



Stock Selection Guide®

The most widely used aid to good investment judgment

Company	CONOCOPHILLIPS		Date	06/12/07	
Prepared by	jah		Data taken from	NAIC Data	
Where traded	NYSE		Major product/service	Integrated	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0		% Insiders	%	
Common (M Shares)	1,634.4		0.0	0.0	
Debt (\$M)	30,980.0	% to Tot.Cap.	27.4	% Potential Dil.	None

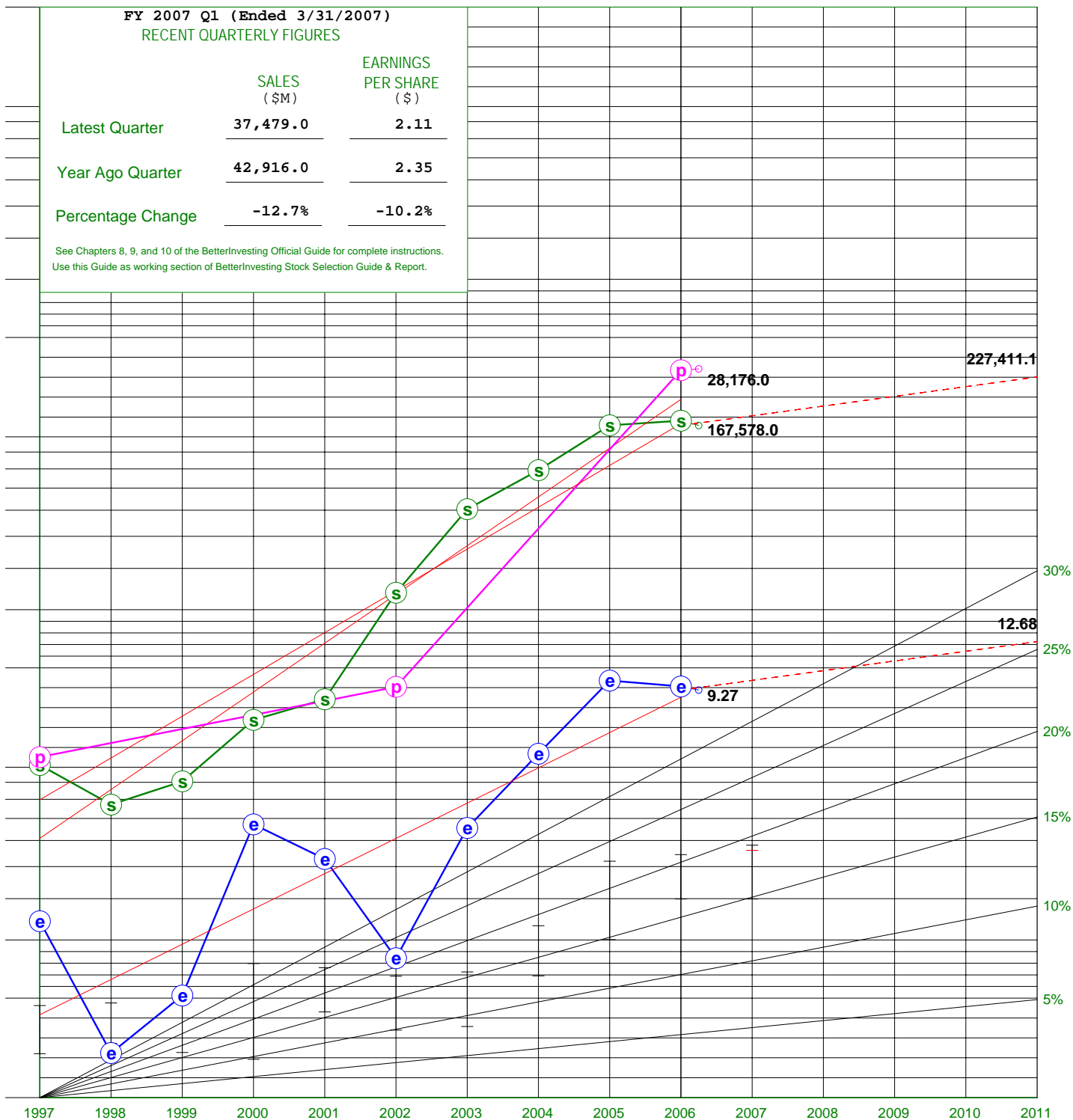
1 VISUAL ANALYSIS of Sales, Earnings and Price

