



HORNSBY & COMPANY, INC.

www.hornsbyco.com

Energy Risk Management Services

International Oil Perspectives

Summary

Amid the unfortunate carnage that has characterized the S&P 500 thus far this year, the energy sector has not been immune. Continued downgrades in demand and hydrocarbon price expectations for 2009 and even beyond has led to a further retracement of energy equities in general since the beginning of the year. To quantify, as of February 20 the S&P 500 has dropped by 12.7% year to date, with the OIX and OSX off by 10.7% and 1.5%, respectively. There is no obvious sign that the bottom in either the equities or the commodity has arrived. The stock market has experienced several “false starts” while crude oil prices continue to be impacted by inordinately high inventories for this time of year as refiners adjust to weaker refined product demand and traders capitalize on the substantial market contango. Natural gas prices continue to descend into the abyss.

Having said all this, however, we feel compelled to retain our Base Case, which calls for a progressive rise in crude oil and natural gas prices off an assumed first quarter trough, peaking for 2009 in the third quarter. Downstream margins are expected to improve in the second half of the year, assuming that manufacturing activity both here and abroad begins to stabilize. As such, we have suggested that in February portfolios opportunistically buy and/or add to long energy equity positions for the trading rally over the next few months that we anticipate. In this particular report we address the fundamentals of our integrated international oil universe.

+ WTI is expected to recover over the next few months and approach \$70.00 per barrel in the third quarter. Natural gas prices are also expected to gain in response to an improving balance.

+ Downstream margins are forecast to improve on a more sustainable basis in the second half of the year, but excess capacity will restrain further improvement in 2010 and 2011.

	52-Week Range	Recent Price	S-T Rating	L-T Rating	2008 OEPS	2009 OEPS	PE 2008	PE 2009	Ann. Div.	Yield (%)
BP	78-38	40	B	B	8.49	4.25	4.7	9.4	3.36	8.4
Chevron	105-56	65	B	B	11.35	6.52	5.7	10.0	2.60	4.0
ExxonMobil	96-57	71	B	B	8.43	5.16	8.4	13.8	1.60	2.3
Royal Dutch A	89-42	47	B	B	9.37	6.48	5.0	7.3	2.72	5.8
Total (a)	91-43	48	B	B	9.17	5.09	5.2	9.4	2.77	5.8

Notes: OEPS: operating earnings per share; Ratings, B: Buy, S: Sell, N: Neutral; Short Term: 3 months; Long Term: 6-12 months.

a) Total operating earnings are converted from Euros. 2009 operating earnings assume Euro=\$1.25

Viewpoint

This year has not started on a positive note to say the least, and amid the unfortunate carnage that has characterized the S&P 500 thus far in 2009, the energy sector has not been immune.

As each bit of bad economic news emerges, analysts, particularly those at the IEA, have cut demand expectations along with hydrocarbon price forecasts for this year.

These revisions in tandem with the “sour” statistics have led to a further retracement of energy equities in general since the beginning of the year in a follow through to last year’s declines in the second half.

To quantify, as of February 19 the S&P 500 has fallen by 12.7% year to date, with the OIX and OSX off by 10.7% and 1.5%, respectively.

Major International Oils 2009 Year-to Date-Performance

ExxonMobil	-9.6%
Chevron	-9.9%
Royal Dutch/Shell	-7.7%
BP	-12.2%
Total	-10.1%

Needless to say, at this point there is no obvious sign that the bottom in either the equities or the commodity has arrived, although the crude oil market experienced a respite from declines in response to the latest inventory data.

Overall, however, the stock market has gone through several “false starts” while oil prices continue to be impacted by inordinately high crude oil inventories for this time of year. Refiners continue to adjust to weaker refined product demand while traders capitalize on the substantial market contango. Natural gas prices continue to descend into the abyss.

There is no question that things appear quite dismal. Having said all this, however, we believe, right or wrong, in retaining our Base Case, which calls for a “subdued”

seasonal recovery in crude oil and natural gas prices off an assumed first quarter trough as we move through the second quarter, with an expected peak for 2009 occurring in the third quarter.

We anticipate that downstream profitability will improve in the second half of the year, under the assumption that manufacturing activity both in the United States and overseas will begin to stabilize.

As such, we have previously suggested that portfolios assume an “opportunistic stance” in February, and buy and/or add to long energy equity positions for the trading rally over the next few months that we anticipate.

In this report we address the fundamentals of our integrated international oil universe. We first review our underlying hydrocarbon pricing assumptions and a perspective on the downstream sector.

Crude Oil Prices

Prompt WTI remains depressed relative to other crude oils, adversely impacted by index rolls and bulging stocks at Cushing. From current perspectives, it seems that there is little on the horizon that could catalyze WTI back to \$50.00 pr above.

We still cannot argue with this *short-term* point of view, but despite the plethora of negative news, we remain more optimistic than the consensus with regard to the prospects for 2009 as a whole.

As discussed in previous reports, we anticipate some seasonality in crude oil prices for the first half of 2009. This implies that WTI will be trading higher in the second quarter than the first.

However, we have also argued that this seasonality is likely to be muted this year reflecting weaker U.S. gasoline demand and the fact that even *we* do not anticipate a global economic turnaround before the second half of the year.

The combination of lower second quarter North Sea production due to routine

platform maintenance and a progressive, though restrained, recovery in U.S. refinery runs should lead to an improvement in the Atlantic Basin light crude oil balance.

As we have also discussed, however, **the second quarter by and large holds the key to OPEC's success or failure this year.** If the current level of compliance can be maintained, such discipline will leverage the seasonal rise in crude oil prices to a substantial degree.

Any additional price leverage through the remainder of 2009, however, must be derived from *non-commercial* buying of crude oil in size. As we have previously stated, with respect to Ali Naimi fundamentals alone will not leverage prices back up to his target of \$70.00+ per barrel. If our fundamental scenario unfolds, however, we believe that non-commercials will move back into oil en masse.

year is less than \$56.00 per barrel, the most significant aspect of the outlook is the peak we believe can be achieved of around \$70.00 per barrel during the middle of the third quarter.

Such a scenario implies that for the major integrated oils, crude oil production earnings will also peak in the third quarter. We have incorporated our quarterly progression for WTI into our company earnings models, adjusting for company-specific quality and locational differentials.

**Forecast
Prompt NYMEX Crude
Oil Prices By Quarter: Base
Case**

	2009(E)	2008
	Q1	\$97.90
		\$43.99
	Q2	\$123.76
	\$55.07	
	Q3	\$116.19
	\$67.86	
	Q4	\$60.74
	\$56.28	
Yr.	\$99.65	\$55.80

Putting all of this together our Base Case WTI outlook for this year is laid out above. Although our expected average for this

Natural Gas Prices

From current perspectives there appears to be absolutely no bottom to the U.S. natural gas market. Recent bearish storage data has led to a battle to maintain \$4.00 per mmBtu.

After strengthening dramatically relative to crude oil, reflecting a BTU-equivalent ratio rising from less than 50% to more than 70%, natural gas prices in absolute terms have finally succumbed to the collapse in crude oil prices, a victim of interfuel competition and market arbitrage.

The latest data from the Federal Reserve Board confirmed that in January the decline in manufacturing activity versus the prior year accelerated. Within this negative context, however, we would strongly emphasize the unique characteristic of the U.S. natural gas balance to self correct.

Almost irrespective of how bullish or bearish fundamentals and sentiment may be at any given point in time, there is sufficient "play" at the margin between interfuel competition, LNG import economics, and domestic production incentives to correct any

imbalance. Such a correction tends to occur over a period of months, and not years.

At the present time fundamentals are leading the consensus to conclude that a surplus of natural gas will last for the foreseeable future. We fully concede that manufacturing activity as we start 2009 is coming in weaker than even our original and conservative assumptions for the period that were made at the beginning of 2008.

Having said this, however, we believe that in the second half of the year the U.S. economy will begin to stabilize, clearly sooner than current consensus expectations.

If we are even remotely close to the mark, this timing will coincide with even more modest levels of LNG imports and a dramatic deceleration of domestic production growth, thus leading to a stabilization in working storage relative to last year.

