

Edgar Filing: CONOCOPHILLIPS - Form 11-K

CONOCOPHILLIPS
Form 11-K
June 23, 2006

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

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-32395

CONOCOPHILLIPS SAVINGS PLAN
(Full title of the Plan)

CONOCOPHILLIPS
(Name of issuer of securities)

600 NORTH DAIRY ASHFORD
HOUSTON, TEXAS
(Address of principal executive office)

77079
(Zip code)

FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements

Financial statements of the ConocoPhillips Savings Plan, filed as part of this annual report, are listed in the accompanying index.

(b) Exhibits

Exhibit 23 Consent of Independent Registered Public Accounting Firm

SIGNATURES

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

CONOCOPHILLIPS SAVINGS PLAN

Edgar Filing: CONOCOPHILLIPS - Form 11-K

/s/ J. W. Sheets

J. W. Sheets
Plan Financial Administrator

June 19, 2006

1

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE CONOCOPHILLIPS SAVINGS PLAN

	Page

Report of Independent Registered Public Accounting Firm.....	3
Financial Statements	
Statements of Net Assets Available for Benefits at December 31, 2005 and 2004	4
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2005	5
Notes to Financial Statements	6
Supplemental Schedule	
Schedule of Assets (Held at End of Year) as of December 31, 2005, Schedule H, Line 4i	20
Exhibit Index	23

2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The ConocoPhillips Savings Plan Committee
ConocoPhillips Savings Plan

We have audited the accompanying statements of net assets available for benefits of ConocoPhillips Savings Plan as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial

Edgar Filing: CONOCOPHILLIPS - Form 11-K

statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, in conformity with U. S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP

Tulsa, Oklahoma
June 19, 2006

3

STATEMENTS OF NET ASSETS
AVAILABLE FOR BENEFITS

CONOCOPHILLIPS SAVINGS PLAN

	Thousands of Dollars	
At December 31	2005	2004
ASSETS		
Investments		
Plan interest in Master Trusts		
Stable Value Fund	\$1,977,059	1,998,674
ConocoPhillips Stock Fund	2,377,061	1,660,153
DuPont Stock Fund	146,941	217,803
Leveraged Stock Fund	929,748	721,791
Loan 2 Suspense	689,052	566,101
Insurance contract	8	10

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Fidelity Low-Priced Stock Fund	131,373	146,214
Fidelity Magellan Fund	121,637	139,941
PIMCO Total Return Fund - Administrative Class	26,285	22,435
Vanguard Funds:		
500 Index Fund	335,052	350,151
Asset Allocation Fund	10,233	10,406
Balanced Index Fund	28,146	25,298
Explorer Fund	90,817	90,776
Extended Market Index Fund	43,482	38,559
Growth Index Fund	15,508	14,354
Inflation-Protected Securities Fund	41,636	33,741
International Growth Fund	47,460	37,425
International Value Fund	82,361	51,758
LifeStrategy Conservative Growth Fund	15,938	14,066
LifeStrategy Growth Fund	30,149	26,241
LifeStrategy Income Fund	12,561	10,895
LifeStrategy Moderate Growth Fund	93,180	90,611
Long-Term Treasury Fund	39,788	19,086
Mid-Cap Index Fund	84,458	43,617
Morgan Growth Fund	23,039	20,938
Prime Money Market Fund	148,978	150,720
PRIMECAP Fund	227,896	240,918
Small-Cap Growth Index Fund	34,873	32,854
Small-Cap Value Index Fund	59,117	49,876
Total Bond Market Index Fund	81,494	77,159
Total International Stock Index Fund	40,585	25,688
Total Stock Market Index Fund	29,278	25,986
Value Index Fund	22,866	16,974
Wellington Fund	103,794	84,233
Windsor II Fund	130,000	106,804
Vanguard Prime Money Market - Loan 2	83	73
Loans to Plan participants	76,319	72,466

Total Investments	8,348,255	7,234,795
Active Employee Deposits Receivable	442	860
Company Contributions Receivable	61	89

Total Assets	8,348,758	7,235,744

LIABILITIES		
Securities Acquisition Loans	229,050	252,600
Interest Payable	797	498

Total Liabilities	229,847	253,098

NET ASSETS AVAILABLE FOR BENEFITS	\$8,118,911	6,982,646
=====		

See Notes to Financial Statements.