COP

FY 2007 Q1 (Ended 3/31/2007)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	37,479.0	2.11
Year Ago Quarter	42,916.0	2.35
Percentage Change	-12.7%	-10.2%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions. Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



- (1) Historical Sales Growth 40.5 %
- (2) Estimated Future Sales Growth 7.0 %
- (3) Historical Earnings Per Share Growth 27.9 %
- (4) Estimated Future Earnings Per Share Growth 7.0 %

2 EVALUATING MANAGEMENT

Company **CONOCOPHILLIPS** (COP)

06/12/07

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	12.5					6.1				16.8	11.5	UP	
B % Earned on Equity (E/S ÷ Book Value)	19.7	8.6	12.0	29.7	14.8	6.4	13.7	18.9	25.2	18.5	16.5	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 77.115 HIGH THIS YEAR 79.910 LOW THIS YEAR 54.900

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1 2002	32.1	22.0	1.40	23.0	15.8	0.740	53.0	3.4	
2 2003	33.0	22.6	3.46	9.6	6.5	0.815	23.6	3.6	
3 2004	45.6	32.2	5.80	7.9	5.6	0.895	15.4	2.8	
4 2005	71.5	41.4	9.66	7.4	4.3	1.180	12.2	2.9	
5 2006	74.9	54.9	9.27	8.1	5.9	1.440	15.5	2.6	
6 TOTAL		173.1		33.0	22.3		119.7		
7 AVERAGE		34.6		8.3	5.6		23.9		
8 AVERAGE PRICE EARNINGS RATIO			7.0	9 CURRENT PRICE EARNINGS RATIO				8.5	

4 Proj. P/E [7.97] Based on Next 4 qtr. EPS [9.67] Current P/E Based on Last 4 qtr. EPS [9.04] EVALUATING RISK and REWARD over the next 5 years PEG=114

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 8.3 X Estimate High Earnings/Share 12.68 = Forecast High Price \$ 105.2
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 5.6 X Estimated Low Earnings/Share 9.27 9.04 = \$ 50.6
(3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 34.6
(3B7)

(c) Recent Severe Market Low Price = 41.4

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{1.640}{0.036} = 45.5$

Selected Estimate Low Price = \$ 50.6
(4B1)

C ZONING

105.2 High Forecast Price Minus 50.6 Low Forecast Price Equals 54.6 Range. 1/3 of Range = 13.6
(4A1) (4B1) (C) (4CD)

(4C2) Lower 1/3 = (4B1) 50.6 to 64.2 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 64.2 to 91.6 (Maybe)

(4C4) Upper 1/3 = 91.6 to 105.2 (4A1) (Sell)

Present Market Price of 77.115 is in the Hold Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 105.2 Minus Present Price 77.115 = 28.1 = 1.1 To 1
Present Price 77.115 Minus Low Price (4B1) 50.6 = 26.5 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 105.2
Present Market Price 77.115 = (1.364) X 100 = (136.4) - 100 = 36.4 % Appreciation
(4E)

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Relative Value: 121.4% Proj. Relative Value: 113.9%

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 1.640
Present Price of Stock \$ 77.115 = 0.021 X 100 = 2.1 Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

