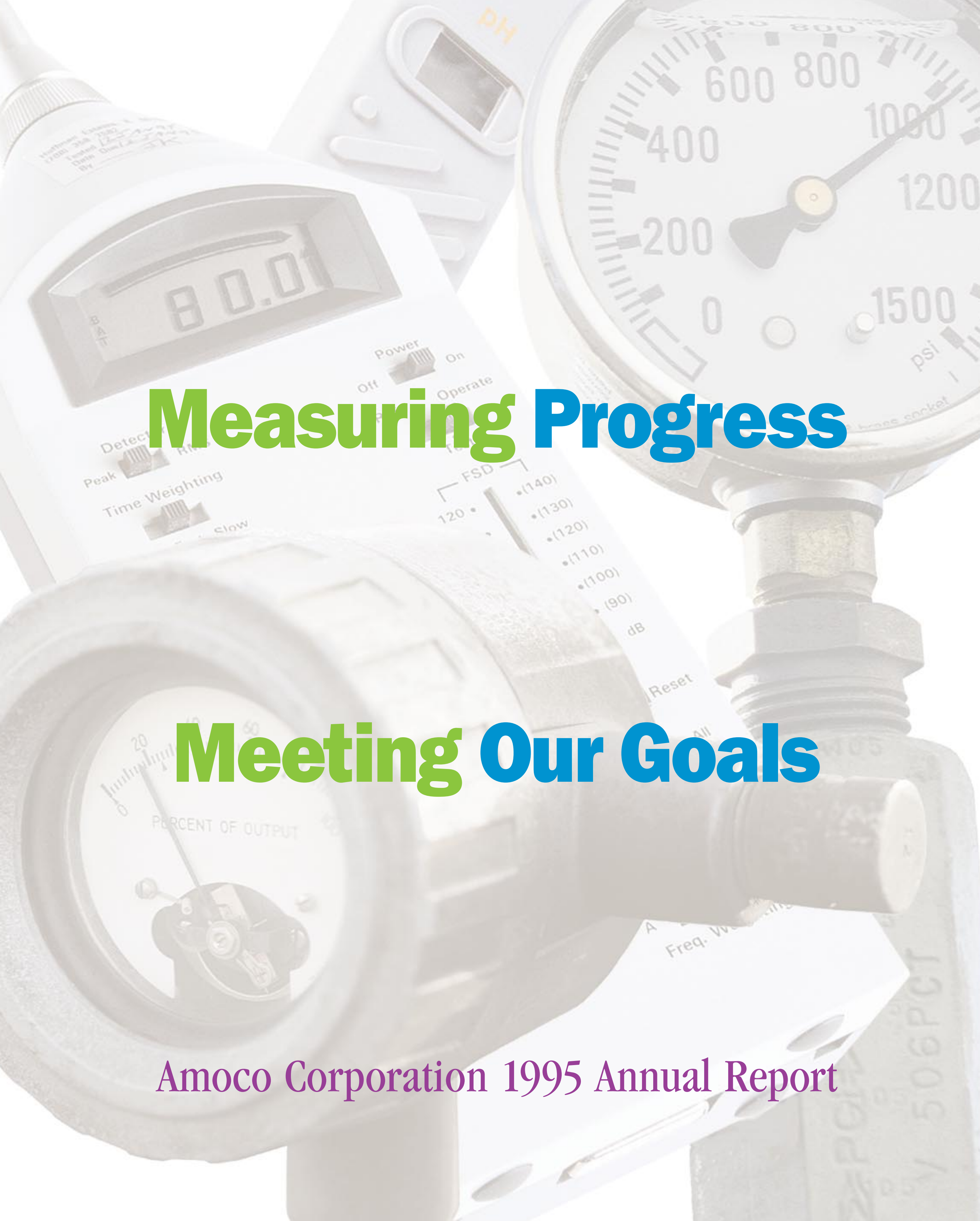


Measuring Progress

Meeting Our Goals

Amoco Corporation 1995 Annual Report

Amoco Corporation
1995 Annual Report

Financial Highlights

millions of dollars, except per share data and as noted	1995	1994	% Change
Total revenues	**$ 31,004**	$ 30,362	2
Net income	**1,862**	1,789	4
Net income per share	**3.76**	3.60	4
Cash dividends paid	**1,197**	1,092	10
Cash dividends paid per share	**2.40**	2.20	9
Capital and exploration expenditures	**4,136**	3,205	29
Total assets	**29,845**	29,316	2
Shareholders' equity per share at year-end	**29.91**	28.97	3
Return on average shareholders' equity	**12.7%**	12.8%	
Return on average capital employed	**10.3%**	10.2%	

Operating Highlights

barrels per day, except as noted	1995	1994	% Change
Crude oil and natural gas liquids production	**660,000**	668,000	-1
Natural gas production (thousand cubic feet per day)	**4,239,000**	4,228,000	—
U.S. refined products sold	**1,182,000**	1,177,000	—
Input to crude units	**926,000**	959,000	-3
Chemical product revenues (millions of dollars)	**$ 5,614**	$ 4,359	29

About the cover:
Our cover depicts a number of instruments used to measure components of quality for our products and processes—much like we measure the progress made toward the corporate goals we set in 1994.

The terms Amoco, corporation, company, we, our and its as used in this report may sometimes refer collectively to the parent Amoco Corporation and/or its subsidiaries and affiliates, or to one or more of them, depending on the context.

Contents

Financial/Operating Highlights — this page

To Our Shareholders — page 1

How Did We Measure Up? — page 3

Amoco at a Glance — page 6

Exploration and Production — page 8

Petroleum Products — page 16

Chemicals — page 21

Environment, Health and Safety — page 26

Community — page 28

Financial Review — page 29

Board of Directors — page 56

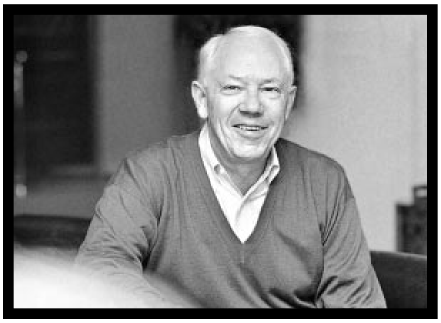
Corporate Information — inside back cover

Mission, Vision and Values — back cover

To Our Shareholders

1995 was a pivotal year in the history of the new world that burst on us during the past half-decade. Geopolitically, it was a year in which nations attempted to come to grips with new concerns in a world of realignment, refocusing, rebuilding—a year of harnessing change and making it work. Both literally and symbolically, 1995 represents a significant way station—halfway through the decade, and just a half-decade from the millennium.

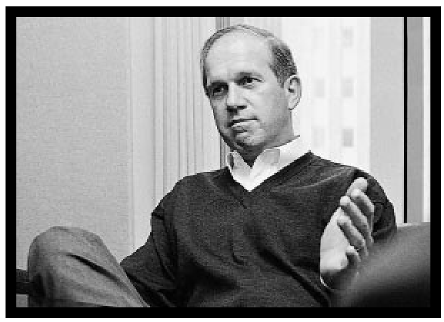
1995 also was a pivotal year in the history of our company—the halfway point in a decade in which we have equipped ourselves to win in a fiercely competitive new world. We are a much different company than we were just five years ago. We've eliminated unnecessary jobs and realigned others; defined strategies throughout the company; restructured to business groups and business units, focal points of profit and growth; renewed our commitment to safety; made cost leadership a way of life; made globalization a central strategic theme; and created a new support organization—Shared Services—on an unprecedented scale. The Shared Services organization promises to be the best in the business.



Larry Fuller
Chairman and
Chief Executive Officer

Last year was a strong year for Amoco, with reported earnings of $1,862 million, or $3.76 per share. Excluding charges for asset impairment and the gain on the motor club sale, earnings were $2,159 million, or $4.36 per share, up 25 percent from 1994 results excluding unusual items. If previous years' earnings were adjusted for similarly disclosed items not related to current operations, 1995 would have been our best earnings year ever. This earnings performance, combined with the results of the last three years, provides strong evidence that after the price spikes of the '70s and the price shocks of the '80s, we have learned to prosper at the lower commodity prices of the '90s.

Return on shareholders' equity also increased, and excluding special items mentioned above, our return on capital employed—at about 12 percent—was at the mid-point of our stated objective of 11 percent to 13 percent. We also have met our cost-reduction and restructuring objectives announced in 1992 and 1994. The combination of those ongoing efforts has produced annualized cost savings of $1.2 billion and eliminated 13,000 positions. This has been painful for all of us, but it was necessary to position Amoco for the future.



Bill Lowrie
President

In 1995, Amoco increased its quarterly dividend for the first time since 1991—an increase of 9 percent to $2.40 per share annually. And in January of this year, the directors voted to raise it again—to $2.60, an increase of 8 percent. This second increase in two years reflects our determination to manage our business to benefit shareholders.

We see strong opportunities to grow revenues and profits. Our restructuring and renewal, our successful efforts to drive down costs and our ability to identify growth opportunities have allowed us to increase capital and exploration spending significantly each of the past two years. Our recently announced 1996 budget of $4.7 billion is up 12 percent over 1995's budget of $4.2 billion, which itself was a 31 percent increase over 1994's $3.2 billion, reflecting an exciting worldwide inventory of projects in which to invest.

During 1995, we also achieved an oil and gas reserve replacement, excluding ownership changes, of 134 percent. This was the third consecutive year that Amoco's replacement rate topped 100 percent, and our prospects for 1996 and beyond are excellent.

To Our Shareholders

Lawrie Thomas

elected to retire as vice chairman and an Amoco director at age 61 after more than 37 years with the company. The resignation became effective Jan. 1, 1996.

Lawrie Thomas' name has been synonymous with Amoco's success and we will greatly miss his leadership and counsel. His list of accomplishments is long and impressive, including leading our petroleum products operations to the top of the industry during the 1980s and revitalizing our corporatewide international growth efforts in the early 1990s.

He will continue with the company until April 1, 1996, as senior advisor to the chairman and a senior representative to international trade groups, partners and governments.

The increase in 1995 earnings is due in large part to the performance of our chemicals sector—with earnings excluding unusual items of more than $1 billion, our best chemical earnings year by far. Amoco has allocated more than $1 billion of capital this year for chemical projects with expected strong returns. Our long-term goal is to grow our chemicals sector into a $10 billion business. We are well on our way.

Also benefiting our performance were strong exploration and production (E&P) earnings overseas. These strong results, as well as continuing efficiency efforts throughout the organization, more than offset lower U.S. petroleum product margins and lower North American natural gas prices.

We are forming an unprecedented partnership with Shell Oil Company to operate our west Texas and New Mexico oil and gas producing properties. This partnership would result in the third largest independent oil company in the United States and the largest in Texas, with Amoco's interest at 65 percent. We expect this approach to generate several hundred million additional dollars in cash flow over the life of the fields, extend that life and provide a model for operations in mature basins throughout the United States.

In the petroleum products sector, Amoco continued its leadership in its 32-state marketing area. Marketing initiatives include developing co-branded alliances with McDonald's Corporation and others. In order to establish an international presence, Amoco will open service stations in Central Europe. We also have entered into a marketing joint venture in Mexico.

To lead our drive to 2000 and beyond, and to take full advantage of opportunities, we have aligned our executive leadership to ensure that Amoco hits the 21st century running at full speed. Bill Lowrie, who has led our E&P sector, has been elected president of the corporation and a member of the board of directors. Richard Flury has replaced Bill as executive vice president for the exploration and production sector, and Dave Work, formerly group vice president, exploration, replaces Richard as senior vice president, Shared Services.

Jim Fligg, formerly head of the chemicals sector, was appointed senior executive vice president, strategic planning and international business development, and Enrique Sosa, an experienced chemical executive from outside the company, was appointed executive vice president, chemicals. Along with John Carl and Doug Ford, executive vice presidents, and Wayne Anderson and George Spindler, senior vice presidents, this is the team that will lead us into the next century.

The team is in place, and we're up and running. To get to the head of the pack—and stay there—we intend to establish a reputation for consistently superior profitability and further improve on our track record of converting long-term growth opportunities to profit-making ventures.

That is our goal. We are very proud of our accomplishments in 1995, and we look forward to the future with a confidence firmly rooted in the momentum gained over the past half-decade.

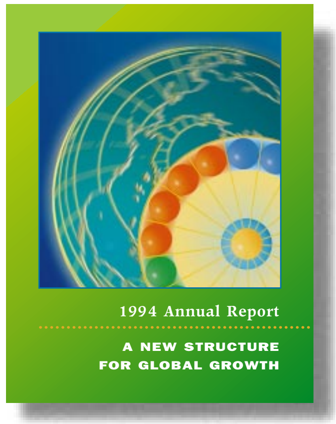
Larry Fuller
Chairman and Chief Executive Officer
Feb. 27, 1996

Bill Lowrie
President

How Did We Measure Up?

Measurement. It is a way we identify successful performance. Be it a student, an athlete or a corporation, we recognize success through some sort of measurement.

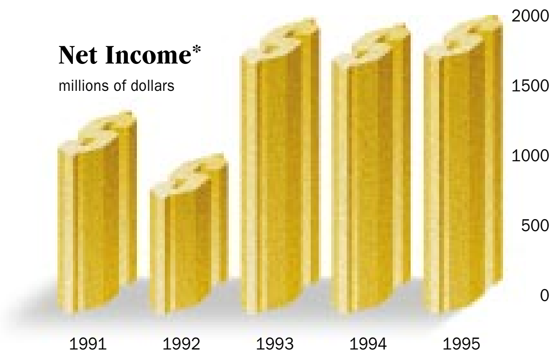
In 1994, Amoco made sweeping changes in the way we approached our businesses. Our goal was to realize profitable global growth through increased effectiveness and efficiency. Speed and agility were to become characteristics of our success. We built our strategies on six overarching themes: financial performance, core business focus, international growth, cost leadership, environmental commitment and continuous improvement and renewal.



The 1994 reorganization, in combination with our 1992 cost-cutting efforts, eliminated $1.2 billion in costs. By removing our operating-company level of management, our business groups were expected to be less restricted by bureaucracy and red tape. Support departments were gathered into a Shared Services organization where they offered in-house expertise while keeping relentless pressure to lower costs as would an external partner. Amoco was ready to become a more responsive corporation that could better address the competitive pressures of today and tomorrow.

Were we successful?