If this fundamental scenario is reasonable and our crude oil price forecast unfolds as expected, natural gas prices will recover significantly from current levels, such that prompt NYMEX/Henry Hub can average about \$6.14 per mmBtu this year.

**Forecast
Prompt NYMEX Natural Gas
Prices By Quarter: Base Case**

	2009(E)	2008
Q1	\$8.74	\$4.50
Q2	\$11.46	\$6.33
Q3	\$8.93	\$6.85
Q4	\$6.32	\$6.87
Yr.	\$8.86	\$6.14

If natural gas prices in fact firm as we move through the remainder of 2009, we

believe that companies will lag in their drilling response, skeptical of the duration of any price strength, particularly those who were not adequately hedged moving into the price collapse.

This will help in turn the duration of any price strength. Having said this, however, we once again would need to be mindful of the “self correct” characteristic of the U.S. natural gas industry, particularly with such substantial shale gas reserves waiting in the wings.

As with crude oil, we have incorporated our quarterly forecast of natural gas prices into our company earnings models, which suggest that gas production earnings will peak in the third and fourth quarters.

Refining and Marketing

As we have discussed in previous reports, we should never underestimate the ability of the refining system, particularly in the United States, to adapt to changing circumstances.

Excess optimism a couple years ago over the long-term prospects for refinery profitability ultimately gave way to the consensus view that excess capacity would now plague the industry forever. Our consistent view was in line with Exxon’s, i.e. that no new refining capacity was needed under our conservative long-term outlook for refined product demand.

In response to lower consumption, refiners have trimmed runs and yields, allowing margins to improve since the beginning of the year. Our Base Case calls for more favorable downstream profitability in the second half of 2009 compared to the second half of 2008.

However, because excess refining capacity will characterize the industry for the foreseeable future, there will be what we would term a “terminal value” for margins, beyond which will elicit incremental refinery output, thus precluding margins from strengthening further.

We believe we have quantified this phenomenon as reasonably as possible. The

net effect, however, is a substantial increase in forecast downstream earnings for 2009.

In the United States, we expect anywhere from a 50% to 90% gain in downstream profitability this year, despite expectations of a further decline in demand.

While this sounds like an extraordinarily tight market, it lies in comparison to last year, where losses were incurred in the second half.

Overseas, we are looking for downstream earnings gains in the 20%-30% range, less robust of a recovery than the United States due to more stable results last year.

Valuation

In the current environment it may well be a futile gesture to talk about valuation. No matter what fundamentals may hold in store for us later in 2009, at the present time traders wish to keep dumping equities and, aside from periodic rebounds, this tends to include the energy sector as well.

One can still talk of enterprise value, asset value and a host of other valuation approaches. However, we believe at the present time simpler is better. If our outlier outlook ends up even close to the mark, energy stocks should appreciate from current levels.

To keep it simple therefore, and consistent with our timing and level of crude oil and natural gas price strength for this year, we have decided to take our forecast third quarter operating earnings for each company, annualize them, and see what the implied multiples at current stock prices look like. These are shown in the table below.

Ann. Q3 Implied Earnings Multiple

ExxonMobil	\$5.80	12.2
Chevron	\$7.76	8.4
Royal Dutch	\$7.24	6.5
BP	\$5.40	7.4
Total	\$5.72	8.4

Technically, our models have peak earnings coming in the second quarter for Royal Dutch and Total, but for consistency sake the table shows annualized third quarter operating earnings for all companies.

Based on the multiples Exxon looks the most “expensive”, but it always is and deservedly so, given the relative stability of the earnings stream and consistent capital discipline. We would also note that in the current environment many portfolio managers have been buying Exxon even if they do not believe oil and gas prices will recover, simply as a “safe haven”.

While we have “Buys” on all our stocks based on our outlook, our table would imply that the biggest bang for the bucks will come from Chevron and the other companies.

We would note in particular Royal Dutch, BP, and Total, since if the dollar starts weakening again this will add some leverage to the stocks and also crude oil prices, assuming that funds jump back on the “sell dollar/buy crude oil” trade down the road.