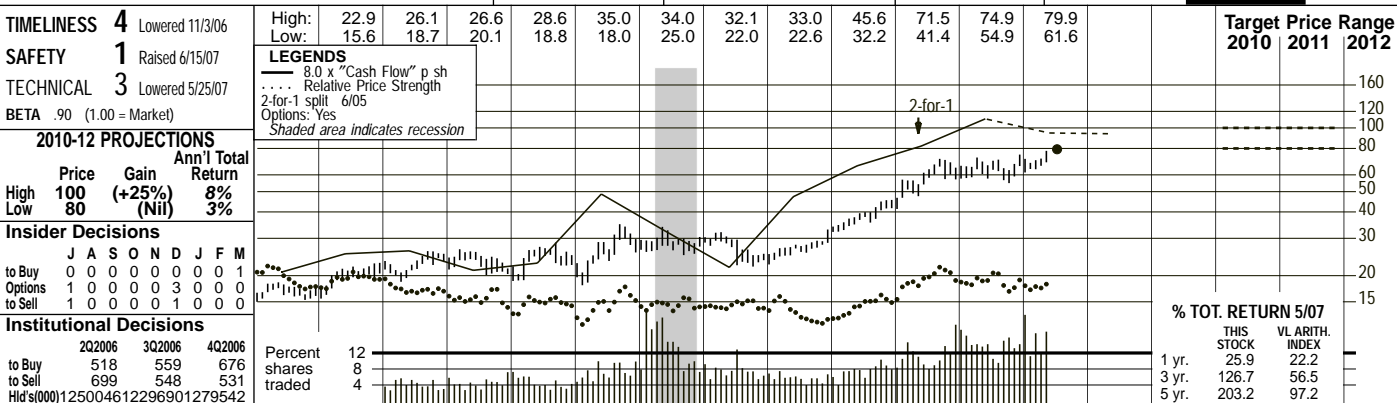
Avg. Earnings Per Share Next 5 Years 11.07 X Avg. % Payout (3G7) 23.9 = 264.6 = 3.4 %
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) <u>36.4</u>			P.A.R.	Tot. Ret.
	<u>7.3</u> %	Average Yield	<u>3.4</u> %	<u>2.9</u> %
Average Yield (5B) <u>3.4</u> %		Annual Appreciation	<u>2.7</u> %	<u>6.4</u> %
Average Total Annual Return Over the Next 5 Years (5C) <u>10.7</u> %		% Compd Ann Rate of Ret	<u>6.1</u> %	<u>9.3</u> %

CONOCOPHILLIPS NYSE-COP

RECENT PRICE **79.29** P/E RATIO **9.2** (Trailing: 8.1 Median: 9.5) RELATIVE P/E RATIO **0.47** DIV'D YLD **2.1%** VALUE LINE



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
28.90	22.91	26.76	40.99	34.97	41.51	76.30	93.95	123.25	111.57	111.40	112.90	112.90	Sales per sh	110.65
3.27	2.65	2.86	6.09	4.06	2.73	5.91	8.28	10.27	14.19	11.85	11.75	11.75	"Cash Flow" per sh	13.00
1.72	.75	1.08	3.74	2.90	1.56	3.35	5.79	9.35	9.99	8.65	8.55	8.55	Earnings per sh ^A	9.00
.67	.68	.68	.68	.70	.74	.82	.90	1.18	1.44	1.64	1.68	1.68	Div'ds Decl'd per sh ^B	1.75
3.88	4.07	3.33	3.98	4.04	3.21	2.56	6.60	7.98	9.47	9.50	9.05	9.05	Cap'l Spending per sh	8.00
9.15	8.37	8.97	11.99	18.76	21.59	25.17	29.72	36.22	50.21	59.55	67.75	67.75	Book Value per sh	90.80
526.36	503.99	507.23	508.24	764.32	1367.3	1365.6	1437.7	1455.9	1646.1	1580.0	1550.0	1550.0	Common Shs Outst'g ^C	1500.0
13.2	30.9	22.3	7.0	9.8	17.5	8.1	6.6	6.2	6.4	6.4	6.4	6.4	Avg Ann'l P/E Ratio	10.0
.76	1.61	1.27	.46	.50	.96	.46	.35	.33	.35	.35	.35	.35	Relative P/E Ratio	.67
3.0%	2.9%	2.8%	2.6%	2.5%	2.7%	3.0%	2.3%	2.0%	2.3%	2.3%	2.3%	2.3%	Avg Ann'l Div'd Yield	2.0%

Phillips Petroleum acquired Conoco on August 30, 2002 and changed its name to ConocoPhillips. Consequently, all prior data is that of Phillips. Under the terms of the merger, each Phillips share was converted to one share of ConocoPhillips, and each Conoco share was exchanged for .4677 shares of the new entity. Phillips issued 293,284,982 shares to complete the deal.

CAPITAL STRUCTURE as of 3/31/07
 Total Debt \$23.7 bill. Due in 5 Yrs \$13.0 bill.
 LT Debt \$22.0 bill. LT Interest \$1.3 bill. (21% of Cap'l)

Leases, Uncapitalized Annual rentals \$584.0 mill.
Pension Assets-12/06 \$5.0 bill. **Oblig.** \$7.2 bill.