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Year Ended December 31, 2005	Thousands of Dollars -----
ADDITIONS	
Company Contributions	
Company matching - cash	\$ 17,426
Basic allocation - stock	130,211
Active Employee Deposits	161,160
Rollovers	49,062

	357,859

Investment Income (Loss)	
Dividends and interest	106,753
Interest, participant loans	3,578
Plan interest in Master Trusts	
Stable Value Fund	92,672
ConocoPhillips Stock Fund	626,579
DuPont Stock Fund	(20,392)
Net appreciation in fair value of investments	480,197

	1,289,387

Other Additions	1,563

Total	1,648,809

DEDUCTIONS	
Distributions to participants or their beneficiaries	502,058
Interest expense	9,072
Administrative expenses	1,379
Other deductions	35

Total	512,544

NET INCREASE	1,136,265

NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	6,982,646

End of Year	\$8,118,911
	=====

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

CONOCOPHILLIPS SAVINGS PLAN

NOTE 1--PLAN DESCRIPTION

The following description of the ConocoPhillips Savings Plan (Plan), provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

GENERAL

Edgar Filing: CONOCOPHILLIPS - Form 11-K

The Plan is a defined contribution, 401(k) profit sharing plan which includes a Thrift Feature and a Stock Savings Feature. This Plan was formerly known as the Long-Term Stock Savings Plan of Phillips Petroleum Company (LTSSP); the name was changed at the close of business on December 31, 2002, along with the formal merger of the Thrift Plan of Phillips Petroleum Company (Thrift Plan) into the Plan. The Thrift Plan became the Thrift Feature of the Plan, the LTSSP became the Stock Savings Feature, and ConocoPhillips Company (Company) became the Plan sponsor. On October 3, 2003, assets of the Thrift Plan for Employees of Conoco Inc. (Conoco Thrift Plan) were merged into the Plan. Other Plan mergers that occurred during the reporting period were not material in terms of the number of participants involved and the impact to Plan provisions.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

ELIGIBILITY

Generally, active employees of the Company and its subsidiaries on the direct U.S. dollar payroll are eligible to participate in the Plan, except retail marketing outlet employees and certain other employee classifications.

THRIFT FEATURE

An active employee may deposit between 1% and 30% of pay, as defined in the Plan document (Pay), on a before-tax basis, an after-tax basis, or a combination of both. The Company contributes \$1 for each \$1 deposited by the active employee participant up to 1.25% of Pay. Thrift assets are invested in a variety of investment funds; however, the DuPont Stock Fund and the Fidelity Low-Priced Stock Fund are closed to new investment elections. Investments in the Thrift Feature are participant-directed.

Active employees are eligible to make catch-up deposits to the Thrift Feature beginning in the year they attain age 50. The active employee is allowed to elect catch-up deposits to be deducted as a dollar amount from each paycheck up to the applicable dollar limit, as defined by the Plan, for such Plan year. Elections to make catch-up deposits remain in effect until changed or revoked by an

6

active employee.

STOCK SAVINGS FEATURE (SSF)

The SSF contains an Employee Stock Ownership Plan (ESOP). An active employee may deposit 1% of Pay on a before-tax basis. SSF deposits are invested in the ConocoPhillips Stock Fund. Based on the SSF deposits made by an active employee, participants in the SSF receive semiannual allocations of ConocoPhillips common stock (Company Stock) as of June 30 and December 31 of each year. The semiannual allocation to participants is based on the ratio of the active employee's SSF deposits to all participant SSF deposits for the allocation period. A supplemental allocation shall be made each year-end if all shares released for allocation, based on loan payment provisions, have not been allocated. The method for calculating a supplemental allocation is described in the Plan document; however, such an allocation is rare and was not required in 2005.

Semiannual allocations and supplemental allocations are invested in the ConocoPhillips Stock Fund and the Leveraged Stock Fund. Both the ConocoPhillips Stock Fund and the Leveraged Stock Fund are invested solely in Company Stock and

Edgar Filing: CONOCOPHILLIPS - Form 11-K

have the same market value per share. The cost basis per share is different as the ConocoPhillips Stock Fund has an average cost based on average purchase price, and the Leveraged Stock Fund has a fixed cost based on the acquisition loan cost per share. The ConocoPhillips Stock Fund contains shares of Company Stock purchased with employee deposits, Company contributions, dividends reinvested in participant accounts, and shares allocated to participant accounts as a result of SSF allocations other than those purchased with the proceeds of acquisition loans. The Leveraged Stock Fund primarily contains shares of Company Stock that were purchased with the proceeds of acquisition loans and allocated to participant accounts as a result of SSF allocations. Participants may direct that their SSF deposits and Company allocations be exchanged from the ConocoPhillips Stock Fund and the Leveraged Stock Fund into other investment funds at any time.