Just more than one year later, we already have begun to realize the positive effects of our plans. Our measuring sticks take many forms. Are we quicker to respond? Do we spend less in operating costs? Are we creating greater product volume, increasing quality and gaining market share? The following pages tell an important part of the story.



*1992 and 1991 exclude the cumulative effects of accounting changes.

Financial Performance

Our net income of $1.9 billion was the third consecutive year of strong financial performance. We achieved this despite flat to falling energy prices that have persisted over the period shown.

How Did We Measure Up?

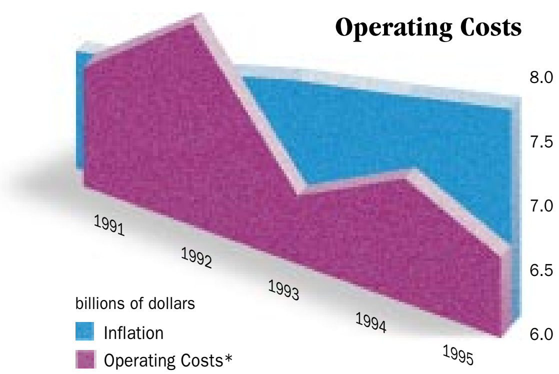
Divest	*Invest*
Motor club	Refinery maintenance
Credit card operations	Convenience retail
Ecova	PTA
Elk Point & Lindbergh heavy oil	Colombia
WYCO pipeline	U.K. natural gas
	Liuhua development
	Santa Fe Minerals
	Netherlands gas storage

Core Business Focus

We were to be an aggressive, customer-driven supplier, building on the businesses where we hold the greatest competitive advantages. In 1995, we reallocated funds from non-core businesses, such as the motor club, and invested in the maintenance and growth businesses in which we are leaders, such as our purified terephthalic acid (PTA) expansion. Each of our specific business groups concentrates on its core functions and its integration with other core functions of Amoco.

Cost Leadership

We set forth to gain a competitive advantage in all of our activities by operating cost-effectively, achieving maximum value added for every expenditure. The restructuring has allowed us to reduce costs by empowering our business groups to implement projects more quickly and efficiently. Our petroleum products businesses have repeatedly met cost-reduction goals ahead of schedule. Amoco's proposed asset-sharing joint venture with Shell Oil Company brings a fresh approach to U.S. oil production. And, our major adoption of a Shared Services support structure continues to pay dividends (see "It Pays to Share," at right).



*Operating cost basis: operating expenses plus selling and administrative expenses.

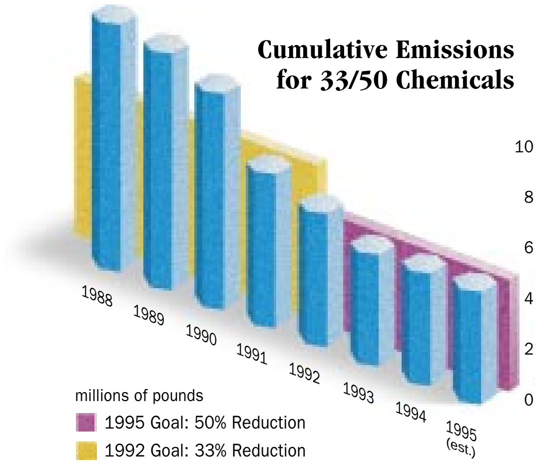
It Pays to Share: Shared Services Concept Off to a Good Start

An important change in the 1994 restructuring was the recasting of 14 support departments into a single Shared Services organization. Here, business units share the services they need and participate fully in setting cost and quality levels. The individual support departments combine internal knowledge with external efficiency to create a flexible marketplace. We believe Amoco is the first to implement this concept on such a broad scale—once again taking the lead.

Savings from the 1994 restructuring have totaled more than $600 million annually, and one-half of that comes from Shared Services. Not only are we ahead of schedule, but we anticipate even more savings in the future. We initiated a Shared Services program in Europe to help facilitate the needs of our growing operations there.

One example of ongoing cost reductions comes from our purchasing strategy of creating alliances and partnerships. The result will be an annual savings of about $300 million.

In the first full year of operation, our worldwide engineering and construction operations saved $35 million by reworking processes and efficiently managing resources. Programs, such as Project BEST, are being developed to use capital more efficiently in asset development projects.

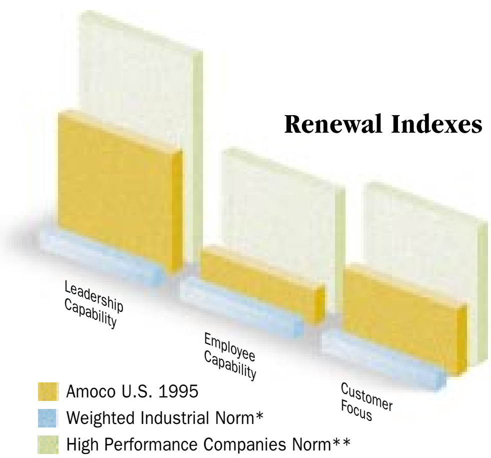


Environmental Commitment

Being an environmentally responsible company is something Amoco takes seriously. In 1991, a voluntary federal program challenged companies to reduce emissions of 17 priority chemicals 33 percent by 1992 and 50 percent by 1995 from 1988 levels. By 1994, we met the 50 percent reduction target.

International Growth

Our 1996 capital investment and exploration spending budget of \$4.7 billion is up 14 percent from 1995 and almost 50 percent from 1994. More than \$2 billion will be spent on projects outside the United States, including exploration and production ventures in Trinidad, Colombia and China; petroleum products marketing in Central Europe; and PTA and paraxylene development in the Asia-Pacific region.



*"Weighted Industrial Norm" is a representative sample of Fortune 500 industrial companies, weighted to over-represent oil industry and high-tech firms; it excludes financial services and retail industries; and is biased by large and profitable companies.

**"High Performance Companies Norm" represents a group of financially successful companies with management practices and philosophy similar to Amoco's Mission, Vision and Values; a group selected for financial excellence and progressive management, rather than industry affiliation; and includes data from high-tech and deregulated industries.

Continuous Improvement and Renewal

We are constantly striving to engage the minds and hearts of the people who make up Amoco. These include encouraging all of our people to identify and embrace the diversity that a successful and global workforce demands; an aggressive external recruitment process; a leadership and development framework for all employees; continued use of the Amoco Management Learning Center to encourage and find new ways to analyze situations; and a new compensation philosophy based on business performance.

Each of our overarching strategic themes is an important component to our continued success as a corporation. Our renewal effort specifically challenges us to continuously review and improve our strategy, processes, structure, people development and reward system to ensure they bring balanced short-term and long-term results to our key stakeholders. There will always be a new level of success that we will use to measure our performance.

Amoco at a Glance

Exploration and Production

Business Activity

- Explores for and produces crude oil and natural gas around the globe.
- Currently exploring for additional resources in about 25 countries.
- Major producing areas are Argentina, Canada, Egypt, the Netherlands, Norway, Sharjah, Trinidad, United Kingdom and the United States.
- Major U.S. producing areas are the Gulf of Mexico, Kansas, Louisiana, New Mexico, Oklahoma, Texas and Wyoming.

Competitive Advantages

- Low cost/high profit U.S. operations.
- North American private natural gas reserve leader; No. 1 in production.
- Participating in key former Soviet Union and China projects.
- Development of natural gas infrastructure in the Middle East and South America.
- Technological leadership position in coalbed methane development, 3-D seismic imaging, enhanced recovery and reservoir management.
- Critical natural gas infrastructure position in North Sea with Central Area Transmission System (CATS).
- Large Canadian heavy-oil resources.

Key Statistics

- Worldwide natural gas production of 4.2 billion cubic feet per day.
- Worldwide liquids production of 660,000 barrels per day.
- Production replacement rate of 134%, excluding ownership changes.
- Exploration success rate more than 60%.

Highlights

- Began first commercial nitrogen enhanced coalbed methane project in New Mexico's history.
- Began formation of an asset-sharing partnership in west Texas with Shell Oil Company.
- Major natural gas discoveries in Trinidad and Egypt.
- Created joint venture in United Kingdom to sell natural gas directly to customers.
- Third consecutive year of plus-100 percent reserve replacement, excluding ownership changes.
- Agreed on two pipeline routes for initial oil transportation from Chirag field in Azerbaijan.

Petroleum Products

Business Activity

- Converts crude oil into high-quality petroleum products at five refineries in the United States.
- Refineries at Texas City, Texas; Whiting, Ind.; Yorktown, Va.; Mandan, N.D.; and Salt Lake City, Utah.
- Transports, distributes and supplies crude oil and petroleum products through one of the most extensive pipeline systems in the United States.
- Markets petroleum products to motorists and industrial customers.
- Offers convenience merchandise/related services to motorists.
- Developing refining and marketing opportunities in Central Europe, China and Mexico.

Competitive Advantages

- Technological leader in cost-effective processing of low-cost crude.
- Recognized as refinery technology leader by nations with emerging markets.
- Gasoline brand rated No. 1 in quality in consumer survey for our core marketing area.
- Leading seller of premium gasoline in marketing area.
- No. 1 asphalt producer in the Midwest.
- A leader in U.S. pipeline management.

Key Statistics

- Largest and third-largest refineries in the United States at Texas City and Whiting; operating capacities of 433,000 and 410,000 barrels per day, respectively.
- Refinery utilization rate of 93%, slightly over the industry average. Daily refinery runs averaged 926,000 barrels in 1995. Operable capacity of 998,000 barrels of crude oil per day.
- U.S. petroleum product sales averaged 1,171,000 barrels per day.
- Gasoline sold through more than 9,000 service stations in 32 states and District of Columbia.

Highlights

- Completed Phase I of Salt Lake City refinery expansion.
- Introduced Same Price, Cash or Credit pricing method.
- Developing co-branded alliance with McDonald's Corporation.
- Earned second Q1 Supplier Quality Award from Ford Motor Company.
- Re-entered international retail markets with plans to open service stations in Poland, Romania and Bulgaria.
- Entered convenience store joint venture in Mexico.
- Opened first U.S.-invested service station in Russia.

Chemicals

Business Activity

- Produces purified terephthalic acid (PTA), the preferred raw material for polyester, and paraxylene (PX), the feedstock for PTA.
- Produces olefins, such as ethylene and propylene—basic chemical and polymer building blocks.
- Produces polypropylene, used in fibers, packaging and consumer goods.
- Produces industrial chemicals used to make paints, caulks, resins, coatings, lubricants and fuel additives.
- Produces carbon fibers (graphite) and high-performance engineering polymers.
- Converts polypropylene into woven carpet-backing and fabrics and yarns for home, automotive, industrial and medical applications.
- Makes foam tableware, packaging, insulation and other products from polystyrene.

Competitive Advantages

- Diverse product portfolio adds value through shared activities.
- Strong market position in high-growth products such as PTA, paraxylene, polymers and industrial chemicals.
- Geographically positioned to serve local markets at competitive costs.
- Highly integrated product chains such as aromatics/PX/PTA; refinery feedstocks/olefins/polymers/fabrics and fibers.
- Proprietary technologies.

Key Statistics

- World's largest PTA manufacturer, with annual production capacity of 5.1 million tons including joint-venture capacity.
- World's largest PX manufacturer, with annual production capacity of 1.4 million tons.
- A leading U.S. merchant marketer of ethylene.
- World's second leading polypropylene manufacturer, with annual production capacity of 1 million tons.
- World's largest producer of three industrial chemicals — purified isophthalic acid, trimellitic anhydride and polybutene.
- The leading world supplier of polypropylene carpet-backing and industrial fabrics and yarns.
- Major U.S. producer of carbon fibers.

Highlights

- Achieved earnings of $963 million, almost double 1994.
- Continued construction of PTA plant in Malaysia.
- Completed expansions at joint-venture PTA plants in Taiwan and South Korea. Began construction of joint-venture plant in Indonesia.
- Completed expansions of wholly owned PTA plants in Alabama and Belgium. Began construction of a second PTA unit in South Carolina.
- Completed expansion of Texas and Alabama PX plants and continued construction of Singapore joint-venture facility.
- Initiated plans to acquire Albemarle's alpha-olefins businesses.
- Debottlenecked polypropylene plant in Texas.
- Acquired fabrics and fibers plant in Mexico.

Exploration and Production

Exploration and Production — Worldwide		
millions of dollars	**1995**	1994*
Capital and exploration expenditures	**$ 2,714**	$ 2,251
Identifiable assets	**15,241**	15,140
Segment revenues	**10,472**	10,113
Net income	**805**	1,030
Net income as a % of:		
Identifiable assets	**5.3%**	6.8%
Segment revenues	**7.7%**	10.2%

*Restated; see page 30.

Exploration and production earnings were $805 million in 1995, compared with $1,030 million in 1994. Our worldwide reserve replacement rate of 134 percent, excluding the effects of ownership changes, marked the third straight year of plus-100 percent replacement effectiveness. Our exploration efforts in 1995 were also very successful, with several significant new discoveries worldwide.

"Technological and strategic measurements complement each other to a greater degree as political restraints become less a factor in global energy development." — Richard Flury, executive vice president, exploration and production

We expect cost-cutting and aggressive competition to continue within the industry, accompanied by weak energy prices. At the same time, new international opportunities continue to emerge as markets liberalize and expand, especially in the former Soviet Union, China and South America.