February 20, 2009
S&P 500: 773.06

Implied Multiples Based On Annualized Third Quarter Operating Earnings

Table 1
Exxon Mobil Corporation

	Q1	Q2	Q3	Q4	Year 2008	Pct. Change 2008/2007	Q1E	Q2E	Q3E	Q4E	Year 2009E	Pct. Change 2009/2008
SEGMENT EARNINGS STATEMENT												
United States												
Production	1,631	2,034	1,879	699	6,243	28.2	433	577	733	600	2,343	-62.5
Refining & Marketing	398	293	978	(20)	1,649	-60.0	459	815	659	724	2,656	61.1
Total	2,029	2,327	2,857	679	7,892	-12.2	892	1,392	1,392	1,325	5,000	-36.6
Foreign												
Production	7,154	7,978	9,092	4,935	29,159	34.8	2,712	2,563	3,278	3,150	11,703	-59.9
Refining & Marketing	768	1,265	2,035	2,434	6,502	19.2	1,538	1,908	1,955	1,917	7,319	12.6
Total	7,922	9,243	11,127	7,369	35,661	31.7	4,251	4,471	5,233	5,068	19,022	-46.7
U.S. Chemicals	284	102	257	81	724	-38.7	80	90	175	200	545	-24.7
Foreign Chemicals	744	585	830	74	2,233	-34.0	125	200	300	300	925	-58.6
Corporate & Other	(89)	(577)	(241)	(383)	(1,290)	-	(150)	(150)	(150)	(150)	(600)	-
Net Income	10,890	11,680	14,830	7,820	45,220	11.4	5,197	6,002	6,950	6,742	24,892	-45.0
NET INCOME PER SHARE	2.03	2.22	2.86	1.55	8.66	18.9	1.05	1.23	1.45	1.43	5.16	-40.4
OPER. NET INCOME	2.03	2.27	2.58	1.55	8.43	16.5	1.05	1.23	1.45	1.43	5.16	-38.8
CONSOLIDATED CASH FLOW STATEMENT												
Cash Flows From Operating Activities												
Net Income	10,890	11,680	14,830	7,820	45,220	11.4	5,197	6,002	6,950	6,742	24,892	-45.0
Depreciation and Depletion	3,104	3,090	3,008	3,095	12,297	0.4	3,244	3,229	3,143	3,234	12,850	4.5
Changes in Operational Working Capital	7,803	(517)	(2,856)	(400)	4,030		0	0	0	0	0	
All Other Items, Net	(377)	(835)	(579)	0	(1,791)		150	150	150	150	600	
Net Cash Provided by Operating Activities	21,420	13,418	14,403	10,515	59,756	14.9	8,591	9,381	10,243	10,127	38,343	-35.8
Cash Flows From Investing Activities												
Additions to Property, Plant and Equipment	(3,979)	(4,872)	(5,142)	(6,453)	(20,446)	32.9	(4,377)	(5,359)	(5,656)	(7,098)	(22,491)	10.0
Sales of Assets	413	1,159	2,630	1,800	6,002		200	200	200	200	800	
Other Investing Activities, Net	(734)	(755)	(1,592)	(200)	(3,281)		(200)	(200)	(200)	(200)	(800)	
Net Cash Used in Investing Activities	(4,300)	(4,468)	(4,104)	(4,853)	(17,725)		(4,377)	(5,359)	(5,656)	(7,098)	(22,491)	
Cash Flows From Financing Activities												
Additions to Long-Term Debt	35	1	141	50	227		50	50	50	50	200	
Reductions in Long-Term Debt	(46)	(7)	(99)	(25)	(177)		(25)	(25)	(25)	(25)	(100)	
Additions/(Reductions) in Short-Term Debt-Net	190	(405)	509	0	294		0	0	0	0	0	
Cash Dividends to ExxonMobil Shareholders	(1,879)	(2,098)	(2,063)	(2,018)	(8,058)		(1,980)	(1,950)	(1,920)	(1,890)	(7,740)	
Cash Dividends to Minority Interests	(105)	(110)	(131)	(75)	(421)		(75)	(75)	(75)	(75)	(300)	
Changes in Minority Interests and Sales/Purchases)	(214)	72	(177)	(150)	(469)		(150)	(150)	(150)	(150)	(600)	
Net ExxonMobil Shares Acquired	(9,334)	(8,454)	(8,612)	(8,000)	(34,400)		(7,137)	(6,300)	(6,300)	(6,300)	(26,037)	
Net Cash Used in Financing Activities	(11,353)	(10,851)	(10,420)	(10,218)	(43,004)		(9,317)	(8,450)	(8,420)	(8,390)	(34,577)	
Effects of Exchange Rate Changes on Cash	1,165	(44)	(2,173)	0	25,279		0	0	0	0	12,086	
Increase/(Decrease) in Cash and Cash Equivalents	6,932	(1,945)	(2,294)	(4,556)	(1,863)		(5,103)	(4,428)	(3,833)	(5,362)	(18,725)	
Cash and Cash Equivalents at Beginning of Period	33,981	40,913	38,968	36,674	33,981		32,118	27,015	22,587	18,754	32,118	
Cash and Cash Equivalents at End of Period	40,913	38,968	36,674	32,118	32,118		27,015	22,587	18,754	13,393	13,393	
CONSOLIDATED BALANCE SHEET												
Assets												
Current Assets												
Cash and Cash Equivalents	40,913	38,968	36,674	32,118	32,118		27,015	22,587	18,754	13,393	13,393	
Cash and Cash Equivalents-Restricted	0	732	1,760	1,500	1,500		0	0	0	0	0	
Notes and Accounts Receivable-Net	36,428	41,820	35,251	35,604	35,604		35,960	36,319	36,682	37,049	37,049	
Inventories	13,075	13,513	13,510	13,240	13,240		13,505	13,775	14,050	13,769	13,769	
Crude Oil, Products and Merchandise	2,303	2,348	2,430	2,503	2,503		2,578	2,655	2,735	2,817	2,817	
Material and Supplies	4,559	6,601	6,396	6,460	6,460		6,525	6,590	6,656	6,722	6,722	
Prepaid Taxes and Expenses	97,758	103,982	96,021	91,424	91,424		85,582	81,926	78,878	73,751	73,751	
Total Current Assets	122,935	124,925	123,258	126,616	126,616		127,749	129,879	132,392	136,256	136,256	
Property, Plant and Equipment-Net	37,509	37,851	36,939	36,000	36,000		31,033	31,000	31,000	31,000	31,000	
Investments and Other Assets	258,202	266,758	256,218	254,040	254,040		244,364	242,806	242,270	241,007	241,007	
Total Assets	409,646	429,534	416,415	416,656	416,656		393,146	393,685	393,662	393,662	393,662	
Liabilities												
Current Liabilities												
Notes and Loans Payable	2,771	2,310	2,881	2,588	2,588		2,614	2,640	2,667	2,693	2,693	
Accounts Payable and Accrued Liabilities	53,613	60,262	49,087	50,244	50,244		50,746	51,254	51,766	52,284	52,284	
Income Taxes Payable	14,599	14,661	15,063	8,141	8,141		5,411	6,249	7,236	7,020	7,020	
Total Current Liabilities	70,983	77,233	67,031	60,973	60,973		58,771	60,143	61,669	61,997	61,997	
Long-Term Debt	7,235	7,327	7,383	7,408	7,408		7,433	7,458	7,483	7,508	7,508	
Deferred Income Tax Liabilities	24,008	24,299	23,265	17,705	17,705		11,767	13,590	15,735	15,265	15,265	
Other Long Term Liabilities	32,837	33,073	32,653	54,972	54,972		50,193	41,363	32,101	26,102	26,102	
Total Liabilities	135,063	141,932	130,932	141,058	141,058		128,165	122,554	116,988	110,873	110,873	
Total Shareholders' Equity	123,139	124,826	125,286	112,982	112,982		116,199	120,252	125,282	130,134	130,134	
Total Liabilities and Shareholders' Equity	258,202	266,758	256,218	254,040	254,040		244,364	242,806	242,270	241,007	241,007	
RATIOS, OTHER DATA												
Long Term Debt: Equity	0.06	0.06	0.06	0.07	0.07	11.1	0.06	0.06	0.06	0.06	0.06	-12.0
Ann. Ret. on Equity	35.4	37.4	47.3	27.7	37.0	7.2	17.9	20.0	22.2	20.7	20.2	-45.4
Ann. Ret. on Total Assets	16.9	17.5	23.2	12.3	17.5	0.1	8.5	9.9	11.5	11.2	10.3	-41.2
Ann. Cash Flow Per Share	10.43	11.20	13.76	8.65	11.01	16.2	6.82	7.57	8.41	8.45	7.81	-29.1
Dividend	0.350	0.400	0.400	0.400	1.550	10.7	0.400	0.400	0.400	0.400	1.600	3.2
Oper. Earnings Payout	0.17	0.18	0.16	0.26	0.18	-5.0	0.38	0.32	0.28	0.28	0.31	68.8
Oper. Cash Flow Payout	0.08	0.08	0.07	0.11	0.13	-7.8	0.15	0.13	0.11	0.11	0.20	52.7

