Future Capital Requirements and Resources: Capital expenditures in 2004 are expected to be approximately $1.5 billion. The Corporation anticipates that these expenditures will be funded by available cash and cash flow from operations. Lines of credit are available, if necessary. At December 31, 2003, the Corporation has an undrawn facility of $1.5 billion under its committed revolving credit agreement and has additional unused lines of credit of $206 million under uncommitted arrangements with banks. The Corporation's revolving credit agreement expires in 2006 and the Corporation expects it will be able to arrange a new committed facility at that time, if required. The Corporation also has a shelf registration under which it may issue $825 million of additional debt securities, warrants, common stock or preferred stock.

Loan agreement covenants allow the Corporation to borrow an additional $5 billion for the construction or acquisition of assets at December 31, 2003. At year end, the amount that can be borrowed under the loan agreements for the payment of dividends is $1.9 billion.

The Corporation's aggregate maturities of long-term debt total $221 million over the next three years. Based on current estimates of production, capital expenditures and other factors, and assuming West Texas Intermediate oil prices average $24 per barrel and United States natural gas prices average $4.25 per Mcf, the Corporation anticipates it will fund its future operations, including capital expenditures, dividends and required debt repayment, with existing cash on-hand, cash flow from operations and, when necessary, borrowings under its credit facilities and the issuance of securities under its shelf registration.

Prior to June 30, 1986, the Corporation had extensive exploration and production operations in Libya, however, it was required to suspend participation in these operations as a result of U.S. government sanctions. If U.S. sanctions on Libya are removed, and if the Corporation and its partners successfully negotiate with the government of Libya to resume participation in the group's former operations, management anticipates capital expenditures will likely increase over the current plan. Production and reserves would also increase. On February 24, 2004, the Corporation received U.S. Government authorization to negotiate and enter into an executory agreement with the government of Libya that would define the terms for resuming active participation in the Libyan properties. The Corporation's performance under this agreement will be contingent on obtaining future U.S. Government authorizations. The Corporation cannot predict the outcome or timing of these events.

Credit Ratings: While the Corporation maintains investment grade ratings from two rating agencies, one credit rating agency downgraded its rating of the Corporation's debt to non-investment grade in February 2004. Cash margin or collateral is required under certain contracts with hedging and trading counterparties and certain lenders. The amount of such cash margin or collateral would have increased at December 31, 2003 by approximately $230 million as a result of the downgrade. The downgrade is expected to increase annual pre-tax financing costs by less than $10 million.

Contractual Obligations and Contingencies: Following is a table showing aggregated information about certain contractual obligations at December 31, 2003:

		Payments Due by Period			
Millions of dollars	*Total*	*2004*	*2005 and 2006*	*2007 and 2008*	*Thereafter*
Long-term debt	$ 3,893	$ 63	$ 126	$ 327	$3,377
Capital leases	48	10	22	14	2
Operating leases	1,303	95	142	142	924
Purchase obligations					
Supply commitments	14,706	5,233	4,847	4,626	*
Capital expenditures	799	433	296	70	—
Operating expenses	266	170	44	31	21
Other long-term liabilities	235	110	56	32	37

**The Corporation intends to continue purchasing its refined product supply from HOVENSA. Current purchases amount to approximately $2 billion annually.*