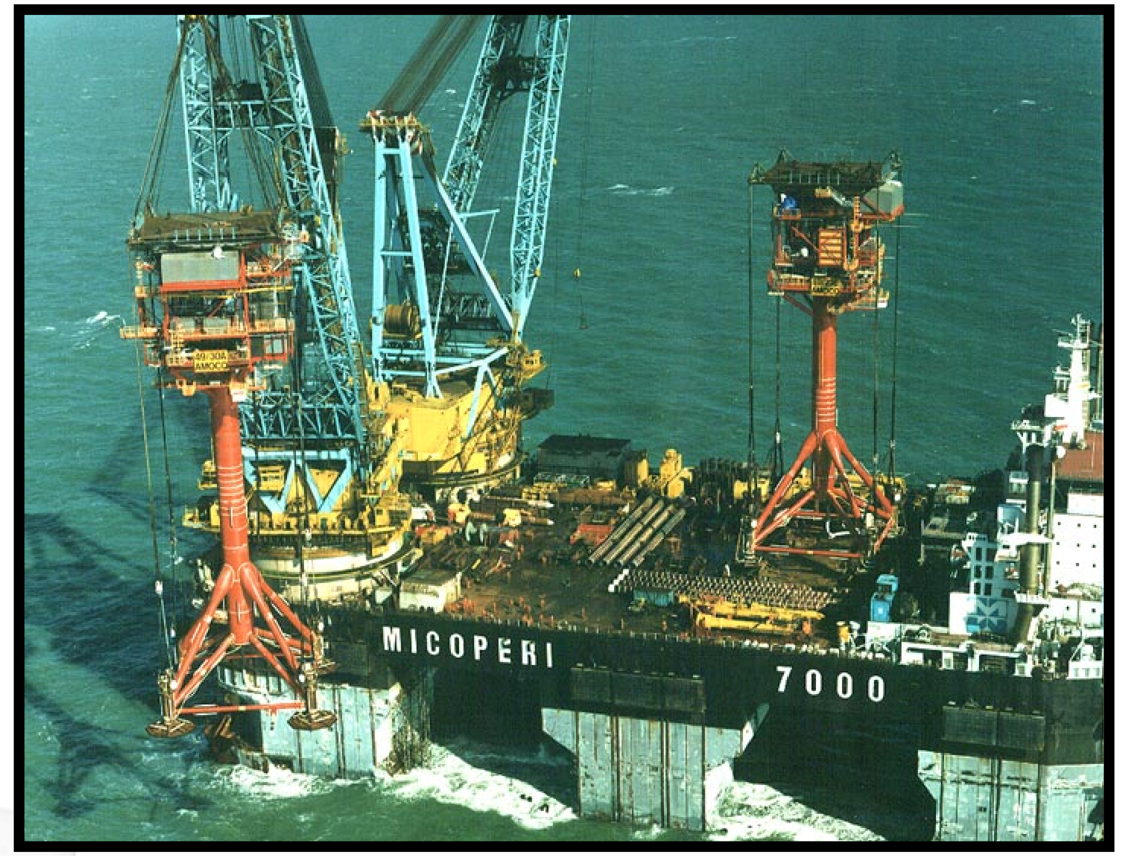
Our strong growth objectives emphasize continuing our focused exploration program, capitalizing on our strong position in emerging markets, building on unique technological advantages, expanding investments all along the natural gas value chain, and continuing to find new cost efficiencies in our operations.

We are exploring in approximately 25 countries where there is proven resource potential. With wildcat discoveries in four countries last year, we added significantly to our portfolio of opportunities to develop.

Amoco is the largest private holder of natural gas reserves in North America. We plan to use this position to help us seize opportunities by profitably linking key markets with reliable natural gas supplies. In the broader international arena, our strengths include technological leadership, industry-leading environmental practices and strong customer focus. These advantages have served as the basis for building many strong relationships with host governments and will pave the way for new opportunities.

Fueling New Technology

This methane gauge is used in Amoco-developed coalbed methane projects in New Mexico. It measures the amount of fuel gas used by our compressors when extracting nitrogen from the air to be injected into the wells.



One Leg a First in U.K. Waters

These unmanned monopods are being used in the U.K. North Sea to develop natural gas from the Davy and Bessemer fields. The technology saves capital costs, personnel and maintenance visits. Equipped with wind turbines to generate electric power (not seen here), we also expect to see an 85 percent cut in diesel fuel costs and improved environmental benefits.

Progress

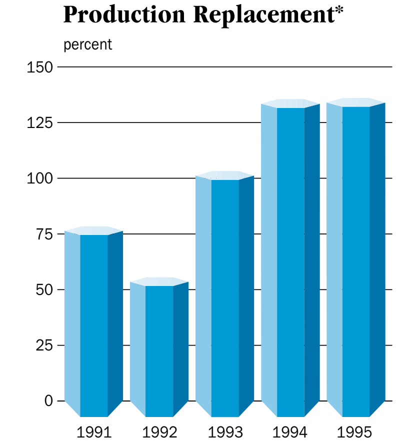
Existing Producing Operations

Through most of 1995, generally weak natural gas prices in the United States and Canada, combined with the industry's ability to maintain production in the Gulf of Mexico region, caused either changes in or delays to components of our North American Integrated Natural Gas Strategy. In response to the changing market environment for natural gas, Amoco will slow new investments in additional reserves in the Western United States and Canada, and will instead focus on opportunities in the Gulf Coast and mid-continent regions.

To add natural gas supplies on the Gulf Coast we are using our superior 3-D seismic imaging technologies to expand the scope of core natural gas plays where we have established infrastructure, such as the Tuscaloosa trend in Louisiana and the Cotton Valley trend in Texas.

In 1995, we purchased Santa Fe Minerals Inc.'s mid-continent U.S. properties. Our net production from more than 900 wells is estimated at 38 million cubic feet per day of natural gas and 1,500 barrels per day of crude and condensate. The acquisition not only solidifies our position as a leading producer in the area, but also complements our strong position in Oklahoma and extends our operations into the Arkansas portion of the Arkoma Basin.

Production Replacement*

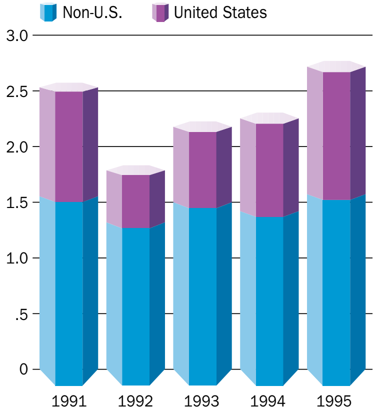


*Excludes ownership changes.

Exploration and Production

Capital and Exploration Expenditures*

billions of dollars



*1991 through 1994 restated; see page 30.

To increase natural gas recovery efficiencies in coalbed methane, in 1995 we began the first commercial nitrogen enhanced coalbed methane (ECBM) project in New Mexico's history. In Colorado, we finished planning and began installation of the world's largest ECBM project. This Amoco-developed nitrogen injection technology can potentially increase production rates of individual wells several fold. Some reserves that had been too costly and difficult to recover through primary depletion now are economically attractive. These projects represent the first move of ECBM technology from the lab to the field.

We are in the process of forming a partnership combining Amoco and Shell Oil Company assets in the Permian Basin of west Texas to enable more efficient field developments while reducing total operating costs. Negotiations for the joint venture are ongoing and are expected to be completed by mid-1996. Amoco will have a 65 percent interest in the joint venture, which is expected to have gross production of 210,000 barrels of oil per day.

In pursuit of global growth we are building a portfolio with focused and integrated natural gas projects in numerous regional markets around the world. In the Netherlands, we are converting a reservoir within our jointly-owned Bergen concession into a natural gas storage unit to provide the local market with a consistent and reliable source of natural gas during peak winter demand. We increased the value of a mature asset by recognizing a new opportunity associated with changing local market needs.

In the United Kingdom, we are taking advantage of liberalized market controls and our strengths as a competitively priced natural gas producer, transporter and processor by creating a joint venture (Amoco 50 percent interest) to sell natural gas directly to customers in the southeastern United Kingdom. The venture will use natural gas from Amoco's North Sea fields and others.

Dawn's Early Light

Technician Wayne Krob reads the pressure gauges on an ECBM booster in New Mexico. Amoco-developed nitrogen injection technology can potentially increase production rates of individual coalbed methane wells several fold.

Satellite image at right: data provided by SPOT Image Corp.; image processing by Earth Satellite Corp.

It aims to provide customers with lower cost and higher service standards than they currently have. In the Central North Sea, Amoco has made contractual arrangements to fill the remaining 25 percent of the Central Area Transmission System natural gas pipeline.

In Colombia, Amoco confirmed the existence of major natural gas and condensate reserves. Negotiations continue for the development of these reserves and distribution into the local industrial market, including electric power development at the wellsite.

In Canada, as part of a strategy to redirect resources to more profitable, longer-producing investments, Amoco divested its interests in the Elk Point/Lindbergh area. Proceeds are funding heavy-oil growth opportunities in the Primrose, Wolf Lake and Wabasca areas of Alberta. Heavy-oil production from these properties increased to 16,000 barrels per day at the end of 1995 from 1994 levels of about 8,000 barrels per day; replacing divested volumes.

Exploration and New Ventures

Amoco's exploration program experienced continued success in 1995. We participated in three natural gas discoveries in the Nile Delta, further building on our strong position in Egypt. These discoveries added significantly to Amoco's gas resources in the Nile Delta and positioned Amoco to compete in the growing Egyptian and regional natural gas markets.

In Trinidad, Amoco is a major player in the joint-venture development of a liquefied natural gas (LNG) plant. Amoco will produce and supply 100 percent of the natural gas for the plant—expected to be about 3 trillion cubic feet over the next 20 years. This plant links Amoco's highly successful Trinidadian exploration and production efforts with further downstream LNG operations and sales. A final site has been selected and award of the major

Stratigraphic Signature

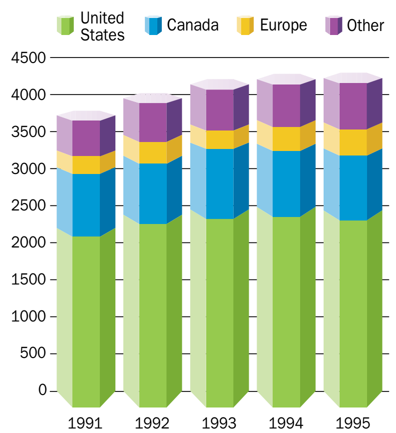
Indications of hydrocarbon-bearing formations can be more clearly seen with Amoco-developed seismic imaging technology called Coherency Cube.* Above, a 3-D seismic coherency image of an ancient river delta ***1 mile below*** the earth's surface is shown on the left. The image is nearly as clear as a satellite photograph of the modern Mississippi River delta, shown on the right. With high quality coherency images such as this, geoscientists can distinguish or define exploration prospects that were previously unknown. Improvements in 3-D seismic technology have allowed Amoco to cut its cycle time for exploration surveys dramatically; what used to take from three months to one year may now take two weeks to two months, saving $200,000 to $1.2 million per month.

*U.S. and foreign patents pending

Exploration and Production

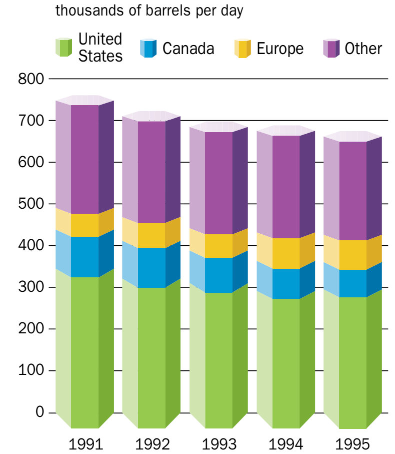
Natural Gas Production

millions of cubic feet per day



Crude Oil and NGL Production

thousands of barrels per day



engineering, procurement and construction contracts are expected in early 1996. First deliveries are scheduled for the first half of 1999.

Also in Trinidad, Amoco made three significant new discoveries last year that should yield more than 1.5 trillion cubic feet of new natural gas reserves when fully appraised. These discoveries build upon Amoco's natural gas leadership position in the local market and pave the way for additional LNG growth.

In other exploration activities, we made discoveries in Canada and Norway—countries where we have existing production operations.

Amoco is one of the lead companies composing the Azerbaijan International Operating Company (AIOC), which is working with the State Oil Company of Azerbaijan to develop three fields (Azeri, Chirag and Gunashli) in the Caspian Sea. These fields hold an estimated 4 billion barrels of potential oil reserves. Amoco holds a 17 percent interest in the project. In 1995, AIOC and the Azerbaijan government agreed on two pipeline routes to the Black Sea for early oil transportation from the Chirag field. Crude oil production is scheduled to begin in 1997.

In Russia, Amoco conducted a 3-D seismic survey and other technical studies in the North Priobskoye license area of Western Siberia, where we hold a 50 percent interest. In the Russian arctic, negotiations continued for development in the Timan-Pechora Basin, where Amoco has a 16 percent interest in the Varandey block. Both of these mega-projects are under review by separate special government commissions in Russia. We continue to work with the Russian government to improve the production sharing legislation enacted in January 1996.

A Look to the Future

Roughly 60 percent of Amoco's 1996 capital spending will be for exploration and production, totaling $2.8 billion, with more spent outside the United States in 1996 vs. 1995.

We anticipate several new production start-ups in 1996, including the Liuhua oil field in the South China Sea, the Beaufort and Arkwright fields in the U.K. North Sea, the Mahogany subsalt field in the Gulf of Mexico and possibly the Opon natural gas field in Colombia. Liuhua will have the highest flow rates of these with expected average 1996 production of about 23,000 barrels of oil per day. Work continues on the deep-

Pipelines for Caspian Crude

In 1997, crude oil production will begin in the Chirag field with distribution to world markets through two pipelines to the Black Sea. The pipeline routes were determined in October and are a milestone in the development of the oil-rich Caspian Sea region.

water Gulf of Mexico Ram-Powell project, with a targeted production start-up in 1997.

In addition to production start-ups, expanded development and efficiency gains will be made in existing properties. In 1996, we expect heavy-oil production in Canada to average about 27,000 barrels per day, accompanied by lower lifting costs.

Building on our natural gas experience in North America, we are actively pursuing international growth by capturing and integrating projects all along the natural gas value chain. These include exploration drilling, production, storage, marketing and power generation. By targeting key markets with high growth potential, we are moving to create valuable supply/market linkages, providing economic value and growth for both Amoco and the host countries. In the near future, we plan to be a major player in targeted regional markets via integrated natural gas projects.

In addition to our traditional activities, Amoco is also considering new ventures in independent power production projects in countries such as Argentina, Colombia, Turkey, China and the United Kingdom. Providing electrical energy for industrial users is a rapidly growing business worldwide and represents a new business for Amoco. These projects provide new growth mechanisms and potential entry points for new markets.

Liuhua Oil Field to be On Stream April 1996

The largest oil field to be developed offshore China, Liuhua is on schedule to start production in April 1996. Installation of the floating production, storage and offloading vessel (above) in February of 1996 is one of the last steps toward completion of the project. The floating drilling rig was installed last June and anchored in place with the largest anchors ever used in the marine industry.