Table 2
Chevron Corporation

	Q1	Q2	Q3	Q4	Year 2008	Pct. Change 2008/ 2007	Q1E	Q2E	Q3E	Q4E	Year 2009E	Pct. Change 2009/ 2008
SEGMENT EARNINGS												
U.S. Production	1,599	2,191	2,187	1,149	7,126	57.2	496	702	879	673	2,750	-61.4
U.S. Ref. & Marketing	4	(682)	1,014	1,033	1,369	-	645	632	674	654	2,605	-
Foreign Production	3,529	5,057	3,995	2,003	14,584	-41.8	1,018	1,387	1,835	1,448	5,698	-61.0
Foreign Ref. & Marketing	248	(32)	817	1,047	2,060	-18.8	554	763	579	543	2,440	18.4
Chemicals	43	41	70	28	182	-54.0	40	40	50	50	1,180	-1.1
Corporate & Other	(255)	(580)	(190)	(365)	(1,390)	-	(225)	(225)	(225)	(225)	(900)	-
Total	5,168	5,975	7,893	4,895	23,931	28.1	2,528	3,299	3,792	3,143	12,763	-46.7
NET INCOME PER SHARE	2.48	2.90	3.85	2.44	11.67	33.1	1.27	1.67	1.94	1.63	6.52	-44.1
OPER. NET INCOME	2.50	2.94	3.70	2.20	11.35	36.9	1.27	1.67	1.94	1.63	6.52	-42.6
CONSOLIDATED STATEMENT OF CASH FLOWS												
Operating Activities												
Net Income	5,168	5,975	7,893	4,895	23,931	28.1	2,528	3,299	3,792	3,143	12,763	-46.7
Depreciation, depletion, and amortization	2,215	2,275	2,449	2,188	9,127	4.8	1,963	2,377	2,559	2,287	9,186	0.6
Dry hole expense	84	115	88	150	437	-	150	150	150	150	600	-
Distributions less than income from equity affiliates	42	65	(385)	(100)	(378)	-	(225)	(225)	(225)	(225)	(900)	-
Net before tax (gains) losses on asset retirements and sales	(54)	(69)	(634)	(50)	(807)	-	(50)	(50)	(50)	(50)	(200)	-
Net foreign currency effects	188	(158)	44	0	74	-	0	0	0	0	0	-
Deferred income tax provision	241	(622)	418	229	266	-	150	150	150	150	600	-
Net increase (decrease) in operating working capital	462	(964)	(211)	0	(713)	-	0	0	0	0	0	-
Minority interest in net income	28	34	32	25	119	-	25	25	25	25	100	-
Increase in long-term receivables	(37)	(130)	(54)	965	744	-	32	33	33	33	131	-
(Increase) decrease in other deferred charges	(2)	(5)	(63)	0	(70)	-	0	0	0	0	0	-
Cash contributions to employee pension plans	(78)	(49)	(42)	(40)	(209)	-	(40)	(40)	(40)	(40)	(160)	-
Other	(150)	737	(274)	0	313	-	0	0	0	0	0	-
Net Cash Provide by Operating Activities	8,107	7,204	9,113	8,263	32,835	31.5	4,534	5,719	6,394	5,473	22,120	-32.6
Investing Activities												
Capital Expenditures	(4,452)	(4,519)	(4,661)	(6,660)	(20,292)	21.7	(4,808)	(4,881)	(5,034)	(7,193)	(21,915)	8.0
Proceeds from asset sales	257	161	966	462	1,846	-	0	0	0	0	0	-
Net sales of marketable securities	259	38	54	40	391	-	40	40	40	40	160	-
Repayment of loans by equity affiliates	138	24	7	0	169	-	0	0	0	0	0	-
Net Cash Used for Investing Activities	(3,798)	(4,035)	(3,536)	(6,158)	(17,886)	28.4	(4,768)	(4,841)	(4,994)	(7,153)	(21,755)	21.6
Financing Activities												
Net borrowings (payments) of short-term obligations	386	(78)	353	0	661	-291.6	0	0	0	0	0	-100.0
Repayments of long-term debt and other financing obligations	(816)	(61)	(49)	(50)	(976)	-63.8	(50)	(50)	(50)	(50)	(200)	-79.5
Cash dividends	(1,202)	(1,336)	(1,323)	(1,318)	(5,179)	-	(1,299)	(1,287)	(1,274)	(1,261)	(5,121)	-
Dividends paid to minority interests	(17)	(24)	(47)	(25)	(113)	-	(25)	(25)	(25)	(25)	(100)	-
Net purchases of treasury shares	(1,899)	(1,662)	(1,969)	(2,000)	(7,530)	-	(1,292)	(1,600)	(1,600)	(1,600)	(6,092)	-
Net Cash Used for Financing Activities	(3,548)	(3,161)	(3,035)	(3,393)	(13,137)	-8.1	(2,666)	(2,962)	(2,949)	(2,936)	(11,513)	-12.4
Effect of Exchange Rate Changes on Cash and Cash Equiv.	85	(36)	(86)	0	(4,749)	-4057.3	0	0	0	0	(10,243)	115.7
Net Change in Cash and Cash Equivalents	846	(28)	2,456	(1,289)	1,985	-163.4	(2,900)	(2,083)	(1,549)	(4,616)	(11,148)	-661.5
Cash and Cash Equivalents at Beginning of Period	7,362	8,208	8,180	10,636	7,362	-	9,347	6,447	4,364	2,815	9,347	-
Cash and Cash Equivalents at End of Period	8,208	8,180	10,636	9,347	9,347	-	6,447	4,364	2,815	(1,801)	(1,801)	-
CONSOLIDATED BALANCE SHEET												
ASSETS												
Cash and cash equivalents	8,208	8,180	10,636	9,347	9,347	-	6,447	4,364	2,815	-1,801	-1,801	-
Marketable securities	473	427	347	213	213	-	900	900	900	900	900	-
Accounts and notes receivable, net	23,874	30,591	24,922	25,171	25,171	-	25,423	25,677	25,934	26,193	26,193	-
Inventories	4,234	4,876	4,778	3,800	3,800	-	3,876	3,954	3,993	3,913	3,913	-
Crude oil and petroleum products	344	355	382	280	280	-	280	280	280	280	280	-
Chemicals	1,074	1,140	1,129	815	815	-	815	815	815	815	815	-
Material, supplies and other	5,652	6,371	6,289	4,895	4,895	-	4,971	5,049	5,088	5,008	5,008	-
Total inventories	3,281	4,140	5,153	2,800	2,800	-	3,000	3,000	3,000	3,000	3,000	-
Prepaid expenses and other current assets	41,488	49,709	47,347	42,427	42,427	-	40,741	38,990	37,737	33,301	33,301	-
Total Current Assets	2,126	2,261	2,259	3,224	3,224	-	3,257	3,289	3,322	3,355	3,355	-
Long-term receivables, net	20,817	20,793	21,310	18,542	18,542	-	19,050	19,050	19,050	19,050	19,050	-
Investments and advances	157,608	161,451	165,372	172,032	172,032	-	176,840	181,721	186,755	193,947	193,947	-
Properties, plant and equipment, at cost	77,215	79,057	79,681	81,869	81,869	-	83,832	86,210	88,769	91,056	91,056	-
Less: accumulated depreciation, depletion and amortization	80,393	82,394	85,691	90,163	90,163	-	93,008	95,511	97,986	102,892	102,892	-
Properties, plant and equipment, net	3,393	3,280	4,174	2,120	2,120	-	2,120	2,120	2,120	2,120	2,120	-
Deferred charges and other assets	4,630	4,629	4,600	4,689	4,689	-	4,690	4,690	4,690	4,690	4,690	-
Goodwill	152,847	163,066	165,381	161,165	161,165	-	162,866	163,650	164,905	165,408	165,408	-
Total Assets	152,847	163,066	165,381	161,165	161,165	-	162,866	163,650	164,905	165,408	165,408	-
LIABILITIES AND STOCKHOLDERS' EQUITY												
Short-term debt	780	894	832	5,502	5,502	-	5,557	5,613	5,669	5,726	5,726	-
Accounts payable	23,490	29,240	22,107	23,885	23,885	-	24,124	24,365	24,609	24,855	24,855	-
Accrued liabilities	5,198	5,196	9,211	5,825	5,825	-	5,883	5,942	6,001	6,061	6,061	-
Federal and other taxes on income	4,332	5,656	5,682	3,589	3,589	-	1,854	2,419	2,780	2,304	2,304	-
Other taxes payable	1,639	1,501	1,593	1,676	1,676	-	866	1,129	1,298	1,076	1,076	-
Total Current Liabilities	35,439	42,487	39,425	40,477	40,477	-	38,284	39,468	40,357	40,022	40,022	-
Long-term debt	5,613	5,382	5,749	5,699	5,699	-	5,649	5,599	5,549	5,499	5,499	-
Capital lease obligations	401	388	380	440	440	-	440	440	440	440	440	-
Deferred credits and other noncurrent obligations	14,839	15,580	16,013	10,858	10,858	-	19,414	15,148	11,830	12,438	12,438	-
Noncurrent deferred income taxes	12,711	12,259	12,524	12,082	12,082	-	6,241	8,144	9,360	7,758	7,758	-
Reserves for employee benefit plans	4,421	4,476	4,454	4,750	4,750	-	4,750	4,750	4,750	4,750	4,750	-
Minority interests	217	226	211	210	210	-	210	210	210	210	210	-
Total Liabilities	73,641	80,798	78,756	74,516	74,516	-	74,987	73,759	72,496	71,117	71,117	-
Total Stockholders' Equity	79,206	82,268	86,954	86,649	86,649	-	87,878	89,891	92,409	94,291	94,291	-
Total Liabilities and Stockholders' Equity	152,847	163,066	165,710	161,165	161,165	-	162,866	163,650	164,905	165,408	165,408	-
RATIOS, OTHER DATA												
Long Term Debt/Equity	0.07	0.07	0.07	0.07	0.07	-	0.06	0.06	0.06	0.06	0.06	-
Ann Ret. on Avg. Equity	26.10	29.05	36.31	22.60	27.62	-	11.51	14.68	16.41	13.33	13.54	-
Ann Ret. on Total Assets	13.52	14.66	19.09	12.15	14.86	-	6.21	8.06	9.20	7.60	7.77	-
Annualized CF/Share	15.56	13.99	17.78	16.47	15.95	-	9.11	11.61	13.12	11.34	11.30	-
Dividend	0.580	0.650	0.650	0.650	2.530	-	0.650	0.650	0.650	0.650	2.600	-
Oper. Earnings Payout	0.23	0.22	0.18	0.30	0.22	-	0.51	0.39	0.33	0.40	0.40	-
Oper. Cash Flow Payout	0.17	0.15	0.14	0.20	0.16	-	0.29	0.23	0.20	0.23	0.23	-

