merger" and "Opinion of Conoco's Financial Advisors". In giving the foregoing consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended (the "Securities Act"), or the rules and regulations promulgated thereunder, nor do we admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act or the rules and regulations promulgated thereunder.

MORGAN STANLEY & CO.
INCORPORATED

By: /s/ Michael Dickman

Michael Dickman
Managing Director

Exhibit 99.2

CONSENT OF SALOMON SMITH BARNEY INC.

We hereby consent to the use of our name and to the inclusion of our opinion letter, dated November 18, 2001, as Annex E to, and the reference thereto under the captions "Questions and Answers About the Merger", Summary - Fairness Opinions of Financial Advisors," The Merger - Recommendation of the Conoco Board of Directors," and - "Opinions of Conoco's Financial Advisors" in, the Proxy Statement/Prospectus of CorvettePorsche, which Proxy Statement/Prospectus is part of the Registration Statement on Form S-4 dated on or about December 7, 2001 of CorvettePorsche. By giving such consent we do not thereby admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "expert" as used in, or that we come within the category of persons whose consent is required under, the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

SALOMON SMITH BARNEY INC.

By /s/ Salomon Smith Barney Inc.

Managing Director

New York, New York

December 7, 2001
- -------- -

PERSONAL AND CONFIDENTIAL

December 7, 2001

Board of Directors
Phillips Petroleum Company
4th & Keeler
Bartlesville, OK 74004

Re: Initially filed Registration Statement on Form S-4 of CorvettePorsche Corp. relating to CorvettePorsche Corp. Common Stock being registered in connection with the proposed combination of Phillips Petroleum Company and Conoco Inc.

Ladies and Gentlemen:

Reference is made to our opinion letter dated November 18, 2001 with respect to our opinion as to the fairness from a financial point of view to the holders of the outstanding common shares, par value $1.25 per share, of Phillips Petroleum Company ("Phillips") of the Phillips Exchange Ratio (as defined therein) relative to the Conoco Exchange Ratio (as defined therein) pursuant to the Agreement and Plan of Merger, dated as of November 18, 2001, by and among CorvettePorsche Corp., Phillips, Conoco Inc., Porsche Merger Corp. and Corvette Merger Corp.

The foregoing opinion letter is provided for the information and assistance of the Board of Directors of Phillips in connection with its consideration of the transaction contemplated by the Agreement and is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be filed with, included in or referred to in whole or in part in any registration statement, proxy statement or any other document, except in accordance with our prior written consent. We understand that Phillips has determined to include our opinion in the above-referenced Registration Statement.

In that regard, we hereby consent to the reference to the opinion of our Firm under the captions "Background to the Merger", "Recommendation of the Phillips Board of Directors", and "Opinions of Phillips' Financial Advisors" and to the inclusion of the foregoing opinion as an appendix to the Joint Proxy Statement/Prospectus included in the above-mentioned Registration Statement. Notwithstanding the foregoing, it is understood that our consent is being delivered solely in connection with the filing of the above-mentioned version of the Registration Statement and that our opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be filed with, included in or referred to in whole or in part in any registration statement (including any subsequent amendments to the above-mentioned Registration Statement), proxy statement or any other document, except in accordance with our prior written consent. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ Goldman, Sachs & Co
- ----------------------
(GOLDMAN, SACHS & CO.)

Exhibit 99.4

CONSENT OF MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

We hereby consent to the inclusion of our opinion letter dated November 18, 2001 to the Board of Directors of Phillips Petroleum Company ("Phillips"), included as Annex H to the Joint Proxy Statement/Prospectus that forms a part of the Registration Statement on Form S-4 relating to the proposed combination of Phillips and Conoco Inc. and to the references to such opinion in such Joint Proxy Statement/Prospectus under the captions "Background to the Merger", "Recommendation of the Phillips Board of Directors", and "Opinions of Phillips' Financial Advisors." In giving such consent, we do not admit and we hereby disclaim that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder, nor do we thereby admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ Merrill Lynch, Pierce, Fenner & Smith
Incorporated

December 7, 2001

Exhibit 99.5

CONSENT OF J.P. MORGAN SECURITIES INC.

We hereby consent to (i) the use of our opinion letter dated November 18, 2001 to the Board of Directors of Phillips Petroleum Company (the "Company") included in Annex G to the Joint Proxy Statement/Prospectus relating to the proposed combination of the Company and Conoco Inc., and (ii) the references to such opinion in such Joint Proxy Statement/Prospectus. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder, nor do we hereby admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

J.P. MORGAN SECURITIES INC.

/s/ J.P. MORGAN SECURITIES INC.

December 7, 2001