The number of shares allocated on each semiannual allocation date is determined by the Plan document. In 2005, there were 8,698 shares allocated for each 100 eligible employees. Shares used for the semiannual allocation came from financed shares and shares held by ConocoPhillips in the Compensation and Benefits Trust (CBT). In 2005, the Company used the CBT to contribute 2,250,727 shares of stock to the Plan. The fair value of the CBT shares was approximately \$130 million, and these shares were invested in the ConocoPhillips Stock Fund.

The Plan is required to retain and use eligible dividends on Company Stock to make payments on the loans it used to acquire Company Stock for the SSF. If the Company does not elect to make a special

7

contribution and if eligible dividends to be allocated to participants' accounts are used to make loan payments, participants receive a dividend replacement allocation. The Plan used \$17.4 million in dividends on allocated shares to make loan payments and allocated 289,238 shares in dividend replacement allocations to participants' accounts in 2005. The fair value of the allocated dividend replacement shares was approximately \$17 million, and these shares were invested in the Leveraged Stock Fund.

The Company made contributions to the Plan which, when aggregated with certain Plan dividends and certain interest earnings, equaled the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its loan. The Company can also elect to make contributions to the Plan, as an alternative to using the dividends. Finally, the Company can make contributions to the Plan in the amount necessary to bring the number of shares of stock released for allocation up to the level required to complete the semiannual allocation by contributing cash or by contributing Company Stock.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the active employee deposits, Company contributions, if applicable, and Plan earnings, and charged with an allocation of investment administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that could be provided from the participant's vested account. The Vanguard Group, Inc. serves as recordkeeper.

VESTING

Participants are immediately vested in all amounts credited to their accounts in all funds.

Edgar Filing: CONOCOPHILLIPS - Form 11-K

VOTING RIGHTS

As a beneficial owner of Company Stock, Plan participants and beneficiaries are entitled to direct the trustee to vote the Company Stock attributable to their accounts. An active employee participant on the voting valuation date may direct the trustee to vote the non-directed and unallocated shares. Vanguard Fiduciary Trust Company (Vanguard) serves as trustee.

DIVERSIFICATION

Generally, participants may make unlimited exchanges out of any investment fund in any dollar amount, whole percentages or shares of their account to another investment fund subject to the exchange rules in the Plan document. In addition, using selected investment percentages, a participant may request a reallocation of both the existing account and future contribution allocations or a rebalancing of the participant's existing account.

8

SHARE ACCOUNTING METHOD FOR COMPANY STOCK

Any shares purchased or sold for the Plan on any business day are valued at the Participant Transaction Price, which is calculated using a weighted-average price of the Company Stock traded on that business day and any carryover impact as described in the Plan document.

DISTRIBUTIONS

Total distributions from participant accounts can be made upon the occurrence of specified events, including the attainment of age 59 1/2, death, disability, or termination of employment. Partial distributions are permitted in cases of specified financial hardship.

INSTALLMENT PAYMENTS

A terminated employee or a beneficiary who is the surviving spouse of a participant is eligible to elect a distribution based on a fixed-dollar amount or life-expectancy installment payments.

Installment distribution options offered under the Conoco Thrift Plan and exercised by a participant were grandfathered into the Plan.

DIVIDEND PASS THROUGH

A participant can make an election to receive cash dividends from the ConocoPhillips Stock Fund on a portion of that participant's account invested in Company Stock. The distribution of these dividends is made on each dividend payment date.

FORMS OF PAYMENT

Generally, distributions from participant accounts invested in Company Stock and DuPont stock can be made in cash, stock, or a combination of both. Distributions from all other funds in the Thrift Feature are made in cash. An election to make an eligible rollover distribution is also available.

LOANS

Active employee participants can request a loan from their account in the Plan.

Edgar Filing: CONOCOPHILLIPS - Form 11-K

The minimum loan is \$1,000. Generally, the maximum loan is the lesser of \$50,000 or one-half of the value of the account. For those eligible for loans, three outstanding loans are available at any one time, one of which can be a home loan. The maximum term of a home loan is 238 months, and the maximum term of a general purpose loan is 58 months.

TRUST AGREEMENTS

The trust agreement with Vanguard provides for the administration of certain assets in the Plan.

9

Additionally, there are three master trust agreements:

The ConocoPhillips Stock Fund Master Trust Agreement provides for the administration of the ConocoPhillips Stock Fund. The trustee is Vanguard.