Table 3
Royal Dutch Shell

	Q1	Q2	Q3	Q4	Year 2008	Pct Change 2008/2007	Q1E	Q2E	Q3E	Q4E	Year 2009E	Pct Change 2009/2008
SEGMENT EARNINGS												
Exploration & Production												
USA	1,603	1,929	1,616	233	5,381	44.2	324	473	591	380	1,769	-67.1
WOLUSA	3,540	3,952	3,885	3,477	14,854	29.7	774	969	1,072	812	3,627	-75.6
Total	5,143	5,881	5,501	3,710	20,235	33.2	1,098	1,441	1,663	1,192	5,395	-73.3
Downstream Gas and Power												
USA	15	(163)	337	25	214	-	25	40	55	55	175	-
WOLUSA	933	788	2,437	956	5,114	120.9	700	800	900	850	3,250	-36.4
Total	948	625	2,774	981	5,328	91.6	725	840	955	905	3,425	-35.7
Oil Sands	249	351	371	(30)	941	-	(30)	(20)	75	55	80	-91.5
Oil Products												
USA	216	310	(3)	(793)	(270)	-114.5	126	577	377	259	1,339	-595.9
WOLUSA	978	765	2,307	1,375	5,425	6.6	1,712	2,885	2,352	2,330	9,279	71.0
Total	1,194	1,075	2,304	582	5,155	-25.8	1,838	3,462	2,729	2,590	10,618	106.0
Chemicals												
USA	201	(142)	116	(19)	156	-90.7	125	195	220	220	760	387.2
WOLUSA	(103)	(254)	(137)	(134)	(628)	-	0	20	20	20	60	-
Total	304	(112)	253	115	784	-52.8	125	175	200	200	700	-10.7
Corporate Items												
Interest income/(expense)	110	81	178	(41)	328	-	100	100	100	100	400	-
Currency gains/(losses)	(62)	27	(264)	(351)	(650)	-	0	0	0	0	0	-
Other Corporate	98	93	43	19	233	-	0	0	0	10	40	-
Total	146	201	(43)	(373)	(69)	-	110	110	110	110	440	-
CCS Earnings	7,776	7,902	10,903	4,785	31,366	13.8	3,761	5,923	5,647	4,967	20,299	-35.3
CCS Adjustment	1,307	3,654	(2,455)	(7,595)	(5,089)	-	0	0	0	0	0	-
Net Income	9,083	11,556	8,448	(2,810)	26,277	-16.1	3,761	5,923	5,647	4,967	20,299	-22.8
Avg. Shares Outstanding	6,179	6,180	6,166	6,386	6,228	-0.5	6,300	6,275	6,250	6,225	6,263	0.6
RDS NET INCOME	1,347	1,187	1,237	(1,344)	4,227	-14.7	0.60	0.94	0.90	0.80	3.24	-24.1
RDS OPER. NET INCOME	1.28	1.26	1.48	0.66	4.68	16.8	0.60	0.94	0.90	0.80	3.24	-30.8
RDS OPER. NET INCOME PER ADR	2.56	2.53	2.95	1.33	9.37	16.8	1.19	1.89	1.81	1.60	6.48	-30.8
Summarized Statement of Cash Flows												
CASH FLOW FROM OPERATING ACTIVITIES												
Income for the Period	9,201	11,754	8,480	(2,959)	26,476	-17.1	3,879	5,923	5,647	4,967	20,417	-22.9
Adjustment for:												
Current Taxation	6,405	8,701	6,935	2,411	24,452		2,224	3,396	3,238	2,848	11,707	
Interest (income)/expense	178	269	178	414	1,039		200	200	200	200	800	
Depreciation, depletion and amortisation	3,146	3,439	3,387	3,684	13,656	3.6	3,209	3,508	3,455	3,758	13,929	2.0
(Profit)/loss on sale of assets	(281)	(757)	(1,799)	(1,234)	(4,071)		0	0	0	0	0	
Decrease/(increase) in net working capital	2,784	(11,751)	2,215	14,687	7,935		0	0	0	0	0	
Share of profit of equity accounted investments	(2,425)	(2,671)	(2,000)	(350)	(7,446)		(1,800)	(1,800)	(1,800)	(1,800)	(7,200)	
Dividends received from equity accounted investments	1,752	2,447	2,604	2,522	9,325		2,000	2,000	2,000	2,000	8,000	
Deferred taxation and other provisions	322	(152)	(95)	(1,105)	(1,030)	33.2	100	100	100	100	400	-138.8
Other	94	10	(618)	(35)	(549)		0	0	0	0	0	
Cash flow from operating activities (pre-tax)	21,176	11,289	19,287	18,035	69,787	30.9	9,812	13,328	12,840	12,072	48,052	-31.1
Taxation paid	(4,314)	(7,121)	(6,686)	(7,748)	(25,869)	-	(1,253)	(1,914)	(1,824)	(1,605)	(6,596)	-
Cash flow from operating activities	16,862	4,168	12,601	10,287	43,918	27.4	8,559	11,414	11,016	10,468	41,457	-5.6
CASH FLOW FROM INVESTING ACTIVITIES												
Capital expenditure	(7,429)	(7,352)	(12,392)	(7,892)	(35,065)	42.7	(8,023)	(7,940)	(7,435)	(8,523)	(31,922)	-9.0
Investment in equity accounted investments	(616)	(521)	(555)	(193)	(1,885)	1.8	(641)	(542)	(577)	(201)	(1,960)	4.0
Proceeds from sale of assets	445	2,026	1,087	1,179	4,737		0	0	0	0	0	
Proceeds from sale of equity accounted investments	61	272	1,160	569	2,062		100	100	100	100	400	
Proceeds from sale of (additions to) financial assets	10	275	(25)	(36)	224		100	100	100	100	400	
Interest received	285	269	267	191	1,012		240	240	240	240	960	
Cash flow from investing activities	(7,244)	(5,031)	(10,458)	(6,182)	(28,915)		(8,224)	(8,042)	(7,572)	(8,284)	(32,122)	
CASH FLOW FROM FINANCING ACTIVITIES												
Net increase/(decrease) in debt with maturity period within three months	(863)	839	215	3,970	4,161		100	100	100	100	400	
Other debt: New borrowings	185	131	238	3,001	3,555		0	0	0	0	0	
Repayments	(664)	(1,479)	(166)	(581)	(2,890)		(200)	(200)	(200)	(200)	(800)	
Interest paid	(298)	(369)	(295)	(409)	(1,371)		(200)	(200)	(200)	(200)	(800)	
Change in minority interest	(7)	34	(18)	31	40		0	0	0	0	0	
Net issue/(repurchase) of shares	(1,073)	(1,350)	(648)	(302)	(3,373)		(415)	(120)	(120)	(120)	(775)	
Dividends paid to:												
Shareholders of Royal Dutch Shell plc	(2,329)	(2,489)	(2,290)	(2,408)	(9,516)		(2,329)	(2,489)	(2,290)	(2,408)	(9,516)	
Minority interest	(51)	(115)	(105)	(54)	(325)		(50)	(50)	(50)	(50)	(200)	
Treasury shares:												
net sales/(purchases) and dividends received	200	242	36	47	525	-	50	50	50	50	200	-
Cash flow from financing activities	(4,900)	(4,556)	(3,233)	3,295	(9,394)	-51.6	(3,044)	(2,909)	(2,710)	(2,828)	(11,491)	22.3
Currency translation differences relating to cash and cash equivalents	43	(8)	(79)	(33)	(77)		0	0	0	0	0	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,761	(5,427)	(1,169)	7,367	-5,332		(2,708)	463	733	(644)	(2,156)	
Cash and cash equivalents at beginning of period	9,656	14,417	8,990	7,821	9,656		15,188	12,480	12,943	13,676	15,188	
Cash and cash equivalents at end of period	14,417	8,990	7,821	15,188	15,188		12,480	12,943	13,676	13,032	13,032	
Summarized balance sheet												
ASSETS												
Non-current assets:												
Intangible assets	5,282	5,336	5,541	5,021	5,021		5,000	5,000	5,000	5,000	5,000	
Property, plant and equipment	105,806	109,191	114,193	112,038	112,038		112,841	114,303	113,566	114,070	114,070	
Investments:												
equity accounted investments	31,198	32,514	31,630	28,327	28,327		28,000	28,000	28,000	28,000	28,000	
financial assets	3,333	2,975	2,952	4,065	4,065		4,000	4,000	4,000	4,000	4,000	
Deferred tax	3,409	4,089	3,978	3,418	3,418		3,114	4,755	4,533	3,987	3,987	
Prepaid pension costs	5,878	6,215	6,205	6,198	6,198		6,200	6,200	6,200	6,200	6,200	
Other	6,406	6,504	6,219	6,764	6,764		6,700	6,700	6,700	6,700	6,700	
Current assets	161,312	166,824	170,718	165,831	165,831		165,855	167,958	167,999	167,957	167,957	
Inventories	32,184	39,624	33,442	19,342	19,342		20,613	20,716	20,819	20,923	20,923	
Accounts receivable	87,507	127,241	90,100	82,040	82,040	10.5	82,450	82,862	83,277	83,693	83,693	2.0
Cash and cash equivalents	14,417	8,990	7,821	15,188	15,188	57.3	12,480	12,943	13,676	13,032	13,032	-14.2
TOTAL ASSETS	295,420	342,679	302,081	282,401	282,401	4.8	281,397	284,479	285,771	285,605	285,605	1.1
LIABILITIES												
Non-current liabilities												
Debt	11,378	11,072	10,742	13,772	13,772	11.4	13,572	13,372	13,172	12,972	12,972	-5.8
Deferred tax	13,473	13,994	14,688	12,518	12,518		11,210	14,265	14,507	14,354	14,354	
Retirement benefit obligations	6,304	6,162	5,961	5,469	5,469		5,500	5,500	5,500	5,500	5,500	
Other provisions	14,016	14,086	13,499	12,570	12,570		12,500	12,500	12,500	12,500	12,500	
Other	4,189	4,857	4,088	3,677	3,677		4,000	4,000	4,000	4,000	4,000	
Current liabilities	49,360	50,171	48,978	48,006	48,006		46,782	49,637	49,679	49,226	49,226	
Debt	5,684	5,352	5,984	9,497	9,497		9,229	9,093	8,957	8,821	8,821	
Accounts payable and accrued liabilities	89,531	126,246	88,387	85,091	85,091		84,361	77,421	75,973	75,025	75,025	
Taxes payable	14,412	15,995	15,632	8,107	8,107		7,340	11,208	10,686	9,398	9,398	
Retirement benefit obligations	455	419	369	383	383		400	400	400	400	400	
Other provisions	2,815	2,687	2,356	2,451	2,451		2,450	2,450	2,450	2,450	2,450	