Exploration and Production

Management's Discussion and Analysis

(FOR OVERVIEW SEE PAGE 29)

United States

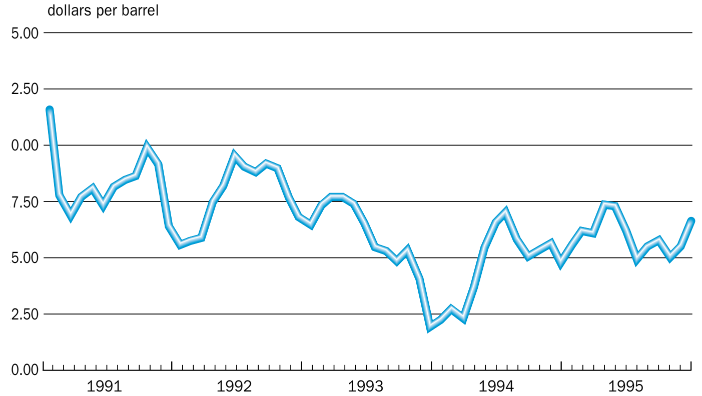
Exploration and Production (E&P) earnings in the United States totaled $463 million in 1995, compared with restated earnings of $820 million and $826 million in 1994 and 1993, respectively. Included in 1995 results were charges of $234 million for impairment of long-lived oil and gas producing properties associated with the adoption of a new accounting standard. Under this method, these properties are evaluated by individual field; previously an aggregated approach was used. The 1994 earnings benefited from the crude oil excise tax (COET) settlement of $90 million, offset by restructuring charges of $47 million.

Excluding these items from both periods, E&P earnings for 1995 were $697 million, compared with $777 million for 1994. The decline in earnings primarily resulted from lower U.S. natural gas prices, and higher exploration expenses, which increased by $39 million over 1994. Partly offsetting were higher crude oil prices and lower operating expenses.

Amoco's U.S. natural gas prices averaged approximately $1.35 per thousand cubic feet (mcf) in 1995, down about $.30 per mcf from 1994 reflecting increased industry supplies.

Amoco's Average Monthly U.S. Crude Oil Selling Prices

dollars per barrel



Amoco's U.S. crude oil prices averaged $16.02 per barrel for 1995, up about $1.20 per barrel over 1994. U.S. crude oil prices began the year at $15.60 per barrel and increased gradually through the first six months of 1995, fluctuated downward over the latter part of the year, before increasing slightly at year-end.

U.S. natural gas production averaged 2.5 billion cubic feet per day in 1995, about the same as in 1994. Crude oil and natural gas liquids (NGL) production averaged 295,000 barrels per day in 1995, also level with 1994, as higher NGL production offset declining crude oil production.

Canada

Canadian exploration and production operations, which include supply and marketing of NGL, earned $9 million in 1995, compared with restated earnings of $199 million in 1994 and $449 million in 1993. The decrease in 1995 earnings primarily resulted from impairment charges of $93 million, lower natural gas prices, which averaged $.89 per mcf, $.50 per mcf below 1994 levels, and lower crude oil production reflecting property dispositions. Also adversely affecting results was unfavorable currency effects of $12 million. Partly offsetting were higher crude oil prices, up $1.77 per barrel over 1994, an increase in supply and marketing earnings on the strength of higher NGL margins, and lower operating expenses. Natural gas production averaged 842 million cubic feet (mmcf) per day in 1995, 3 percent above 1994. Crude oil and NGL production declined 10 percent to 66,000 barrels per day in 1995.

Overseas

European exploration and production operations earned $88 million in 1995 compared with restated losses of $65 million and $102 million in 1994 and 1993, respectively. The improvement in earnings over 1994 reflected lower exploration expenses of $55 million before tax, and a reduction in operating expenses. Also favorably affecting results were higher crude oil and natural gas prices. Average crude oil prices increased about $1.70 per barrel over 1994 while average natural gas prices were up 10 percent to $2.45 per mcf. Gains on property dispositions in 1995 added about $15 million to results, approximately $30 million lower than 1994. Production, on an energy-equivalent basis, increased slightly as higher natural gas production more than offset a 3 percent decline in crude oil and NGL production.

Exploration and production operations in other overseas areas earned $245 million in 1995. This compared with restated earnings of $76 million in 1994 and a restated loss of $48 million in 1993. Higher energy prices and lower expenses contributed to the improvement in earnings. Also, 1995 performance benefited from a gain of $18 million related to the divestment of Congo operations and the absence of a 1994 charge of $18 million associated with the relinquishment of the Myanmar concession. Natural gas production increased 5 percent in 1995 to 581 mmcf per day, as a result of higher production in Sharjah. Crude and NGL production averaged 235,000 barrels per day in 1995, essentially level with 1994.

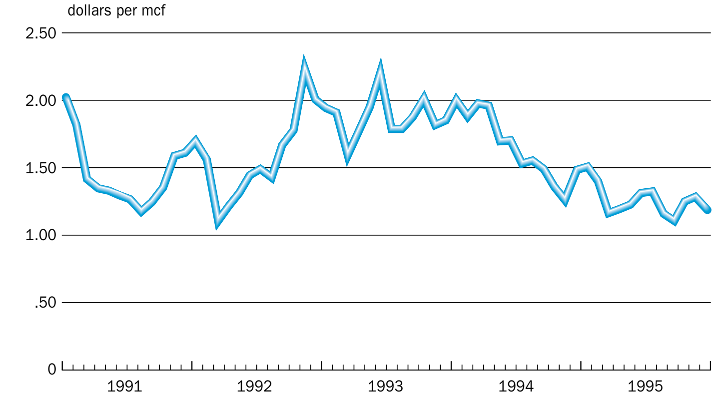
1994 vs. 1993

U.S. exploration and production operations earned $820 million in 1994 compared with $826 million in 1993. Adversely affecting 1994 earnings were lower energy prices and lower crude oil production volumes. Partly offsetting were higher natural gas volumes, lower operating expenses and lower depreciation, depletion and amortization expense. Also, 1994 included the previously mentioned COET settlement and restructuring charges, while the 1993 results included after-tax charges of $63 million related to environmental provisions and $25 million related to tax obligations.

In 1994, restated earnings outside the United States for exploration and production operations totaled $210 million, compared with $299 million in 1993. Included in 1994 earnings was a $45 million gain on the disposition of certain European properties; included in 1993 earnings were gains of $120 million from the divestment of a portion of Amoco's equity investment in Crestar Energy Inc.,

Amoco's Average Monthly U.S. Natural Gas Selling Prices

dollars per mcf



gains of $70 million on other Canadian property dispositions, and charges of $170 million related to the write-down of Congo operations. Excluding these items from both periods, 1994 earnings declined $114 million reflecting lower crude oil and NGL prices and higher exploration expenses in Canada and Europe. Favorably affecting 1994 results were higher natural gas prices and higher overseas natural gas volumes. Currency effects benefited earnings by $9 million in 1994, and by about $50 million in 1993.

Outlook

Crude oil price volatility affects all aspects of Amoco's business. In the near term, Amoco expects to be operating in a crude oil and natural gas price environment that will be relatively flat, reflecting adequate supplies.

U.S. and Canadian natural gas production levels are expected to remain approximately at 1995 levels. Overseas natural gas production is expected to increase modestly in 1996. In the United States, crude oil and NGL production is expected to remain at 1995 levels with additional NGL production offsetting lower crude oil production as natural field decline offsets new development efforts. Outside the United States, increased heavy-oil production in Canada and initial production from the Liuhua oil field in the South China Sea, which is expected to begin in April 1996, should benefit 1996 crude oil production by an average of more than 30,000 barrels per day.

Amoco will continue to benefit from both past and ongoing cost reduction programs. Amoco will also continue to evaluate and divest marginal properties and underperforming assets. As recently announced, Amoco and Shell Oil Company plan to form a partnership combining exploration and production assets in the greater Permian Basin area of west Texas and southeast New Mexico. Final agreement is contingent on the successful completion of ongoing discussions regarding design, management and operation of the company. Start up of the partnership is expected by mid-1996.

Development of North American natural gas resources, and deepwater and subsalt fields in the Gulf of Mexico remain a priority. Internationally, Amoco plans to capitalize on its longstanding positions in Egypt, Trinidad, Sharjah and the North Sea to expand opportunities to other operations. Amoco also plans to expand its coalbed methane expertise to China and Poland, and continue to pursue growth opportunities in the former Soviet Union.

Petroleum Products

Petroleum product margins across the industry declined significantly in 1995, reducing petroleum product earnings to $380 million vs. 1994 earnings of $410 million. However, we maintained our market share of 13 percent in our core marketing area. In 1995, rebranding and jobber expansion extended the Amoco brand into a total of 32 states and the District of Columbia. Our premium gasoline sales ratio remained above industry averages.

Refining industry profitability in the United States declined in 1995 as industry overcapacity contributed to the lowest refinery margins since 1987. Overall growth in industry gasoline sales was better than expected in 1995, however, we expect it to slow in the near future.

"Now is a time of opportunity for those who can excel. We are ready to measure up to the challenge." — Doug Ford, executive vice president, petroleum products sector

Amoco is an industry leader in refining, pipeline management and petroleum product marketing. We intend to become the standard for profitability, to pursue select growth opportunities here and abroad and to continue to improve our safety performance.

Our strategy is to sustain product profitability through quality brand management and continuous cost control. We are concentrating on improving our position as a convenience retailer, improving operating efficiencies and establishing an international presence in selected growth areas such as Central Europe, Mexico and China.

Petroleum Products—Worldwide

millions of dollars	1995	1994*
Capital expenditures	$ 461	$ 417
Identifiable assets	6,694	6,866
Segment revenues	19,084	19,278
Net income	380	410
Net income as a % of:		
Identifiable assets	5.7%	6.0%
Segment revenues	2.0%	2.1%

*Restated; see page 30.

Progress

Refining

In 1995, we continued to focus on efficient asset utilization and cost leadership. Amoco's refinery utilization rate of 93 percent was slightly above the industry average. Improved process unit reliability has extended the time between scheduled turnarounds and increased utilization at most of our refineries. Turnaround work and simultaneous technical modification at our largest catalytic cracking and alkylation units at the Texas City, Texas, refinery have enabled us to improve the yield of key products.

We pursued select growth opportunities, taking advantage of niche markets, and produced high-value products, such as chemical aromatics. Reflecting an integration with our chemical businesses, our Texas City and Whiting, Ind., refineries added or modified facilities resulting in a 16,000-barrel-per-day increase in benzene and xylene aromatics production capacity in 1995.

To supply fast-growing markets in Utah, Idaho and eastern Washington, we completed Phase I of an expansion at our Salt Lake City refinery. Phase II of this project, which will increase the refinery's gasoline and diesel fuel manufacturing capacity by nearly 20 percent, is scheduled for completion early this year.

Marketing

In 1995, we continued to implement our integrated convenience retailing strategy. We maintained our gasoline market share, ranking first or second in most of the states in which we market. Consumers continued to rate Amoco the quality leader by a significant margin, according to consumer surveys.

Last year our gasoline sales volume kept pace with U.S. demand, as we continued to be the leading marketer of premium and mid-grade gasolines, widening our share advantage relative to our nearest competitor. Reinforcing our growth strategy, we introduced the Same Price, Cash or Credit retail gasoline pricing method supported by an aggressive advertising and sales promotion campaign. Also, through the strong participation of our alliance partner, The Associates, we added more than 700,000 new gasoline credit-card customers, thus capping a successful first year to this strategic business relationship. As a result of these initiatives, average sales volumes per site increased significantly, and we are well positioned to grow at a rate exceeding market demand in 1996.

Getting a Quick Read

This bar code scanner is used by our refineries to record refining samples quickly and without error. Since the information is stored in a computer, it is easier to retrieve throughout laboratory testing.

A Complete Energy Stop

One of the major steps we took in 1995 was the development of a co-branded alliance with McDonald's Corporation. Amoco and McDonald's currently operate 13 locations together in Illinois, Indiana and Michigan and expect to add approximately 50 sites in 1996. The co-branded locations will consist of McDonald's restaurants, Amoco service stations and Amoco convenience stores. Such co-branded developments meet customers' convenience needs with brands they know and trust, while allowing us to achieve capital and operating efficiencies.

Petroleum Products

We began testing the first of numerous brand-driven marketing programs, including Owners' Pride Car and Van Washes and Sara Lee food offerings in convenience stores.

Late in 1995, we sold our motor club as part of our strategy to focus on core activities. Our 2 million motor club members will continue to receive the benefits and services they have come to expect from the 31-year-old enterprise, which will continue to be marketed under the Amoco name.

We continued our strategic divestment by selectively selling marginally profitable outlets and continuing to replace them with new, high-volume, state-of-the-art facilities, such as the Amoco/McDonald's shown on the previous page.

Supply and Logistics

Last year we realigned our supply and logistics functions as a distinct business group and completed implementation of a reengineered process from crude acquisition to product distribution. Benefits include a reduced inventory investment of 2.4 million barrels while improving customer supply availability.

We have set an agenda for aggressive growth in the Rocky Mountain corridor—a highly attractive crude transportation region. In January 1996, we signed an agreement to build a pipeline from Billings, Mont., to Elk Basin, Wyo., as part of a joint venture with Conoco, to ship Canadian crude to Salt Lake City and Denver. The pipeline will increase the availability of Canadian crude oil to our Salt Lake City refinery, supporting our refining and marketing plans for the northern Rocky Mountain states. We also signed an agreement to purchase a Texaco pipeline system that will maintain an economic crude supply for our Mandan, N.D., refinery.

We also have signed a definitive joint-venture agreement to transport natural gas liquids to a terminal in northern Mexico, expanding our presence in that country.

International Business Development

Last year, we reentered the international retail arena by targeting several recently opened markets. In Central Europe, where we expect an increase in fuel consumption of about 5 percent a year, we plan to open a total of 10 to 15 service stations in Poland, Romania and Bulgaria by the end of 1996. Long-term plans include building nearly 300 service stations over the next 10 years as these economies develop.

Old Land, New Ground

Anna Catalano, president of Amoco Orient Oil Company, discusses the future of Amoco's liquefied petroleum gas business in China with Zhong Yiming, chairman of the board of directors of Huaneng Amoco Clean Energy Company, at the Amoco-sponsored Refining, Marketing and Transportation conference in November. Amoco is developing opportunities in potential high-growth countries such as China, where we established a joint venture to build a 500,000 tons-per-year liquefied petroleum gas storage facility outside Shanghai.