The Stable Value Fund is managed under the Stable Value Fund Master Trust Agreement. The assets in this fund include investment contracts, money market instruments, and units of a common collective trust. The trustee for the Stable Value Fund is State Street Bank and Trust Company.

The DuPont Stock Fund Master Trust Agreement provides for the administration of the DuPont Stock fund. The trustee is Vanguard.

ADMINISTRATION

The Plan is administered by the ConocoPhillips Savings Plan Committee (Committee), a Plan Financial Administrator, a Plan Benefits Administrator, and the Chief Financial Officer of the Company. Members of the Committee are appointed by the Board of Directors of the Company or its delegate. The Plan Financial Administrator and the Plan Benefits Administrator are the persons who occupy, respectively, the Company positions of Vice President and Treasurer, and Manager Global Compensation and Benefits. Members of the Committee and the Plan Administrators serve without compensation, but are reimbursed by the Company for necessary expenditures incurred in the discharge of their duties. Administrative expenses of the Plan are paid from assets of the Plan to the extent allowable by law, unless paid by the Company.

NOTE 2--SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Plan's financial statements are presented on the accrual basis of accounting. Distributions to participants or their beneficiaries are recorded when paid.

On April 7, 2005, ConocoPhillips declared a two-for-one common stock split effected in the form of a 100% stock dividend, payable June 1, 2005, to stockholders of record as of May 16, 2005. All references to Company Stock in the financial statements and accompanying notes are presented on an after-split basis for all periods presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual

Edgar Filing: CONOCOPHILLIPS - Form 11-K

results could differ from those estimates.

10

NOTE 3--SECURITIES ACQUISITION LOANS

The Plan borrowed \$250 million (Loan 1) and \$400 million (Loan 2) in 1988 and 1990, respectively, and purchased 28,673,836 and 28,318,584 shares of Company Stock, respectively, from the bank borrowings. The financed shares are held in a suspense account (currently Loan 2 Suspense) until allocated to eligible participants based on the provisions of the Plan.

Loan 1 was fully repaid in June 1998 and all leveraged shares associated with Loan 1 have been allocated to participant accounts.

Upon allocation to participants' accounts, the Loan 2 shares are transferred to the Leveraged Stock Fund. The Plan released 906,647 Loan 2 suspense shares in 2005 for semiannual allocations to participants' accounts. The fair value of the Loan 2 shares used in the semiannual allocations was approximately \$52 million. At December 31, 2005 and 2004, the market value of unallocated shares was \$689 million and \$566 million, respectively. There were no other unallocated assets at December 31, 2005, and December 31, 2004.

Loan 2 extends through the year 2015. Due to loan prepayments, the first required payment is currently scheduled to be in 2011.

The outstanding balance of Loan 2 at December 31, 2005, was \$229 million and at December 31, 2004 was \$253 million. Loan 2 prepayments totaled \$24 million in 2005. Loan 2 provides for variable interest rates. The rates were 4.78% and 2.84% at December 31, 2005 and 2004, respectively.

Loan 2 is guaranteed by ConocoPhillips and ConocoPhillips Company and is being repaid through contributions made by the Company, dividends on certain allocated and unallocated shares, and earnings on the short-term investment of dividends. The Loan 2 carrying amount approximates fair value.

Under Loan 2, any participating bank in the syndicate of lenders may cease to participate on December 4, 2009, by giving not less than 180 days' prior notice to the Plan and the Company. If the current Directors of ConocoPhillips or their approved successors cease to be a majority of the Board of Directors, and upon not less than 90 days' notice, each bank participating in Loan 2 has the optional right to terminate its participation in the loan. Under the above conditions, such banks' rights and obligations under the loan agreement must be purchased by ConocoPhillips if not transferred to another bank of ConocoPhillips' choice.

11

NOTE 4--INVESTMENTS

VALUATION

Common stock and mutual fund securities are valued at fair value. Common stock values are based on their quoted market prices. Mutual funds are valued using quoted market prices which represent the net asset values of shares held by the Plan at year-end. The Stable Value Fund is managed under the Stable Value Fund

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Master Trust Agreement. The assets in this fund include investment contracts, some of which are backed by units of common collective trusts, and money market instruments. The investment contracts are fully benefit-responsive, and are valued at contract value which represents contributions, plus interest credited, less distributions and expenses. The money market instruments are valued at amortized cost, which approximates fair value. The common collective trust is valued at fair value as determined by the issuer based on the current values of the underlying assets of such trust. Participant loans are valued at carrying value, which approximates fair value. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