Table 4
BP p.l.c.

	Q1	Q2	Q3	Q4	Year 2008	Pet. Change 2008/ 2007	Q1E	Q2E	Q3E	Q4E	Year 2009E	Pet. Change 2009/ 2008
GROUP EARNINGS												
Exploration & Production	10,072	10,771	12,709	4,756	38,308	42.3	2,763	4,029	5,350	4,368	16,510	-56.9
Outside United States	6,987	7,170	8,970	3,457	26,584	38.6	1,841	2,709	3,673	2,918	11,141	-58.1
United States	3,085	3,601	3,739	1,299	11,724	51.4	921	1,320	1,677	1,451	5,369	-54.2
Refining & Marketing	1,249	539	1,972	416	4,176	59.6	1,681	2,385	2,380	1,641	7,986	91.2
Outside United States	1,095	940	1,634	1,151	4,820	24.6	1,162	1,575	1,618	1,118	5,473	13.5
United States	154	(401)	338	(735)	(644)	-48.6	519	810	662	523	2,513	-490.2
Other Businesses & Corporate	(213)	(314)	(16)	(680)	(1,223)	-	(175)	(175)	(175)	(175)	(700)	-
Outside United States	(61)	(129)	272	(403)	(321)	-	(75)	(75)	(75)	(75)	(300)	-
United States	(152)	(185)	(288)	(277)	(902)	-	(100)	(100)	(100)	(100)	(400)	-
Replacement Cost Operating Profit	10,913	10,775	15,503	5,125	41,261	45.1	4,268	6,238	7,455	5,834	23,796	-42.3
Outside United States	7,973	7,508	11,084	4,754	31,083	36.0	2,929	4,209	5,216	3,961	16,314	-47.5
United States	2,940	3,267	4,419	371	10,178	82.0	1,340	2,029	2,239	1,873	7,482	-26.5
Total BP Group												
Replacement Cost Oper Profit	10913	10775	15503	5125	41261	45.1	4268	6238	7455	5834	23796	-42.3
Profit(Loss) on Asset Sales	0	0	0	0	0	-	0	0	0	0	0	-
Realized Stock Gain(Loss)	1,326	3,952	(2,978)	(8,788)	(6,488)	-	0	0	0	0	0	-
Historical Cost Operating Profit	12239	14727	12525	(3,663)	34773	8.7	4268	6238	7455	5834	23796	-31.6
Interest Expense	246	221	238	(251)	454	-38.7	160	160	160	160	640	41.0
Pre-Tax Profit	11993	14506	12287	(3,412)	34319	9.8	4108	6078	7295	5674	23156	-32.5
Taxation	3947	3696	5099	2,145	14887	42.6	1705	2522	3027	2555	9610	-35.4
Profit After Taxation	8046	10810	7188	(5,557)	19432	-6.6	2403	3556	4268	3319	13546	-30.3
Minority Interest	132	112	137	142	523	61.4	125	125	130	125	505	-3.4
Profit for the Period	6588	6746	10029	2,587	25933	21.1	2278	3431	4138	3194	14051	-45.1
Replacement Cost Profit	2,09	2,15	3,21	0,84	8,28	0,74	1,12	1,35	1,05	4,25	4,25	
Replacement Cost Operating Earnings	2,09	2,71	2,84	0,84	8,49	54,3	0,74	1,12	1,35	1,05	4,25	-49,9
GROUP CASH FLOW STATEMENT												
Net Cash Inflow From Operations												
Profit Before Taxation	11,993	14,506	12,287	(3,914)	34,283	8.5	4,108	6,078	7,295	5,674	22,567	-34.2
Depreciation	2,782	2,850	2,653	2,700	10,985	3.8	2,727	2,754	2,782	2,810	11,073	0.8
Exploration Expenditure Written Off	184	44	98	59	385	11.0	92	44	100	61	297	-22.9
Earnings From Joint Entities	(1,200)	(2,003)	(1,327)	709	(3,821)	-0.3	200	200	200	200	800	-120.9
Dividends Received From Joint Entities	1,387	512	759	1,070	3,728	50.7	500	500	500	500	2,000	-46.4
(Profit/Loss) on Fixed Asset Sales	(885)	(56)	(139)	1,460	380	-	0	0	0	0	0	-
Working Capital and Other Movements	(3,367)	(9,135)	533	3,535	(7,845)	-49.9	0	0	0	0	589	-107.5
Other	0	0	0	0	0	0	0	0	0	0	0	-
Net Cash Provided From Operations	10,894	6,718	14,864	5,619	38,095	54.2	7,627	9,577	10,877	9,244	37,325	-2.0
Investing Activities												
Capital Expenditure/Receipts	(4,159)	(4,654)	(7,383)	(5,544)	(21,740)	-	(4,690)	(4,990)	(8,268)	(6,123)	(24,071)	-
Payments for Fixed Assets	(4,435)	(4,713)	(7,748)	(5,762)	(22,658)	27.1	(4,790)	(5,090)	(8,368)	(6,223)	(24,471)	8.0
Proceeds from Asset Sales	276	59	365	218	918	-79.0	100	100	100	100	400	-56.4
Net Investments in Joint/Associates	(370)	(250)	(208)	(262)	(1,090)	-	(250)	(250)	(250)	(250)	(1,000)	-
Other	0	(209)	(200)	(175)	(584)	-	(100)	(100)	(100)	(100)	(400)	-
Proceeds from Loan Repayments	122	212	150	163	647	-	150	150	150	150	600	-
Net Cash Used in Investing Activities	(4,407)	(4,901)	(7,641)	(5,818)	(22,767)	-324.6	(4,890)	(5,190)	(8,468)	(6,323)	(24,871)	9.2
Financing												
Long-Term Financing	1,640	(999)	332	3,167	4,140	-	(250)	(250)	(250)	(250)	(1,000)	-
Borrowings	2,177	655	397	4,732	7,961	-	0	0	0	0	0	-
Repayments	(537)	(1,654)	(65)	(1,565)	(3,821)	-	(250)	(250)	(250)	(250)	(1,000)	-