Keeping Quality Company

Last year, we earned our second Q1 Supplier Quality Award from Ford Motor Company. The Q1 Award for U.S. Fuels recognized Amoco for consistently providing quality initial-fill gasoline to new Ford cars and trucks. With the honor, Amoco became the first U.S. gasoline marketer to earn this distinction.

Investing in Russia

In Russia, we have been building a presence through support of a refinery upgrading in Ryazan and the opening of the country's first U.S.-invested service station. The Russian lettering translates to Ryazan Oil Company.

In Mexico, we entered a joint venture with Oxxo, Mexico's largest convenience store chain. The new company, marketing as Oxxo Express, will target growing consumer markets in Mexico by pooling our retail convenience marketing and capital strengths in the United States with Oxxo's convenience store experience.

In China we established a joint venture to build and operate a liquefied petroleum gas terminal near Shanghai and are evaluating other refining and marketing joint-venture opportunities. Our presence in Russia grew stronger as we opened the first U.S.-invested service station located outside Moscow.

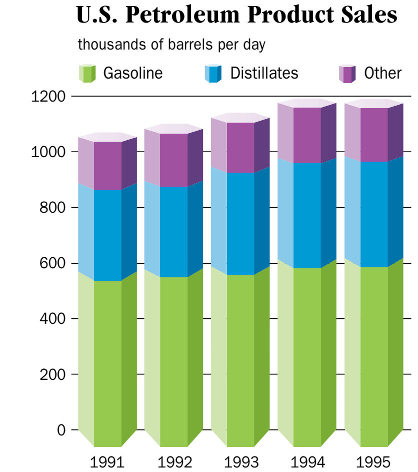
A Look to the Future

We plan to increase the Amoco brand image associated with our Ultimate and Silver gasolines and other petroleum products by being a provider of high-quality convenience retail products, such as Split Second, Sara Lee and Owner's Pride. Our goal is to continue to provide our customers the same quality experience for their convenience retail needs that they have come to expect from Amoco for their gasoline needs.

Our expertise in refining, marketing and distribution will enable us to maximize our niche opportunities in the United States despite low growth projections. It will also provide a platform from which we can expand internationally. We will continue to aggressively pursue profitable opportunities in Europe, Mexico and China that progressed greatly in 1995.

We will also use our expertise to leverage the synergies of all of Amoco's businesses. Through industry integration we will maximize the value of our products and services such as benzene and xylene for our chemicals businesses, and supply and logistics expertise for exploration and production.

U.S. Petroleum Product Sales



Petroleum Products

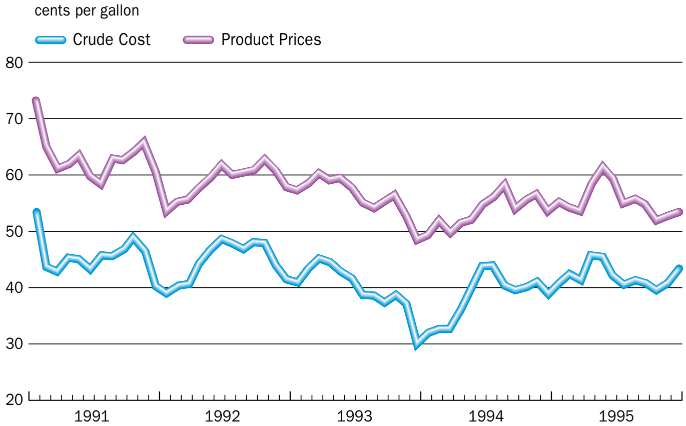
Management's Discussion and Analysis

(FOR OVERVIEW SEE PAGE 29)

Petroleum products operations earned $380 million in 1995, compared with restated earnings of $410 million and $713 million for 1994 and 1993, respectively. The decline in 1995 earnings primarily resulted from lower petroleum product margins, as the 2-cents-per-gallon increase in average selling prices was below the nearly 3.5-cents-per-gallon increase in 1995 crude oil costs. An after-tax gain of $83 million related to the sale of Amoco Motor Club, and an after-tax charge for impairment of supply facilities of $11 million were also included in 1995 earnings. Included in 1994 results were after-tax charges totaling $60 million related to estimated future cost of environmental remediation activities, and $41 million for restructuring-related activity.

Refining expenses decreased in 1995, with savings from restructuring efforts more than offsetting expenses associated with higher planned and unplanned refinery maintenance. Marketing expenses increased, largely resulting from major marketing initiatives, including Same Price, Cash or Credit pricing method for gasoline.

Amoco's Average Monthly Petroleum Product Prices and Cost of Crude Input



The refinery utilization rate in 1995 averaged 93 percent, down 5 percentage points from 1994, reflecting the higher refinery maintenance.

Petroleum product sales volumes averaged 1,171,000 barrels per day in 1995, about the same as 1994. Gasoline sales averaged 614,000 barrels per day and distillates averaged 366,000 barrels per day, both about the same as in 1994.

United States	**1995**	1994	1993	1992	1991
Cents per gallon:					
Average selling price					
Gasoline	**66.4**	63.4	66.4	71.3	74.7
Total petroleum products	**56.6**	54.5	57.5	60.9	64.9
Average cost of crude input	**41.8**	38.4	39.6	44.6	45.5
Percent:					
Refinery capacity utilization	**92.8**	97.5	96.9	95.3	90.9
Refinery yield	**107.0**	107.2	106.8	106.9	106.9

1994 vs. 1993

In 1994, petroleum products operations earned $410 million compared with $713 million for 1993. The decrease in 1994 primarily resulted from lower petroleum product selling prices, which decreased 3 cents per gallon in a very competitive U.S. market. Also adversely affecting 1994 earnings were environmental remediation charges of $60 million and restructuring expenses of $41 million. Included in 1993 earnings were unusual items favorably affecting results by $109 million.

Outlook

The petroleum products industry is faced with both significant challenges and opportunities. Profitability is affected by crude oil price volatility and overall industry supply/demand balance. Amoco anticipates weak refining margins in the near term. Amoco will continue to pursue additional cost reduction programs and improved asset utilization. Refining results should benefit from higher utilization rates in 1996, reflecting planned reduced downtime. Amoco's marketing strategy will be emphasizing brand product quality and improving its position as a convenience retailer. Amoco is expanding its gasoline marketing operations into Central Europe, entering into Mexico's convenience store market through a joint venture, and managing its pipeline facilities to maximize utilization through joint ventures and other commercial opportunities.

Chemicals

Last year was the most profitable in Amoco's chemical history with earnings of $963 million, compared to $485 million in 1994. Preliminary return-on-asset data indicate we will rank among the leaders of the major integrated U.S. oil companies' chemical units. High capacity utilization, cost reductions and continued performance improvement of our product portfolio helped us attain our excellent profitability.

"We'll measure our success through short-term profitability and long-term growth."— Enrique Sosa, executive vice president, chemicals sector

In 1995 the industry experienced a high point in the performance cycle—high product demand and capacity utilizations, especially in feedstock products. There are signs that margins for a number of commodity products, including olefins and polypropylene, may have peaked, but we believe our integrated product mix positions us to manage our business to a positive cash flow and operational profit.

Our primary goal is to achieve long-term, profitable growth by strengthening our existing operations, further developing and globally expanding our core businesses, broadening our commodity chemical and polymer business portfolio, and selectively diversifying into specialty chemical and conversion businesses. In 1996, we plan to invest $1.3 billion in chemical projects that we expect will offer strong returns.

Chemicals— Worldwide

millions of dollars	1995	1994*
Capital expenditures	**$ 850**	$ 467
Identifiable assets	**5,183**	4,371
Segment revenues	**5,717**	4,514
Net income	**963**	485
Net income as a % of:		
Identifiable assets	**18.6%**	11.1%
Segment revenues	**16.8%**	10.7%

*Restated; see page 30.

An Asia-Pacific Flagship

In support of our international growth strategy, we continued construction of a wholly owned PTA plant in Malaysia in 1995. The state-of-the-art facility, due to start up in the first half of 1996, will be the largest single unit of its kind in the Asia-Pacific region, with a capacity of 500,000 tons.

Chemicals

Our greatest competitive advantages are cost, capacity and technological leadership in key high-growth-rate products that are also our core product lines. Our strengths allow us to pursue expansion of these businesses in high growth areas.

Progress

Intermediates

Amoco is the world's leading manufacturer of purified terephthalic acid (PTA), the preferred raw material for polyester — an industry that is expected to grow globally at 7 percent annually over the next decade. Polyester is used in fiber, containers, film and specialty products. Our pioneering technologies enable us to produce high-quality PTA at low cost. In support of our growth strategy, we have been expanding our PTA operations in the United States, Europe and the Asia-Pacific region.

By the end of 1998, Amoco will own or share in a manufacturing capacity of about 7 million tons of PTA per year — an increase of about 40 percent from the end of 1995. About 3.7 million tons per year will be wholly owned. Amoco currently has wholly owned plants in South Carolina, Alabama and Belgium, and joint-venture plants in Taiwan, South Korea, Brazil and Mexico. In 1995, we and our joint-venture partners completed expansions at our plants in Taiwan and South Korea. We also expanded our Alabama and Belgium plants.

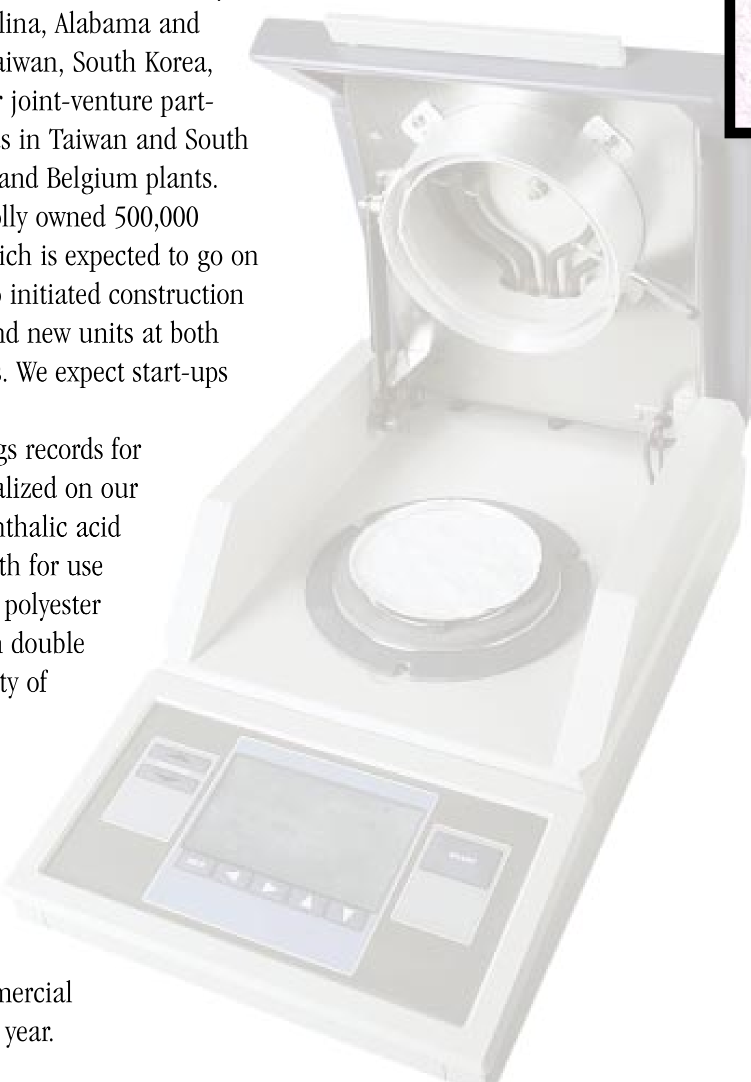
We continued construction of a wholly owned 500,000 ton-per-year PTA plant in Malaysia, which is expected to go on stream in the first half of 1996. We also initiated construction of a joint-venture plant in Indonesia and new units at both our South Carolina and Belgium plants. We expect start-ups of these plants over the next two years.

Our industrial chemicals set earnings records for the second straight year. We have capitalized on our proprietary technology in purified isophthalic acid (PIA) to supply the rapid demand growth for use in coatings, unsaturated polyesters and polyester bottle containers. We plan to more than double our current North American PIA capacity of 93,000 tons per year by 1998.

Another intermediate, NDC (dimethyl-2, 6-naphthalene dicarboxylate) is a new raw material for a high-performance version of polyester. Our wholly owned plant in Alabama, which is in the commissioning phase, will be the world's first commercial unit, with a capacity of 27,000 tons per year.

Taking Polymers to a New Level

Amoco produces high-performance engineering polymers in the United States such as thermoplastic resins. Udel,® used in dialysis machines, can withstand high temperatures and resist a wide variety of chemicals.



A Dry Run

This low level moisture analyzer confirms that the PTA we produce contains less than .02 percent moisture. Low-moisture PTA transfers easily into customers' lines—hopper car to storage silo to processing unit.

Returning in Style

Amoco is the world's largest producer of PTA. Plastic bottles made from PTA are recycled into fibers for comfortable, durable fabrics (such as the ski apparel pictured) and for other clothing and carpeting.

This versatile niche commodity chemical is used in photographic film, specialized packaging and fiber applications.

We are currently in negotiations to acquire Albemarle Corporation's alpha-olefins and related businesses in Texas and Belgium to increase downstream integration with our ethylene operations.

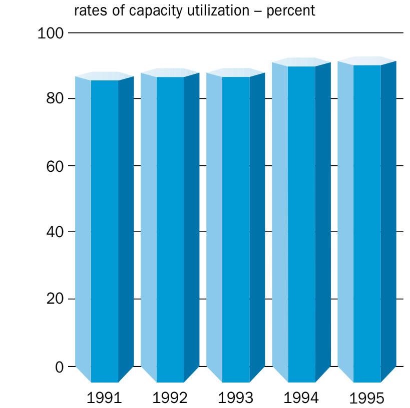
Feedstocks

We are also the world's leading manufacturer of paraxylene (PX), the raw material for PTA. Our strategy is to maintain slightly lower production capacity than is required to fully load our PTA plants, reducing industry cycle effects by maximizing our capacity utilization. Our integration, scale of operation, proprietary technology and the high utilization rates provide us with a strong, low-cost manufacturing position. We added 150,000 tons-per-year of capacity in the United States in 1995, and we will further increase capacity by 350,000 tons in 1996. We are also building a 350,000 ton-per-year joint-venture plant in Singapore to supply fast-growing Asian markets.