NET APPRECIATION

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	Thousands of Dollars -----
ConocoPhillips Common Stock	\$416,466
Mutual Funds	63,731
-----	\$480,197
=====	

NOTE 5--EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

Through December 31, 2005, the ESOP portion of the Plan included the Leveraged Stock Fund, Loan 2 Suspense, released shares pending allocation, and a portion of the shares held in the ConocoPhillips Stock Fund (COP Stock ESOP - Master Trust). The ESOP portion of the ConocoPhillips Stock Fund included those shares relating to dividends on leveraged shares, certain Company contributions, and annual sweeps of shares from non-ESOP sources to ESOP sources. Also included in the ESOP is the cash account associated with Loan 2

Suspense (Vanguard Prime Money Market - Loan 2, or Vang Prime MM Loan 2). The Loan 2 Suspense shares and cash are the only non-participant-directed investments in the Plan, and the only unallocated assets in the Plan.

Information about the net assets and the significant components of the changes in net assets relating to the ESOP portion of the Plan follows:

Thousands of Dollars

Edgar Filing: CONOCOPHILLIPS - Form 11-K

	DECEMBER 31, 2005			December 31	
	ALLOCATED	UNALLOCATED	TOTAL	Allocated	Unalloca
ASSETS					
COP Stock ESOP -					
Master Trust	\$1,694,568	\$ --	\$1,694,568	\$1,259,262	\$
Leveraged Stock	929,748	--	929,748	721,791	
Loan 2 Suspense	--	689,052	689,052	--	566,1
Vang Prime MM Loan 2	--	83	83	--	
Total Assets	2,624,316	689,135	3,313,451	1,981,053	566,1
LIABILITIES					
Securities Loan	--	229,050	229,050	--	252,6
Interest Payable	--	797	797	--	4
Total Liabilities	--	229,847	229,847	--	253,0
NET ASSETS AVAILABLE FOR BENEFITS	\$2,624,316	\$459,288	\$3,083,604	\$1,981,053	\$313,0

Changes in Net Assets during Year Ended December 31, 2005:

	THOUSANDS OF	
	ALLOCATED	UNALLOCA
Basic allocation - stock	\$ 130,211	\$
Allocation of 906,647 shares of ConocoPhillips common stock, at market	52,398	
Dividends and interest	17,384	14,9
Interest in Master Trust - COP Stock ESOP	520,139	
Net appreciation in FV of investments	223,738	192,7
Other additions	1	
Total Additions	943,871	207,6
Distributions	138,022	
Allocation of 906,647 shares of ConocoPhillips common stock, at market	--	52,3
Interest expense	--	9,0
Administrative expense	1,046	
Other deductions	1	
Total Deductions	139,069	61,4
Intrafund & source transfers	(161,539)	
NET INCREASE	643,263	146,2
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	1,981,053	313,0
End of Year	\$2,624,316	\$459,2

Effective January 1, 2006, the Plan was amended to include all remaining shares of the ConocoPhillips Stock Fund in the ESOP; therefore, all Company Stock held in the Plan is now part of the ESOP.

NOTE 6--TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated March 23, 2004, stating that the Plan, as amended and restated as of October 3, 2003, is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan sponsor has taken the necessary steps to bring the Plan's operations into compliance with the Code.

NOTE 7--PARTY-IN-INTEREST TRANSACTIONS

A large portion of the Plan's assets is invested in Company Stock. Because ConocoPhillips is the parent of the Company, transactions involving Company Stock qualify as party-in-interest transactions. In addition, certain investments of the Plan are in shares of mutual funds managed by Vanguard. Because Vanguard is the Plan's trustee, these transactions also qualify as party-in-interest transactions. All of these types of transactions were exempt from the prohibited transaction rules.

NOTE 8--PLAN TERMINATION

In the event of termination of the Plan, participants and beneficiaries of deceased participants would be vested with respect to, and would receive, within a reasonable time, any funds in their accounts as of the date of the termination. Unallocated assets leveraged to Loan 2 would be allocated pursuant to applicable legal and contractual requirements.