Net (Decrease) Increase in S-T Debt	(3,424)	1,516	(1,380)	1,973	(1,315)	(100)	(100)	(100)	(100)	(100)	(400)	-
Share Capital	(889)	(928)	(814)	64	(2,567)	-63.9	(400)	(400)	(400)	(400)	(1,600)	-37.7
Issue	0	0	0	0	0	0	0	0	0	0	0	-
Repurchase	(889)	(928)	(814)	64	(2,567)	-63.9	(400)	(400)	(400)	(400)	(1,600)	-37.7
Dividends Paid to BP Shareholders	(2,554)	(2,545)	(2,624)	(2,619)	(10,342)	27.6	(2,528)	(2,528)	(2,528)	(2,528)	(10,239)	-1.0
Dividends Paid to Minority Interest	(36)	(86)	(110)	(193)	(425)	(175)	(175)	(175)	(175)	(700)	-	
Net Cash Used in Financing Activities	(5,263)	(3,042)	(4,596)	2,392	1,573	-171.6	(3,453)	(3,445)	(3,523)	(3,518)	(2,600)	-265.3
Currency Translation Differences	34	(2)	(78)	(138)	(184)	-236.3	0	0	0	0	0	-100.0
Increase(Decrease) in Cash and Equiv.	1,258	(1,227)	2,549	2,055	4,635	377.1	(716)	942	(1,114)	(596)	(1,484)	-132.0
Cash and Equivalents, BOP	3,562	4,820	3,593	6,142	3,562		8,197	7,481	8,423	7,309	8,197	
Cash and Equivalents, EOP	4,820	3,593	6,142	8,197	8,197		7,481	8,423	7,309	6,713	6,713	
GROUP BALANCE SHEET												
Non-Current Assets												
Property, Plant & Equipment	99,512	101,787	102,889	103,200	103,200	5.3	105,263	107,599	113,185	116,598	116,598	
Goodwill	11,012	11,016	10,566	9,878	9,878	-10.2	10,000	10,000	10,000	10,000	10,000	
Other Intangible Assets	6,729	7,386	10,040	10,240	10,240	54.2	10,200	10,200	10,200	10,200	10,200	
Investments in Joint/Associates	22,719	29,484	29,061	27,826	27,826	-	28,000	28,000	28,000	28,000	28,000	
Other Investments	6,415	1,981	1,250	855	855	-	800	800	800	800	800	
Fixed Assets	146,387	151,654	153,806	152,019	152,019		154,263	156,599	162,185	165,598	165,598	
Loans and Other Receivables	2,000	2,015	2,047	1,705	1,705	-	1,500	1,500	1,500	1,500	1,500	
Defined Pension Plan Surplus	8,951	9,086	9,688	1,738	1,738	-	1,700	1,700	1,700	1,700	1,700	
Other Non-Current Assets	6,814	13,205	5,309	6,392	6,392	-	6,000	6,000	6,000	6,000	6,000	
Total Assets	164,152	175,960	170,850	161,854	161,854	3.8	163,463	165,799	171,385	174,798	174,798	
Current Assets												
Inventories	26,855	35,182	27,277	16,821	16,821	-36.7	16,485	16,649	16,816	16,984	16,984	
Trade and Other Receivables	43,698	48,482	39,201	29,261	29,261	-23.0	28,024	28,304	28,587	28,873	28,873	
Current Tax Receivable	250	195	332	377	377	-46.5	350	350	350	350	350	
Cash and Equivalents	4,820	3,593	6,142	8,197	8,197	130.1	7,481	8,423	7,309	6,713	6,713	
Derivative Financial Instruments	8,962	16,075	8,384	8,510	8,510	34.6	8,500	8,500	8,500	8,500	8,500	
Other	3,931	4,326	3,936	1,932	1,932	-48.5	1,900	1,900	1,900	1,900	1,900	
Total Assets	88,516	107,853	85,272	66,384	66,384		62,739	64,126	63,462	63,320	63,320	
Total Assets												
252,668	283,813	256,122	228,238	228,238	-3.3	226,202	229,925	234,846	238,118	238,118		
Current Liabilities												
Trade and Other Payables	47,546	54,029	43,948	33,644	33,644		32,227	32,550	32,875	33,204	33,204	
Derivative Financial Instruments	8,356	15,593	9,187	8,977	8,977		8,925	8,925	8,925	8,925	8,925	
Accruals and Deferred Income	6,466	7,019	6,825	6,743	6,743		6,500	6,500	6,500	6,500	6,500	
Finance Debt	13,820	16,638	14,258	15,740	15,740	2.2	15,640	15,540	15,440	15,340	15,340	
Current Tax Payable	4,798	5,681	4,013	3,144	3,144		2,905	2,905	2,905	2,905	2,905	
Provisions	1,957	2,080	2,074	1,545	1,545		1,550	1,550	1,550	1,550	1,550	
Total Liabilities	82,943	101,040	80,305	69,793	69,793		67,747	67,970	68,195	68,424	68,424	
Non-Current Liabilities												
Other Payables	3,032	2,821	2,809	3,080	3,080		3,000	3,000	3,000	3,000	3,000	
Derivative Financial Instruments	7,104	15,116	7,915	6,271	6,271		6,375	6,375	6,375	6,375	6,375	
Accruals and Deferred Income	959	882	863	784	784		800	800	800	800	800	
Finance Debt	16,051	13,551	14,042	17,464	17,464		17,214	16,964	16,714	16,464	16,464	
Deferred Tax Liabilities	20,264	20,935	21,573	16,758	16,758		15,397	15,397	15,397	15,397	15,397	
Provisions	13,055	13,447	12,744	12,108	12,108		12,000	12,000	12,000	12,000	12,000	