Our olefins business has a strong presence in the U.S. ethylene merchant market and provides a secure supply of propylene to support our polypropylene and downstream operations. Through long-term strategic management and cost leadership, we have the ability to effectively manage the business through changing industry conditions.

Chemical Operating Capacity

rates of capacity utilization – percent



Chemicals

A Foothold in the Sun
Our fabrics and fibers plant in Matehuala, Mexico, is our first wholly owned plant in a country where we've been doing business for more than 20 years. The plant is another example of our strategy to globally grow our core businesses. Above, Supervisor Angel Alvarez Nava works on a loom that produces polypropylene fabric.

Polymers

Amoco is the second-largest manufacturer of polypropylene in the world. A versatile plastic, we expect polypropylene to continue as a preferred replacement for metal, wood, paper, glass and other plastics in certain applications. We debottlenecked our Chocolate Bayou facility by 45,000 tons per year and are constructing a second polypropylene unit in Belgium with a capacity of 200,000 tons per year. By the end of 1996 our annual capacity will reach 1.2 million tons. Emphasis is on development of value-added co-polymer products. Although slowing economic growth caused a recent downturn in the polypropylene market, we still project long-term demand growth to be strong. Our operations are successfully integrated with our engineering polymers businesses.

Fabrics and Fibers

Amoco is the world's largest producer of carpet-backing fabrics and woven polypropylene industrial products. We also supply polypropylene-based fabrics and yarns to the automotive, home furnishings and apparel industries. In 1995, we expanded this polymer conversion business into Mexico as another step to aggressively grow our core businesses worldwide.

Foam Products

We are a leading manufacturer of polystyrene foam products in the United States, and we are the lowest- or second-lowest-cost producer across our product line. We are focusing on selective growth, increasing efficiency and cost containment. While this business group has been profitable, Amoco recently announced it was reviewing strategic alternatives, including divestment.

A Look to the Future

Our integrated product lines, leading capacity and technological positions in key products and diverse product portfolio provide advantages to manage profitably through industry cycles. Products like PTA, PX, other intermediates and specialty and conversion products historically are less sensitive to cyclical variations in margin and soften the impact of industry cycles on our overall performance.

The Asia-Pacific region will continue to be a focus of our core business development and growth. At the same time, we will strengthen our position in Europe and the Americas through new project opportunities.

We seek strong global product positions as the preferred strategy for broadening our commodity portfolio. We will supplement our existing portfolio with additional aromatic and olefin derivatives to achieve a strong platform for growth.

In the specialty chemicals, polymer and polymer conversion businesses, our strategy is to grow through a combination of acquisitions, internal development and licensing.

Management's Discussion and Analysis

(FOR OVERVIEW SEE PAGE 29)

Chemical operations earned $963 million in 1995, compared with restated earnings of $485 million in 1994 and $222 million for 1993. The increase in earnings in 1995 resulted from higher margins for major product lines, particularly olefins, purified terephthalic acid (PTA), paraxylene (PX) and polypropylene, and higher sales volumes for olefins and PTA, reflecting strong consumer demand. Included in 1995 earnings were charges of $42 million related to the impairment of specialty polymer facilities; 1994 earnings included restructuring charges of $36 million.

Sales volumes for olefins and PTA were up 8 percent and 5 percent, respectively, as worldwide demand for these products continued to grow. The overall chemicals capacity utilization rates were 94 percent in 1995 and 91 percent in 1994.

1994 vs. 1993

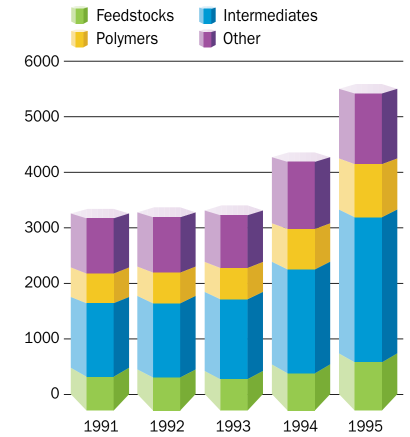
In 1994 chemical operations earned $485 million compared with restated earnings of $222 million for 1993. The $263 million improvement in earnings reflected higher margins and sales volumes for major product lines, particularly PTA and olefins, offset by restructuring charges of $36 million incurred in 1994.

Outlook

Bolstered by a recovering worldwide economy, prices and volumes for chemical products increased substantially during 1995, although softening somewhat in the latter part of the year. While the near-term outlook is softening for commodity chemicals, Amoco expects long-term growth to exceed 3 percent, with higher growth anticipated in the Asia-Pacific region.

The combination of favorable supply and demand factors has caused exceptional growth in polyester leading to high growth in PTA and PX. PTA's average annual growth is expected to be 7 percent over the next decade, with the largest demand growth expected to be in the Asia-Pacific region. To pursue these marketing opportunities, Amoco is planning PTA expansions at wholly

Chemical Product Revenues – Trade*
millions of dollars



*Excludes sales of businesses divested during the period.

owned and joint-venture facilities in South Carolina, Belgium, Malaysia and Indonesia. Also, Amoco's joint ventures in Mexico and Brazil are increasing capacity through debottlenecking. When these projects are completed in 1998, Amoco will own or share in a PTA manufacturing capacity of about 7 million metric tons, an increase of about 40 percent from year-end 1995.

Worldwide PX demand is expected to grow about 6 percent per year in the near term. Amoco is adding 350,000 metric tons in 1996 to its facilities in Texas City, Texas. Amoco also has a 40 percent direct interest in a 350,000 metric ton joint-venture plant in Singapore, which is scheduled to come on stream in 1997.

Amoco continues to seek attractive opportunities to broaden its commodity portfolio. Amoco is currently in negotiations with Albemarle Corporation to acquire its alpha-olefins and related businesses.

In its specialty chemical and polymer conversion businesses, Amoco's strategy is to grow through acquisitions and internal development. Through an acquisition in 1995, Amoco is expanding into the semiconductor business.

In early 1996, Amoco announced it was reviewing strategic alternatives, including possible divestment of Atlanta-based Amoco Foam Products Company. Amoco Foam is a leading manufacturer and marketer of polystyrene foam products, with nine plants in the United States. In 1995, Amoco Foam product revenues totaled $288 million.

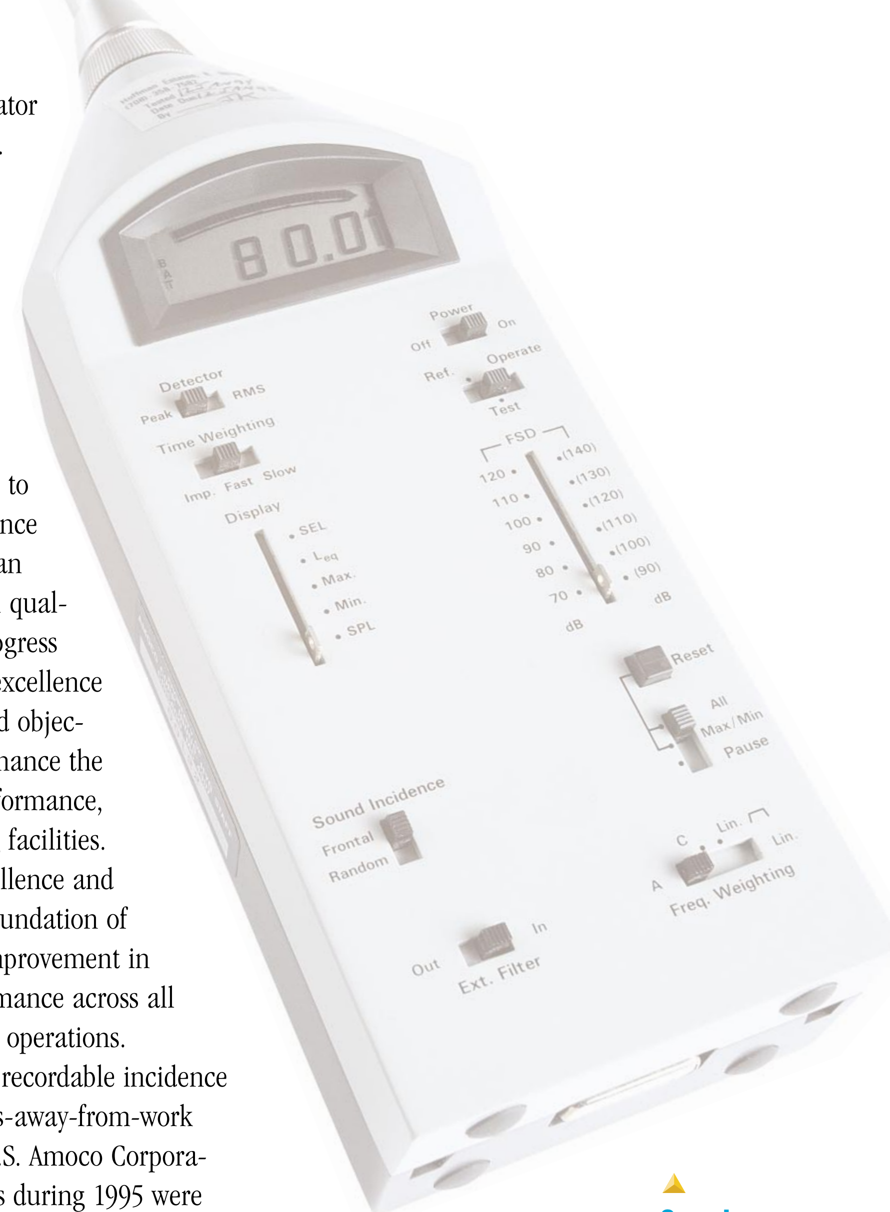
Environment, Health and Safety

Being a responsible day-to-day operator helps us to be a profitable operator. At Amoco, we are committed to sound environmental, health and safety (EH&S) programs that make good business sense. We are concerned for employees, and the communities and environment in which we conduct our business.

Health and Safety

In 1995, Amoco renewed its commitment to safety by adopting principles of safety excellence and introducing an improved set of tools in an easy-to-implement guide. Adapted from total quality management systems and an internal progress program, the principles of managing safety excellence are captured in focused, common targets and objectives. The guide is used to customize and enhance the safety management process of planning, performance, measurement and improvement at operating facilities. We believe it defines our vision of safety excellence and will be the foundation of continued improvement in safety performance across all of our global operations.

Our total recordable incidence rate and days-away-from-work rate for all U.S. Amoco Corporation locations during 1995 were 1.91 and 0.27, respectively, down from 2.10 and 0.39 in 1994.



Environmental Leadership

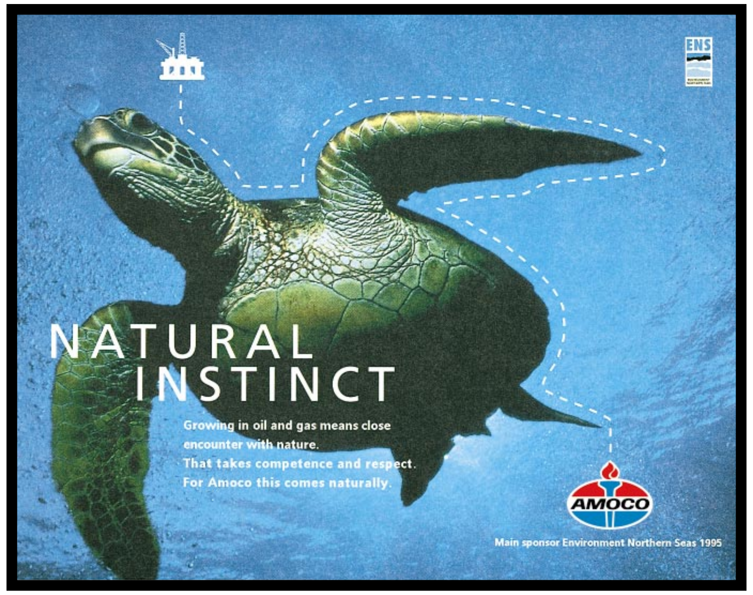
In 1995, Amoco was selected for recognition as one of the 20 most successful companies at reducing targeted emissions under the U.S. Environmental Protection Agency's 33/50 Program. In 1991, the U.S. EPA asked us to voluntarily participate in helping to achieve a national goal of emissions reduction of 17 priority chemicals—33 percent by 1992, 50 percent by 1995. The national goal was achieved ahead of schedule, and Amoco individually met that goal as well. By the end of 1995, we exceeded our 50 percent goal with a cumulative emissions reduction of approximately 5.33 million pounds.

A Sanctuary for Nature
Rich Harris, solid waste coordinator at our Whiting, Ind., refinery, checks the nesting material of a wood duck nesting box at the nearby Lost Marsh. The 10-acre preserve was established by employees on undeveloped company land and reclaimed from litter, overgrowth and invasive plants. Today it is a refuge for more than 23 bird and 59 plant species.

Sound Judgment
We use sound level meters to measure workplace noise levels. In this way, we ensure employee protection from exposure to potentially harmful levels of workplace noise.

Amoco was the primary sponsor of the Environment Northern Seas Conference and exhibition held in Stavanger, Norway, in 1995. During the conference, we put our experience and success in developing exploration and production projects in environmentally sensitive areas on display. The conference coincided with the 15th round of bids for licensing of exploration projects near sensitive Norwegian coastal regions. In preparing for the conference and compiling the company's related experience, it became clear that Amoco has unique and substantial environmental experience. Some of the selected projects included drill cuttings injection and waste management.

Our joint-venture PTA plant in Taiwan is expected to generate lower total air emissions after its expansion is complete. Part of the project includes the installation of a catalytic oxidation unit that will substantially reduce process emissions. Fuel changes and other modifications will contribute to additional environmental performance improvements. The plant's water discharge is being improved by using award-winning proprietary anaerobic treatment, allowing the plant to meet 1998 wastewater standards three years ahead of host-country requirements.



Environmental Leadership
Amoco was a main sponsor of the 1995 Environment Northern Seas Conference and exhibition in Norway. Exhibiting our worldwide environmental experience helps in obtaining exploration rights, especially in environmentally sensitive areas.

Habitat Management

We manage wildlife habitat associated with our industrial operations. The effort pays off in environmental, community and employee benefits.