NOTE 9--RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits as of December 31, 2005 and 2004, as reflected in these financial statements, to the amounts reflected in the Plan's Form 5500:

	Thousands of Dollars	
	2005	2004
Net assets available for benefits as reported in the financial statements	\$8,118,911	6,982,646
Less: Defaulted loans identified		

Edgar Filing: CONOCOPHILLIPS - Form 11-K

as deemed distributions for tax reporting	--	(150)

Net assets available for benefits		
as reported in the Form 5500	\$8,118,911	6,982,496
=====		

The following is a reconciliation of distributions to participants or their beneficiaries for the year ended December 31, 2005, as reflected in these financial statements, to the amounts reflected in the Plan's Form 5500:

		Thousands of Dollars -----
Year Ended December 31, 2005		
Distributions to participants or their beneficiaries reported in the financial statements		\$502,058
Less: Amounts previously recognized as deemed distributions for 5500 reporting		(150)

Total distributions as reported in the Form 5500		\$501,908
=====		

NOTE 10--MASTER TRUSTS

Three investment options of the Plan are held in master trusts and administered under master trust agreements. These investment options include the Stable Value Fund, ConocoPhillips Stock Fund, and DuPont Stock Fund.

STABLE VALUE FUND

The Stable Value Fund option provided by the Plan is also available to participants in the ConocoPhillips Store Savings Plan. Each plan's beneficial interest in the master trust funds is based on that plan's proportionate share, determined by participant-directed balances, of the value of the total net assets in the master trust. Investment income for each plan is calculated using this same basis. The Plan's proportionate share of master trust net assets was approximately 99.9% as of December 31, 2005, and December 31, 2004.

The Stable Value Fund consists of guaranteed investment contracts (GICs), separate account guaranteed investment contracts (SAGICs), synthetic contracts (SYNs), a common collective trust (CCT), and

short-term investments and cash. The crediting interest rates for the Stable Value Fund's investment contracts ranged from 3.46% to 7.12% as of December 31, 2005, and from 3.39% to 7.68% as of December 31, 2004. The fund's blended rate of return was 4.73% for 2005 and 4.60% for 2004.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting rates for GICs are set at the time of purchase and are fixed for the specified contract period. The crediting rates for most SAGIC and SYN contracts are reset quarterly and are based on the market

Edgar Filing: CONOCOPHILLIPS - Form 11-K

value of the underlying portfolio of assets backing these contracts. Inputs used to determine the crediting rate included each contract's portfolio market value, current yield-to-maturity, duration (i.e., the present value of the weighted average life), and market value relative to contract value. All contracts had a guaranteed rate of 0.0% or higher.

The Stable Value Fund values as of December 31, 2005, and December 31, 2004, were as follows:

	Thousands of Dollars	
	2005	2004
Stable Value Fund		
At December 31		
GICs	\$ 114,584	129,095
SAGICs	111,601	175,350
SYNs	1,668,294	1,604,147
Assets at Contract Value	1,894,479	1,908,592
CCT	70,350	67,612
Short-term investments and cash	13,918	24,349
Assets at Fair Value	84,268	91,961
End of Year	\$1,978,747	2,000,553

The estimated fair value of the GICs at December 31, 2005 and 2004, was \$115,449,323 and \$133,962,202 respectively. The estimated fair value of the SAGICs at December 31, 2005 and 2004, was \$112,725,513 and \$182,159,789 respectively. The fair values of the GICs and SAGICs are determined using a discounted cash flow method. The estimated cash flow of each contract is discounted using a yield curve interpolated from swap rates and is adjusted for liquidity and credit quality.

The estimated fair value of the underlying assets of the synthetic guaranteed investment contracts at December 31, 2005 and 2004, was \$1,652,045,988 and \$1,627,937,906, respectively. The contract values of synthetic guaranteed investment contracts were net of (\$16,248,466) at December 31, 2005, and (\$23,790,533) at December 31, 2004, related to wrapper contracts, which guarantee the contract value of the synthetic guaranteed investment contracts for participant initiated withdrawal events.

The significant components of the changes in net assets relating to the Stable Value Fund are as follows:

Thousands
of Dollars

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Stable Value Fund	
Year Ended December 31, 2005	
Contributions	\$ 47,324
Interest and Dividend Income (net)	92,758
Asset Transfers In	367,873
Distributions	(178,892)
Participant Loans	(3,973)
Other Deductions	(20)
Asset Transfers Out	(346,876)

Net Decrease	(21,806)
Beginning of Year	2,000,553

End of Year	\$1,978,747
=====	

CONOCOPHILLIPS STOCK FUND

The ConocoPhillips Stock Fund is comprised of Company Stock held in a master trust, the ConocoPhillips Stock Fund Master Trust. This investment option provided by the Plan is also available to participants in the ConocoPhillips Store Savings Plan. Each plan's beneficial interest in the master trust funds is based on that plan's proportionate share, determined by participant-directed balances, of the value of the total net assets in the master trust. Investment income for each plan is calculated using this same basis. The Plan's proportionate share of master trust net assets was approximately 99.9% as of December 31, 2005, and December 31, 2004.