Table 5
Total S.A.
(Thousand Euros)

	Q1	Q2	Q3	Q4	Year 2008	Pct Change 2008/2007	Q1E	Q2E	Q3E	Q4E	Year 2009E	Pct Change 2009/2008
NET OPERATING INCOME												
(excluding non-recurring items and inventory effect)												
Upstream	2,731	3,099	2,899	1,995	10,724	21.2	867	1,325	1,734	1,458	5,384	-49.8
Downstream	311	587	901	770	2,569	1.3	931	1,180	653	386	3,150	22.6
Chemicals	158	70	263	177	668	-21.1	150	155	165	175	645	-3.4
Corporate	236	150	204	113	703	8.2	115	115	115	115	460	-34.6
Net Cost of Net Debt	(88)	(57)	(84)	(129)	(358)	5.9	(100)	(100)	(100)	(100)	(400)	11.7
Minority Interests and Div.	(94)	(126)	(113)	(53)	(386)	13.5	(50)	(50)	(50)	(50)	(200)	-48.2
Net Income	3,254	3,723	4,070	2,873	13,920	14.1	1,914	2,624	2,517	1,984	9,039	-35.1
OPERATING NET INCOME PER SHARE	€ 1.44	€ 1.65	€ 1.81	€ 1.29	€ 6.20	15.5	€ 0.84	€ 1.19	€ 1.14	€ 0.91	€ 4.07	-34.3
OPERATING NET INCOME PER SHARE (\$)	\$2.16	\$2.57	\$2.73	\$1.70	\$9.17	24.7	\$1.05	\$1.48	\$1.43	\$1.13	\$5.09	-44.5
CONSOLIDATED STATEMENT OF CASH FLOW												
Cash Flow From Operating Activities												
Consolidated Net Income	3,703	4,875	3,151	(776)	10,953	-19.1	1,914	2,624	2,517	1,984	9,039	-17.5
Depreciation, depletion and amortization	1,405	1,482	1,457	1,853	6,197	4.2	1,872	1,890	1,909	1,928	7,599	22.6
Non-current liabilities, valuation allowances and deferred taxes	11	32	242	(435)	(150)	(100)	(100)	(100)	(100)	(100)	(400)	
Impact of coverage of pension benefit plans	0	0	0	(505)	(505)	0	0	0	0	0	0	
(Gains) losses on disposals of assets	(153)	(15)	(61)	(28)	(257)	0	0	0	0	0	0	
Undistributed affiliates' equity earnings	(302)	104	(376)	263	(311)	(200)	(200)	(200)	(200)	(200)	(800)	
(Increase) decrease in operating assets and liabilities	610	(4,563)	2,889	3,635	2,571	0	0	0	0	0	0	
Other charges, net	42	7	36	86	171	0	0	0	0	0	0	
Cash flow from operating activities	5,316	1,922	7,338	4,093	18,669	5.6	3,485	4,214	4,126	3,613	15,438	-17.3
Cash Flow Used In Investing Activities												
Intangible assets and property, plant and equipment additions	(2,327)	(2,619)	(2,928)	(3,987)	(11,861)	12.4	(2,513)	(2,829)	(3,162)	(4,306)	(12,810)	8.0
Acquisitions of subsidiaries, net of cash acquired	0	0	(191)	(368)	(559)	0	0	0	0	0	0	
Investments in equity affiliates and other securities	(107)	(41)	(132)	(136)	(416)	(100)	(100)	(100)	(100)	(100)	(400)	
Increase in non-current loans	(209)	(208)	(120)	(267)	(804)	(200)	(200)	(200)	(200)	(200)	(800)	
Total expenditures	(2,643)	(2,868)	(3,371)	(4,758)	(13,640)	(2,813)	(3,129)	(3,462)	(4,606)	(4,606)	(14,010)	
Proceeds from disposal of intangible assets and prop. pl&equip.	6	16	35	73	130	0	0	0	0	0	0	
Proceeds from disposal of subsidiaries, net of cash sold	0	84	4	0	88	0	0	0	0	0	0	
Proceeds from disposal of non-current investments	69	20	485	659	1,233	100	100	100	100	100	400	
Repayment of non-current loans	123	606	194	211	1,134	200	200	200	200	200	800	
Total divestments	198	726	718	943	2,585	300	300	300	300	300	1,200	
Cash flow used in investing activities	(2,445)	(2,142)	(2,653)	(3,815)	(22,110)	(2,513)	(2,829)	(3,162)	(4,306)	(25,620)		
Cash Flow From (Used In) Financing Activities												
Issuance (Repayment) of shares:												
Parent company shareholders	9	233	16	4	262	0	0	0	0	0	0	
Treasury shares	(427)	(284)	(334)	(144)	(1,189)	(178)	(250)	(250)	(250)	(250)	(928)	
Minority shareholders	(9)	0	(1)	6	(4)	0	0	0	0	0	0	
Cash dividends paid to:												
Parent company shareholders	0	(2,404)	0	(2,541)	(4,945)	0	(2,402)	0	(2,538)	(4,940)		
Minority shareholders	(1)	(127)	1	(86)	(213)	(50)	(50)	(50)	(50)	(200)		
Net issuances (repayment) of non-current debt	503	1,562	1,379	(435)	3,009	(200)	(200)	(200)	(200)	(800)	(800)	
Increase (decrease) in current borrowings	(887)	55	25	2,244	1,437	(50)	(50)	(50)	(50)	(200)		
Increase (decrease) in current financial assets and liabilities	835	(18)	4	29	850	200	200	200	200	200	800	
Net Cash Used in Financing Activities	23	(983)	1,090	(923)	(793)	(278)	(2,702)	(300)	(2,838)	(3,668)		
Increase/Decrease in Cash and Cash Equivalents	2,894	(1,203)	5,775	(645)	6,821	694	(1,316)	663	(3,532)	(3,490)		
Effects of Exchange Rate Changes on Cash	(541)	107	211	(265)	(488)	0	0	0	0	0		
Cash and Cash Equivalents at Beginning of Period	5,988	8,341	7,245	13,231	5,988	12,321	13,015	11,699	12,363	8,831	12,321	
Cash and Cash Equivalents at End of Period	8,341	7,245	13,231	12,321	12,321	13,015	11,699	12,363	8,831	8,831		
CONSOLIDATED BALANCE SHEET												
ASSETS												
Non-current assets												
Intangible assets, net	4,374	4,381	5,099	5,341	5,341	5,300	5,300	5,300	5,300	5,300	5,300	
Property, plant and equipment, net	40,436	41,756	45,001	46,142	46,142	11.3	46,784	47,722	48,975	51,353	51,353	11.3
Equity affiliates: investments and loans	15,039	14,524	15,175	14,668	14,668	14,500	14,500	14,500	14,500	14,500	14,500	
Other investments	1,215	1,246	1,293	1,165	1,165	1,100	1,100	1,100	1,100	1,100	1,100	
Hedging instruments of non-current financial debt	651	540	406	892	892	800	800	800	800	800	800	
Other non-current assets	2,066	2,179	2,196	3,044	3,044	3,000	3,000	3,000	3,000	3,000	3,000	
Total non-current assets	63,781	64,626	69,170	71,252	71,252	9.1	71,484	72,422	73,675	76,053	76,053	6.7
Current assets												
Inventories, net	13,892	17,185	15,500	9,621	9,621	9,429	9,617	9,809	10,006	10,006	10,006	
Accounts receivable, net	18,664	21,856	19,983	15,287	15,287	14,897	15,195	15,499	15,809	15,809	15,809	
Other current assets	8,261	9,644	9,061	9,642	9,642	9,600	9,600	9,600	9,600	9,600	9,600	
Current financial assets	403	223	293	187	187	200	200	200	200	200	200	
Cash and cash equivalents	8,341	7,245	13,231	12,321	12,321	13,015	11,699	12,363	8,831	8,831	8,831	
Total current assets	49,561	56,153	58,068	47,058	47,058	47,141	46,311	47,471	44,446	44,446	44,446	
Total assets	113,342	120,779	127,238	118,310	118,310	118,624	118,733	121,146	120,498	120,498		
LIABILITIES AND SHAREHOLDERS' EQUITY												
Shareholders' equity												
Common shares	5,990	6,003	5,929	5,930	5,930	5,930	5,930	5,930	5,930	5,930	5,930	
Paid-in surplus and retained earnings	52,376	55,024	53,800	52,947	52,947	54,861	55,083	57,600	57,046	57,046	57,046	
Currency translation adjustment	(6,653)	(6,483)	(4,063)	(4,876)	(4,876)	(4,800)	(4,800)	(4,800)	(4,800)	(4,800)	(4,800)	
Treasury shares	(5,963)	(6,271)	(4,865)	(5,009)	(5,009)	(5,010)	(5,010)	(5,010)	(5,010)	(5,010)	(5,010)	
Total shareholders' equity-Group share	45,750	48,273	50,801	48,992	48,992	50,981	51,203	53,720	53,166	53,166	53,166	
Minority interests	833	855	1,001	958	958	1,000	1,000	1,000	1,000	1,000	1,000	
Total shareholders' equity	46,583	49,128	51,802	49,950	49,950	51,981	52,203	54,720	54,166	54,166	54,166	
Non-current liabilities												
Deferred income taxes	7,840	7,748	8,275	7,973	7,973	7,130	6,978	6,829	6,685	6,685	6,685	
Employee benefits	2,489	2,533	2,580	2,011	2,011	2,000	2,000	2,000	2,000	2,000	2,000	
Provisions and other non-current liabilities	6,431	6,567	6,857	7,858	7,858	7,800	7,800	7,800	7,800	7,800	7,800	
Total non-current liabilities	16,760	16,848	17,712	17,842	17,842	16,930	16,778	16,629	16,485	16,485	16,485	
Non-current financial debt	13,388	14,777	16,347	16,191	16,191	15,991	15,791	15,591	15,391	15,391	15,391	
Current liabilities												
Accounts payable	17,240	19,297	17,390	14,815	14,815	14,450	14,739	15,034	15,335	15,335	15,335	
Other creditors and accrued liabilities	14,345	15,760	18,546	11,632	11,632	11,500	11,500	11,500	11,500	11,500	11,500	
Current borrowings	4,861	4,795	5,378	7,722	7,722	7,672	7,622	7,572	7,522	7,522	7,522	
Other current financial liabilities	165	174	63	158	158	100	100	100	100	100	100	
Total current liabilities	36,611	40,026	41,377	34,327	34,327	33,722	33,961	34,206	34,457	34,457	34,457	
Total liabilities and shareholders' equity	113,342	120,779	127,238	118,310	118,310	118,624	118,733	121,146	120,498	120,498		

Information contained herein is believed to be reliable but its accuracy cannot be guaranteed. Past performance is not indicative of future results and the risk of loss is substantial in futures trading. Hornsby & Company, Inc. and W.H. Brown may, from time to time, have positions in the futures market relative to these recommendations.