During 1995, 236,000 acres of Amoco property were under some level of formal environmental management. In 1995, an Amoco site in Durango, Colo., was the fifth site added to the existing list of habitats certified by the Wildlife Habitat Council (WHC). The other sites include our chemical plants at Cooper River, S.C., and Decatur, Ala., and our refineries in Mandan, N.D., and Yorktown, Va. A certified site is the highest level of achievement in the WHC system, requiring a sustained effort over two years and recertification every two years thereafter.

Amoco's annual *Environment, Health and Safety Report* provides additional details of our environmental activities. To request a copy, write Debora Sparks, Mail Code P062R8, Amoco Corporation, P.O. Box 87703, Chicago, IL 60680-0703.

Community

Through strategic giving and community involvement, Amoco aligns philanthropic and business goals. Our programs strengthen relationships and help solve problems in communities in which we operate. In 1995, Amoco and Amoco Foundation Inc. contributed nearly $22 million to community and educational organizations in 27 countries.

One of the most significant projects sponsored in 1995 was the Theban mapping project in Egypt's Valley of the Kings. The project uncovered what may be the largest tomb ever found in the valley, providing insight to the culture of Egypt in the 12th century B.C. Other international projects funded by the Foundation included an ultrasound machine installed in a clinic in Kuantan, Malaysia; a home constructed for orphans in Ryazan, Russia; and medical treatment for children with neurological disorders in Argentina.

In the United States, we joined Texas Gov. George Bush Jr. in dedicating the Mainland Youth at Risk Community Family Center in Texas City. Amoco's $1 million lead grant was used to renovate the facility that houses numerous social service agencies that serve area residents. Our Florida marketing region and the Foundation joined forces with Florida International University students to create and distribute 100,000 *Family Guides to Hurricane Preparedness* through more than 200 Amoco service stations.

We completed our 13-year involvement with the nationally recognized University of Chicago School Mathematics Project (UCSMP). The program—heralded by educators, school administrators and civic leaders—has influenced many other curriculum projects. Since 1983, Amoco has provided close to $8.5 million in grants to UCSMP.

Amoco has completed its two-year, $440,000 commitment to the National 4-H Council, which developed energy education materials to be used by 4-H clubs and in 4-H classes throughout the United States. In 1995, we also completed our five-year, $500,000 commitment to the Teachers Academy for Math and Science, which has been used to help train Chicago public school teachers in new math and science teaching methods.

We continued our strong support for higher education with $6 million in grants going to colleges, universities and technical schools, mainly for engineering, business and technical disciplines.

The Foundation awarded $451,000 to non-profits in 1995 in recognition of employee volunteerism. Retirees contributed more than 50,000 hours of service to community projects through 11 volunteer groups in the United States.

New Light on a Pharaoh's Life

Amoco and the American University in Cairo were major sponsors of an expedition that uncovered what may be the largest tomb ever found in Egypt's Valley of the Kings. One of the most significant archeological finds in recent times, the tomb complex, with more than 90 chambers, will provide insight into the culture of Egypt during the 12th century B.C. reign of Ramses II.

Financial Review

Management's Discussion and Analysis	29
Five-Year Financial Summary	35
Reports of Management and Independent Accountants	36
Financial Statements	37
Notes to Financial Statements	40
Segment and Geographic Data	47
Supplemental Information	49
Five-Year Operating Summary	53

Management's Discussion and Analysis

This discussion should be read in conjunction with the consolidated financial statements, accompanying notes and supplemental information.

Consolidated net income for 1995 was $1,862 million, compared with $1,789 million and $1,820 million for 1994 and 1993, respectively. Year-to-year comparisons in net income were affected by the significant unusual items that are summarized in the table on the right.

Included in 1995 earnings were non-cash charges of $380 million associated with the adoption of Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." SFAS No. 121 requires long-lived assets with recorded values that are not expected to be recovered through future cash flows to be written down to current fair value. Also included in 1995 earnings was an $83 million gain related to the sale of Amoco Motor Club.

Earnings in 1994 benefited from settlements of crude oil excise taxes (COET) of $270 million, a gain of $45 million related to the disposition of certain European oil and gas properties and tax adjustments related to prior years totaling $62 million. Adversely affecting 1994 earnings were charges of $256 million associated with Amoco's restructuring of operations, and provisions for future environmental remediation expenditures relating to past operations totaling $60 million.

Excluding unusual items for all periods, 1995 earnings would have been $2,159 million, up 25 percent from 1994 earnings of $1,728 million; 1994 earnings would have been about the same as 1993.

Highlights

	1995	1994	1993
Net income (millions)	**$ 1,862**	$ 1,789	$ 1,820
Net income per share	**$ 3.76**	$ 3.60	$ 3.66
Cash dividends per share	**$ 2.40**	$ 2.20	$ 2.20
Return on average shareholders' equity	**12.7%**	12.8%	13.7%
Return on average capital employed	**10.3%**	10.2%	10.6%

Unusual Items Affecting Income

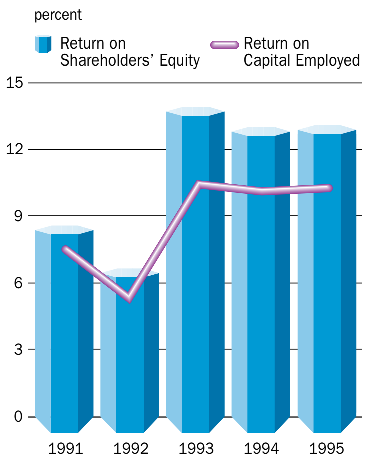
millions of dollars incr./(decr.) net income	**1995**	1994	1993
Impairment	**$ (380)**	$ —	$ —
Gains on dispositions	**83**	45	190
Crude oil excise tax settlement	**—**	270	—
Restructuring accruals	**—**	(256)	(170)
Environmental provisions	**—**	(60)	—
Tax obligations and other	**—**	62	60

Net Income & Cash Dividends*

dollars per share

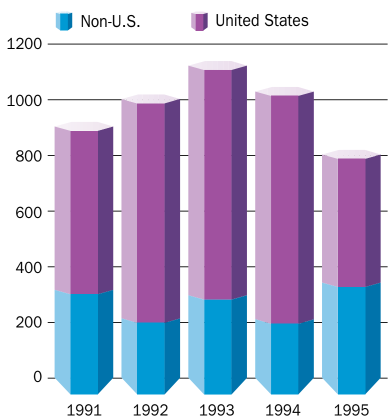
*1992 and 1991 exclude the cumulative effects of accounting changes.

Rate of Return*



*1992 and 1991 exclude the cumulative effects of accounting changes.

Exploration and Production Earnings



The increase in 1995 results of operations primarily represented higher chemical earnings resulting from both higher volumes and margins across most product lines, and strong exploration and production (E&P) earnings overseas. These strong results, as well as continuing efficiency improvements throughout the organization, more than offset lower U.S. petroleum product margins and lower North American natural gas prices.

Sales and other operating revenues totaled $27 billion in 1995. The 4 percent increase in revenues primarily resulted from increased chemical product revenues, which were up 29 percent, reflecting higher volumes and prices for most product lines. Natural gas revenues were lower in 1995 by 11 percent, primarily reflecting lower North American prices.

Total costs and expenses increased 3 percent in 1995. Operating expenses were down $19 million compared with 1994, after adjusting 1994 operating expenses for restructuring charges of $169 million related to various facility closings and asset dispositions. In 1995, expense reductions resulting from restructuring efforts more than offset increased costs to support expanded chemical activities and higher planned and unplanned refinery maintenance expenses. Exploration expenses decreased $23 million primarily due to lower overseas dry hole costs. Selling and administrative expenses for 1995 were down 5 percent. The 1995 selling and administrative expenses included ongoing restructuring costs of $133 million, while 1994 expenses included restructuring charges of $225 million related to employee termination costs. Also, 1995 expenses included adverse currency effects of $7 million before tax, compared with favorable currency effects of $57 million before tax in 1994. Depreciation, depletion, amortization, and retirements and abandonments totaled $2,794 million in 1995, an increase of $555 million over 1994, reflecting impairment charges of $602 million associated with the adoption of SFAS No. 121. Interest expense increased by $17 million in 1995 as the result of higher debt balances and slightly higher interest rates.

Industry Segments

Results on a segment basis, for the five years ended December 31, 1995, are presented in the table on page 31. In 1995, Amoco changed its reporting of business segment information to align with its new organizational structure, which includes three sectors: exploration and production, petroleum products and chemicals. Segment earnings for the prior years have been restated to conform to the new basis.

The review of exploration and production earnings is on pages 14 and 15; petroleum products is on page 20; and chemicals is on page 25. A discussion of corporate and other operations follows.

Corporate and Other Operations. Corporate and other operations, defined in the table at right, reported net expenses of $286 million in 1995, compared with restated net expenses of $136 and $240 million, for 1994 and 1993, respectively. The increase in net expenses in 1995 included ongoing after-tax restructuring charges of approximately $75 million, associated with system development, relocations and redesign. Also affecting 1995 net expenses were higher interest costs reflecting higher debt balances and interest rates. Partly offsetting were lower costs associated with technology operations and other activities.

The decrease in corporate and other operations net expenses between 1994 and 1993 resulted from lower net interest expense and favorable currency effects. Corporate and other operations net expenses for 1994 included interest income of $180 million related to the COET settlement, restructuring charges of $112 million, and favorable tax adjustments for prior years of $33 million. Net expenses for 1993 included gains on the sales of non-strategic investments, prior-year tax benefits of $101 million and losses associated with early retirement of higher interest-rate debt.

Restructuring

In July 1994, Amoco announced that the organizational structure of the corporation was being changed to improve profitability, increase operating flexibility and position the company for long-term growth. The corporation's strategies are now carried out by 17 business groups. A Shared Services organization provides support services to the business groups.

As a result of the restructuring, more than 4,000 positions have been eliminated through year-end 1995. Additional positions will be eliminated in 1996 and 1997 as a result of the ongoing process redesign to improve efficiencies in support functions.

In conjunction with the restructuring, an after-tax charge of $256 million was accrued in the second quarter of 1994. Charges against the accrual related to severance have totaled $109 million after tax through the end of 1995, while $110 million after tax has been recognized related to facility closures and dispositions. Savings resulting from restructuring, primarily related to fewer positions, were approximately $400 million after tax in 1995.

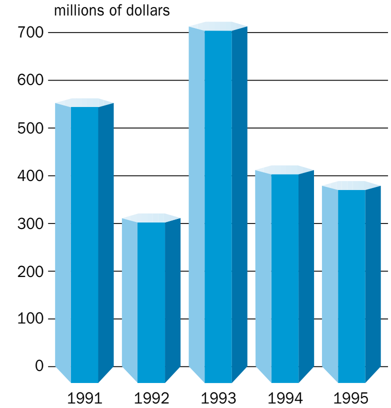
Consolidated Results on a Segment Basis

millions of dollars	1995	1994	1993	1992	1991
Exploration and production					
United States	**$ 463**	$ 820	$ 826	$ 788	$ 592
Canada	**9**	199	449	38	131
Europe	**88**	(65)	(102)	(103)	44
Other	**245**	76	(48)	280	141
Subtotal	**805**	1,030	1,125	1,003	908
Petroleum products	**380**	410	713	309	554
Chemicals	**963**	485	222	(91)	64
Corporate and other operations*	**(286)**	(136)	(240)	(371)	(353)
Income before the cumulative effects of accounting changes	**1,862**	1,789	1,820	850	1,173
Cumulative effects of accounting changes	**—**	—	—	(924)	311
Net income (loss)	**$1,862**	$1,789	$1,820	$ (74)	$1,484

*Corporate and other operations include net interest and general corporate expenses, and the results of investments in technology companies, real estate interests and other activities.

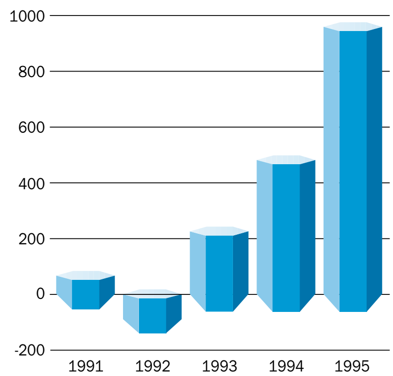
Petroleum Products Earnings

millions of dollars

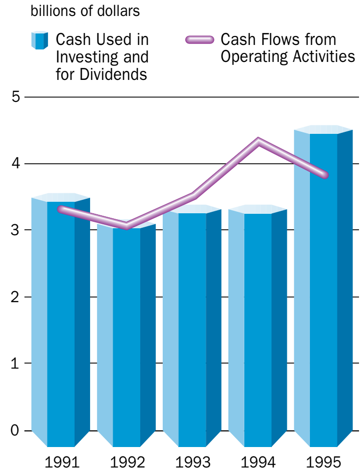


Chemical Earnings

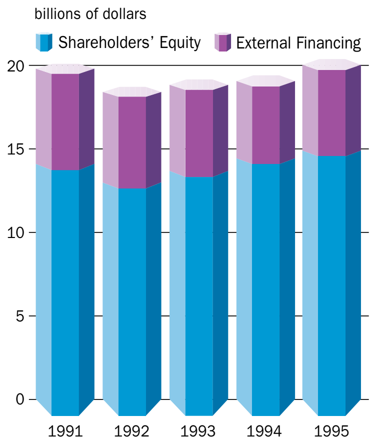
millions of dollars



Cash Used in Investing Activities & Cash Dividends vs. Cash Flows from Operating Activities



Capitalization



Additional costs for system redesign, relocation, work consolidation and development of new processes in support of the reorganization were estimated in July 1994 at approximately $200 million after tax, but were not accrued. In 1995, selling and administrative expenses included $133 million ($86 million after tax) for ongoing restructuring activities.

Liquidity and Capital Resources

In 1995, cash flow from operating activities amounted to $3.8 billion, compared with $4.3 billion in 1994.

Total short- and long-term debt was $5 billion at year-end 1995, compared with $4.6 billion at year-end 1994, primarily reflecting new borrowings in Canada and Argentina. Debt as a percent of debt-plus-equity was 25.2 percent at December 31, 1995, compared with 24.3 percent at year-end 1994. Amoco's investment opportunities in 1995 were funded in part by a modest increase in debt.

Working capital was $716 million at year-end 1995, compared with $1,618 million at year-end 1994. At year-end 1995, the corporation's current ratio was 1.12 to 1. As a matter of policy, Amoco practices asset and liability management techniques that are designed to minimize its investment in non-cash working capital. This does not impair operational flexibility since the corporation has ready access to both short- and long-term debt markets.