The ConocoPhillips Stock Fund values as of December 31, 2005, and December 31, 2004, were as follows:

	Thousands of Dollars	
	----- 2005	2004 -----
At December 31		
ConocoPhillips Stock Fund	\$2,380,454	1,662,488

End of Year	\$2,380,454	1,662,488
=====		

The significant components of the changes in net assets relating to the ConocoPhillips Stock Fund are as follows:

	Thousands of Dollars -----
ConocoPhillips Stock Fund	

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Year Ended December 31, 2005	
Contributions	\$ 99,877
Dividend Income	46,694
Net Appreciation in Fair Value of Company Stock	580,743
Asset Transfers In	651,202
Other Additions	15
Distributions	(120,641)
Participant Loans	(20,993)
Other Deductions	(929)
Asset Transfers Out	(518,002)

Net Increase	717,966
Beginning of Year	1,662,488

End of Year	\$2,380,454
=====	

DUPONT STOCK FUND

The DuPont Stock Fund is comprised of DuPont stock held in a master trust, the DuPont Stock Fund Master Trust. This investment option provided by the Plan is also available to participants in the ConocoPhillips Store Savings Plan; however, this option is closed to new investment elections. Each plan's beneficial interest in the master trust funds is based on that plan's proportionate share, determined by participant-directed balances, of the value of the total net assets in the master trust. Investment income for each plan is calculated using this same basis. The Plan's proportionate share of master trust net assets was approximately 99.9% as of December 31, 2005, and December 31, 2004.

The DuPont Stock Fund values as of December 31, 2005, and December 31, 2004, were as follows:

	Thousands of Dollars	
	2005	2004
	-----	-----
At December 31		
DuPont Stock Fund	\$147,012	217,907

End of Year	\$147,012	217,907
=====		

The significant components of the changes in net assets relating to the DuPont Stock Fund are as follows:

Thousands
of Dollars

Edgar Filing: CONOCOPHILLIPS - Form 11-K

DuPont Stock Fund	
Year Ended December 31, 2005	
Dividend Income	\$ 5,752
Other Additions	2
Distributions	(12,644)
Net Depreciation in Fair Value of Stock	(26,155)
Participant Loans	(331)
Other Deductions	(75)
Asset Transfers Out	(37,444)

Net Decrease	(70,895)
Beginning of Year	217,907

End of Year	\$147,012
=====	

NOTE 11--SUBSEQUENT EVENTS

HURRICANE RELIEF CHANGES

Recent Federal legislation and regulatory guidance have eased the rules on Plan distributions and loans to participants impacted by Hurricanes Katrina, Rita and/or Wilma.

Participants may request Qualified Hurricane Distributions (QHDs), the aggregate amount of which may not exceed \$100,000. Participants can delay paying income taxes on QHDs by requesting zero tax withholding and repaying the QHDs within three years to have the money treated as a tax-free rollover.

A participant eligible for hurricane relief may request a Plan loan (or Plan loans) in the amount of the lesser of \$100,000 or 100% of the vested account balance. Participants with a Plan loan(s) on or after the appropriate hurricane effective dates can postpone or suspend any payments scheduled to be made on the loan(s) through December 31, 2006. The original loan payoff date will be extended by the period of the suspended loan repayments. When the payments resume, they will be re-amortized to include the interest accrued during the period they were suspended, and a new loan repayment amount and loan payoff date will be calculated.

BURLINGTON RESOURCES ACQUISITION

On March 31, 2006, ConocoPhillips completed the acquisition of Burlington Resources Inc., following approval of the merger by Burlington's stockholders. The Company intends to merge the assets of the Burlington Resources Inc. Retirement Savings Plan into the Plan effective January 1, 2007.

 SCHEDULE OF ASSETS (HELD AT END OF YEAR) CONOCOPHILLIPS SAVINGS PLAN
 SCHEDULE H, LINE 4I EIN 73-0400345, PLAN 022

At December 31, 2005

	(c)	Thousands of Dollars
(a) (b)	Description of investment	-----

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Identity of issue, borrower, lessor or similar party	including maturity date, rate of interest, collateral, par or maturity value	(d) Historical Cost	(e) Current Value
-----		-----	-----
CONOCOPHILLIPS*	15,980,535 SHARES, LEVERAGED STOCK FUND	\$ **	\$929,748
CONOCOPHILLIPS*	11,843,383 SHARES, LOAN 2 SUSPENSE	167,288	689,052
FIDELITY INVESTMENTS	3,216,771 UNITS, FIDELITY LOW-PRICED STOCK FUND	**	131,373
FIDELITY INVESTMENTS	1,142,780 UNITS, FIDELITY MAGELLAN FUND	**	121,637
PIMCO FUNDS	2,503,369 UNITS, PIMCO TOTAL RETURN FUND - ADMINISTRATIVE CLASS	**	26,285