Pfd Stock None.
Common Stock 1,634,399,909 shs. as of 3/31/07

MARKET CAP: \$130 billion (Large Cap)

CURRENT POSITION (\$MILL)	2005	2006	3/31/07
Cash Assets	2214	817	860
Receivables	11168	13456	11964
Inventory (LIFO)	3724	5153	5685
Other	2506	5640	6232
Current Assets	19612	25066	24741
Accts Payable	11732	14163	15023
Debt Due	1758	4043	1707
Other	7869	8225	10295
Current Liab.	21359	26431	27025

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '04-'06 to '10-'12
Sales	15.5%	26.0%	2.5%
"Cash Flow"	15.0%	20.0%	2.0%
Earnings	21.5%	26.5%	3.5%
Dividends	7.0%	11.5%	9.0%
Book Value	19.5%	23.5%	17.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	29813	31528	34350	39385	135076
2005	37631	41808	48745	51258	179442
2006	47927	47100	47104	41519	183650
2007	42867	45000	44625	43508	176000
2008	43750	44750	43250	43250	175000

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	1.16	1.44	1.44	1.75	5.79
2005	1.77	2.21	2.68	2.69	9.35
2006	2.34	2.87	2.68	2.10	9.99
2007	1.82	2.40	2.40	2.03	8.65
2008	2.05	2.25	2.25	2.00	8.55

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.20	.20	.20	.22	.82
2004	.22	.22	.22	.25	.91
2005	.25	.31	.31	.31	1.18
2006	.36	.36	.36	.36	1.44
2007	.41	.41			

Business: ConocoPhillips is an integrated oil and petrochemicals company with operations around the globe. It is organized into four primary operating segments: exploration and production, midstream, refining and marketing, and chemicals. Average worldwide production in '06: 1,936,000 barrels/day, compared with 1,543,000 barrels/day in '05. Discounted future net cash flows of reserves: \$51,590 million. 2006 average realized crude price was \$62.39, vs. \$51.74 in '05. Employs 38,400 (12/06). Offs./dirs. own less than 1.0% of comm. stock. Vanguard Fiduciary Tr. owns, 6.7%; Barclays Global, 5.4% (4/07 proxy). Chairman: A. Dunham, Pres. & CEO: J. J. Mulva, Inc.: DE. Addr.: Bartlesville, OK 74004. Tel.: 918-661-6600. Internet: www.conocophillips.com.

ConocoPhillips continues to make hefty profits, but performance in the first three months of 2007 fell well short of the March, 2006 quarter. The petroleum company reported solid earnings of \$1.82 a share during the first quarter, excluding a nonrecurring gain of \$0.29 related to the sale of certain oil producing assets. Nonetheless, this was shy of the \$2.34 in share net it generated a year earlier. A portion of the decline was attributable to lower commodity prices, higher taxes, and increased operating costs in the Exploration and Production (E&P) segment. ConocoPhillips also experienced lower income from its smaller Midstream and Chemicals operations. Its Midstream unit faced a reduction in sales volume and gas liquids pricings, while the Chemicals group booked narrower margins on olefins and polyolefins. Partially offsetting some of these declines were a 2.5% increase in output from the E&P segment, to 2.02 million barrels of oil equivalent per day, as well as improved refining and marketing margins downstream.

We are holding our full-year share-earnings estimates for ConocoPhillips

unchanged for 2007 and 2008. We look for the company to earn \$8.65 a share in 2007 and \$8.55 a share in 2008, representing a dropoff from record performances in 2005 and 2006. We think that it will be tougher for the company to generate the upstream profits of previous years for two reasons: we believe oil prices (though unpredictable) will probably remain in a narrow band from here, while exploration and production costs continue to rise.

This equity is ranked 4 (Below Average for Timeliness. The share price ran up to a record high in the last three months, following a broad industry rise in stocks as commodity prices increased. We do not believe that there is a high probability for this stock to outperform in the year ahead as we look for earnings growth to level off in 2007, 2008, and the 3- to 5-year pull. Our view is that even an unanticipated spike in commodity prices above last year's levels would begin to chip away demand. On the other hand, there is limited downside risk with this stock, which now holds a rank of 1 (Highest) for Safety.

Michael P. Maloney
 June 15, 2007