THE VANGUARD GROUP*	2,915,520 UNITS, VANGUARD 500 INDEX FUND	**	335,052
	404,002 UNITS, VANGUARD ASSET ALLOCATION FUND	**	10,233
	1,420,801 UNITS, VANGUARD BALANCED INDEX FUND	**	28,146
	1,209,125 UNITS, VANGUARD EXPLORER FUND	**	90,817
	1,269,176 UNITS, VANGUARD EXTENDED MARKET INDEX FUND	**	43,482
	563,097 UNITS, VANGUARD GROWTH INDEX FUND	**	15,508
	3,423,982 UNITS, VANGUARD INFLATION-PROTECTED SECURITIES FUND	**	41,636
	2,260,014 UNITS, VANGUARD INTERNATIONAL GROWTH FUND	**	47,460

20

SCHEDULE OF ASSETS (HELD AT END OF YEAR) CONOCOPHILLIPS SAVINGS PLAN
SCHEDULE H, LINE 4I EIN 73-0400345, PLAN 022

At December 31, 2005

(c) Thousands of Dollars

(a) (b) Description of investment

Edgar Filing: CONOCOPHILLIPS - Form 11-K

Identity of issue, borrower, lessor or similar party	including maturity date, rate of interest, collateral, par or maturity value	(d) Historical Cost	(e) Current Value
-----	-----	-----	-----
THE VANGUARD GROUP*	2,365,333 UNITS, VANGUARD INTERNATIONAL VALUE FUND	**	82,361
	1,028,941 UNITS, VANGUARD LIFESTRATEGY CONSERVATIVE GROWTH FUND	**	15,938
	1,435,655 UNITS, VANGUARD LIFESTRATEGY GROWTH FUND	**	30,149
	931,130 UNITS, VANGUARD LIFESTRATEGY INCOME FUND	**	12,561
	5,044,937 UNITS, VANGUARD LIFESTRATEGY MODERATE GROWTH FUND	**	93,180
	3,444,864 UNITS, VANGUARD LONG-TERM TREASURY FUND	**	39,788
	4,790,574 UNITS, VANGUARD MID-CAP INDEX FUND	**	84,458
	1,300,890 UNITS, VANGUARD MORGAN GROWTH FUND	**	23,039
	148,977,865 UNITS, VANGUARD PRIME MONEY MARKET FUND	**	148,978
	3,489,445 UNITS, VANGUARD PRIMECAP FUND	**	227,896
	2,122,518 UNITS, VANGUARD SMALL-CAP GROWTH INDEX FUND	**	34,873
	4,060,244 UNITS, VANGUARD SMALL-CAP VALUE INDEX FUND	**	59,117
	8,100,822 UNITS, VANGUARD TOTAL BOND MARKET INDEX FUND	**	81,494
	2,844,068 UNITS, VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	**	40,585

Edgar Filing: CONOCOPHILLIPS - Form 11-K

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	Thousands of Dollars	
		(d) Historical Cost	(e) Current Value
THE VANGUARD GROUP*	975,930 UNITS, VANGUARD TOTAL STOCK MARKET INDEX FUND	**	29,278
	1,025,840 UNITS, VANGUARD VALUE INDEX FUND	**	22,866
	3,419,890 UNITS, VANGUARD WELLINGTON FUND	**	103,794
	4,149,394 UNITS, VANGUARD WINDSOR II FUND	**	130,000
PARTICIPANTS*	LOANS TO PLAN PARTICIPANTS, INTEREST RATES RANGING FROM 4.00% TO 10.25%	--	76,319
THE VANGUARD GROUP*	VANGUARD PRIME MONEY MARKET - LOAN 2	83	83
TRAVELERS INSURANCE	INSURANCE CONTRACT GR-1966A, DEFERRED SETTLEMENT ACCOUNT	**	8
			\$3,847,194

* Party-in-interest

** Historical cost information is not required for participant-directed investments.

EXHIBIT INDEX CONOCOPHILLIPS SAVINGS PLAN
EIN 73-0400345, PLAN 022

EXHIBIT NUMBER DESCRIPTION

23 Consent of Independent Registered Public Accounting Firm