Cash dividends paid in 1995 totaled $1,197 million, or $2.40 per share, compared to $1,092 million, or $2.20 per share in 1994. The quarterly cash dividend was raised to 65 cents per share in January 1996, an increase of 5 cents per share, or 8 percent, reflecting strong operating results.

The corporation believes its strong financial position will permit the financing of its business needs and opportunities as they arise. It is anticipated that ongoing operations will be financed primarily by internally generated funds. Short-term obligations, such as commercial paper borrowings, give the corporation the flexibility to meet short-term working capital and other temporary requirements. At December 31, 1995, bank lines of credit available to support commercial paper borrowings were $490 million, all of which were supported by commitment fees.

The corporation also may utilize its favorable access to long-term debt markets to finance profitable growth opportunities. A $500 million shelf registration statement for debt securities remains on file with the Securities and Exchange Commission (SEC) to permit ready access to capital markets. In 1995, Amoco Argentina Oil Company (Amoco Argentina), an indirect wholly owned subsidiary of Amoco, filed a shelf registration with the SEC for $200 million of debt securities, of which

$100 million were subsequently issued. Amoco Corporation and Amoco Company (a wholly owned subsidiary of Amoco) guarantee the securities issued under this registration statement. Amoco Canada Petroleum Company Ltd. (Amoco Canada) has a $225 million 10-year revolving term facility, guaranteed by Amoco and Amoco Company. Amoco Canada is charged a standby fee for the facility, which has not been used.

During 1995, Amoco repurchased 8.9 million shares of its common stock, in excess of amounts needed for benefit plan purposes, at a cost of $601 million.

Effective September 1, 1995, Amoco Canada called the $458 million of 7⅜ percent Subordinated Exchangeable Debentures (SEDs) for redemption. The SEDs were exchangeable for common stock of Amoco Corporation at an exchange price of $52.50 per share. A total of 8.6 million shares of Amoco Corporation common stock was issued in exchange for SEDs totaling $442 million.

Price risk management. Amoco is routinely exposed to hydrocarbon commodity price risk. It manages a portion of that risk mainly through the use of futures contracts and swaps generally to achieve market prices on specific purchase and sales transactions. Also, at December 31, 1995, the corporation had fixed the future sales price of 6 million barrels of crude oil and 24 trillion British thermal units of natural gas using futures contracts and swaps. See Note 4 to the Consolidated Financial Statements.

Environmental protection and remediation costs. The corporation has provided in its accounts for the reasonably estimable future costs of probable environmental remediation obligations. These amounts relate to various refining and marketing sites, chemical locations, and oil and gas operations, including multiparty sites at which Amoco has been identified as a potentially responsible party by the U.S. Environmental Protection Agency. Such estimated costs will be refined over time as remediation requirements and regulations become better defined. However, any additional costs cannot be reasonably estimated at this time due to uncertainty of timing, the magnitude of contamination, future technology, regulatory changes and other factors. Although future costs could be significant, they are not expected to be material in relation to Amoco's liquidity or consolidated financial position. In total, the accrued liability represents a reasonable best estimate of Amoco's remediation liability. See Notes 1 and 21 to the Consolidated Financial Statements.

The corporation and its subsidiaries maintain insurance coverage for environmental pollution resulting from the sudden and accidental release of pollutants. Various deductibles of up to $50 million per occurrence could apply, depending on the type of incident involved. Coverage for other types of environmental obligations is not generally provided, except when required by regulation or contract. The financial statements do not reflect any significant recovery from claims under prior or current insurance coverage.

At December 31, 1995, the corporation's reserves for future environmental remediation costs totaled $632 million, of which $391 million related to refining and marketing sites. The corporation also maintains reserves associated with dismantlement, restoration and abandonment of oil and gas properties, which totaled $648 million at December 31, 1995.

Capital expenditures resulting from existing environmental regulations, primarily related to refining, marketing, and exploration and production sites, totaled $146 million in 1995. Excluded from that total were $334 million for operating costs and amounts spent on research and development, and $116 million of mandated and voluntary remediation spending. Amoco's 1996 estimated capital spending for environmental cleanup and protection projects is expected to be approximately $140 million; spending for remediation in 1996 is expected to approximate the 1995 level.

Capital and exploration expenditures. Spending in 1995 totaled $4.1 billion, an increase of 29 percent over the $3.2 billion spent in 1994. Capital and exploration expenditures of $4.7 billion have been approved for 1996, an increase of 14 percent over 1995 spending. Approximately 60 percent of E&P spending will target international locations. Significant spending in 1996 includes construction of a liquefied natural gas plant in Trinidad and continuation of programs in Egypt and the North Sea. Chemicals 1996 expenditures are expected to be approximately $1.3 billion, with the majority for expansions or new facilities in Indonesia, Malaysia, Singapore, Belgium, and the United States.

It is anticipated that the 1996 capital and exploration expenditures budget will be financed primarily by funds generated internally. The planned expenditure level is subject to adjustment as changing economic and worldwide political conditions may dictate.

Capital and Exploration Expenditures*

millions of dollars	**1995**	1994	1993	1992	1991
Exploration and production					
United States	**$ 1,146**	$ 829	$ 672	$ 475	$ 970
Canada	**423**	456	340	198	323
Europe	**491**	279	493	538	549
Other	**654**	687	682	578	690
Subtotal	**2,714**	2,251	2,187	1,789	2,532
Petroleum products	**461**	417	704	788	689
Chemicals	**850**	467	369	320	520
Corporate and other operations	**111**	70	86	99	190
Total	**$ 4,136**	$ 3,205	$ 3,346	$ 2,996	$ 3,931
Petroleum exploration expenditures charged to income (included above)					
United States	**$ 152**	$ 113	$ 90	$ 140	$ 262
Canada	**112**	117	47	72	73
Europe	**123**	178	151	150	144
Other	**223**	225	241	300	311
Total	**$ 610**	$ 633	$ 529	$ 662	$ 790

*1991 through 1994 restated; see page 30.

Five-Year Financial Summary

millions of dollars, except as noted	**1995**	1994	1993	1992	1991
Selected Financial Position and Liquidity Data					
Total assets	**$ 29,845**	$ 29,316	$ 28,486	$ 28,453	$ 30,510
Cash and marketable securities	**$ 1,394**	$ 1,789	$ 1,217	$ 1,288	$ 1,583
Working capital	**$ 716**	$ 1,618	$ 751	$ 810	$ (164)
Current ratio	**1.12 to 1**	1.32 to 1	1.14 to 1	1.16 to 1	.98 to 1
Capital employed					
Debt—Short-term obligations	**$ 735**	$ 224	$ 1,007	$ 218	$ 370
—Long-term debt, including current portion:					
Amoco Canada	**1,707**	1,937	1,937	2,084	2,276
Other	**2,596**	2,474	2,141	2,948	2,914
Capitalized lease obligations, including current portion	**—**	—	12	127	143
Subtotal, external financing	**5,038**	4,635	5,097	5,377	5,703
Shareholders' equity	**14,848**	14,382	13,665	12,960	14,156
Minority interest	**115**	15	21	22	27
Total capital employed	**$ 20,001**	$ 19,032	$ 18,783	$ 18,359	$ 19,886
Debt as a percent of debt-plus-equity	**25.2%**	24.3%	27.1%	28.8%	28.2%
External financing as a percent of cash flows from operating activities	**132.3%**	107.1%	146.0%	178.0%	174.7%
External financing interest coverage ratio (times interest earned before income tax)	**8.6**	9.6	9.3	3.9	5.7
Sales and Other Operating Revenues					
Refined products	**$ 11,225**	$ 10,643	$ 10,815	$ 11,040	$ 11,379
Crude oil	**5,769**	6,147	6,600	6,363	6,510
Natural gas	**3,125**	3,492	3,064	2,944	2,296
Chemical products	**5,614**	4,359	3,462	3,693	3,804
Other	**1,333**	1,407	1,395	1,240	1,336
Total	**$ 27,066**	$ 26,048	$ 25,336	$ 25,280	$ 25,325
Taxes					
Income taxes	**$ 542**	$ 702	$ 687	$ 153	$ 862
Other direct taxes	**703**	744	824	1,006	950
Total direct taxes	**$ 1,245**	$ 1,446	$ 1,511	$ 1,159	$ 1,812
Direct taxes per share	**$ 2.51**	$ 2.91	$ 3.04	$ 2.33	$ 3.63
Consumer excise taxes	**$ 3,339**	$ 3,409	$ 2,824	$ 2,738	$ 2,649
Other Data					
Net income (1)	**$ 1,862**	$ 1,789	$ 1,820	$ 850	$ 1,173
Net income per share (1)	**$ 3.76**	$ 3.60	$ 3.66	$ 1.71	$ 2.36
Net income as a percent of: (1)					
Total revenues (excluding consumer excise taxes)	**6.7%**	6.6%	7.1%	3.3%	4.6%
Total assets	**6.2%**	6.1%	6.4%	3.0%	3.8%
Return on average shareholders' equity (1)	**12.7%**	12.8%	13.7%	6.5%	8.4%
Return on average capital employed (1) (2)	**10.3%**	10.2%	10.6%	5.2%	7.6%
Cash dividends	**$ 1,197**	$ 1,092	$ 1,092	$ 1,091	$ 1,098
Cash dividends per share	**$ 2.40**	$ 2.20	$ 2.20	$ 2.20	$ 2.20
Cash dividends as a percent of net income (1)	**64.3%**	61.0%	60.0%	128.4%	93.6%
Cash dividends as a percent of cash flow from operating activities	**31.4%**	25.2%	31.3%	36.1%	33.6%
Shareholders' equity per share at year-end	**$ 29.91**	$ 28.97	$ 27.53	$ 26.11	$ 28.52
Number of shareholders of record at year-end	**131,254**	134,776	141,039	146,031	150,041
Weighted average shares outstanding (in thousands)	**495,485**	496,687	496,738	496,166	498,473
Shares outstanding at year-end (in thousands)	**496,403**	496,393	496,401	496,303	496,335
Stock market price range during the year — High	**$ 72⅝**	$ 64⅛	$ 59¼	$ 53¾	$ 55
— Low	**$ 56⅜**	$ 50⅞	$ 48⅛	$ 41¾	$ 45⅝
— Year-end	**$ 71⅞**	$ 59⅛	$ 52⅞	$ 48¾	$ 49⅛
Number of employees at year-end— U.S.	**33,817**	35,664	38,366	38,628	44,237
— Total	**42,689**	43,205	46,317	46,994	54,120
Wages and benefits	**$ 2,915**	$ 2,911	$ 2,645	$ 2,777	$ 2,669
Average wages and benefits per employee (3) (in dollars)	**$ 67,900**	$ 63,900	$ 56,700	$ 52,700	$ 49,100

(1) Excludes cumulative effects of accounting changes of $(924) million in 1992, or $(1.86) per share, and $311 million in 1991, or $.62 per share.
(2) The return consists of net income, income applicable to minority interest, and after-tax interest expense.
(3) Based on average number of employees.

Reports of Management and Independent Accountants

Management Report on Financial Statements

The financial statements of Amoco Corporation and subsidiaries were prepared by and are the responsibility of management. The statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and include some amounts that are based on management's best estimates and judgments.

The corporation maintains systems of internal accounting controls designed to provide reasonable assurance that all transactions are properly recorded in the corporation's books and records, that policies and procedures are adhered to and that assets are protected from unauthorized use. The systems of internal accounting controls are supported by written policies and guidelines and are complemented by a staff of internal auditors and by the selection, training and development of professional financial managers.

The financial statements have been audited by the independent accounting firm, Price Waterhouse LLP, whose appointment is ratified yearly by shareholders at the annual shareholders' meeting. The independent accountants conduct a review of internal accounting controls to the extent required by generally accepted auditing standards and perform such tests and related procedures as they deem necessary to arrive at an opinion on the fairness of the financial statements.

The Audit Committee of the Board of Directors, composed solely of directors from outside the corporation, periodically meets with the independent accountants, management and the internal auditors to satisfy itself that they are properly discharging their responsibilities. The independent accountants have unrestricted access to the Audit Committee, without management present, to discuss the results of their examination and the quality of financial reporting and internal accounting control.

H. L. Fuller

H. Laurance Fuller
Chairman and Chief Executive Officer

John L. Carl

John L. Carl
Executive Vice President and Chief Financial Officer

FEBRUARY 27, 1996

Report of Independent Accountants
Price Waterhouse LLP

To the Board of Directors and Shareholders
of Amoco Corporation

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of income, shareholders' equity, and cash flows present fairly, in all material respects, the financial position of Amoco Corporation and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Amoco Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the opinion expressed above.

As discussed in Notes 1 and 6 to the financial statements, Amoco Corporation changed its method of accounting for the impairment of long-lived assets in 1995 to comply with the provisions of Statement of Financial Accounting Standards No. 121.

Price Waterhouse LLP

CHICAGO, ILLINOIS
FEBRUARY 27, 1996

Consolidated Statement of Income

For the Years 1995, 1994 and 1993

millions of dollars, except per-share amounts	**1995**	1994	1993
Revenues			
Sales and other operating revenues	**$ 27,066**	$ 26,048	$ 25,336
Consumer excise taxes	**3,339**	3,409	2,824
Other income	**599**	905	457
Total revenues	**31,004**	30,362	28,617
Costs and expenses			
Purchased crude oil, natural gas, petroleum products and merchandise	**14,140**	13,558	12,878
Operating expenses	**4,555**	4,743	4,688
Petroleum exploration expenses, including exploratory dry holes	**610**	633	529
Selling and administrative expenses	**2,124**	2,227	1,849
Taxes other than income taxes	**4,042**	4,153	3,648
Depreciation, depletion, amortization, and retirements and abandonments	**2,794**	2,239	2,193
Interest expense	**335**	318	325
Total costs and expenses	**28,600**	27,871	26,110
Income before income taxes	**2,404**	2,491	2,507
Income taxes	**542**	702	687
Net income	**$ 1,862**	$ 1,789	$ 1,820
Net income per share	**$ 3.76**	$ 3.60	$ 3.66

Consolidated Statement of Shareholders' Equity

For the Years 1995, 1994 and 1993

millions of dollars, except per-share amounts	Common Stock	Earnings Retained and Invested in the Business	Other Equity Adjustments	Total
Balance on December 31, 1992	$ 2,126	$ 10,855	$ (21)	$ 12,960
Net income		1,820		1,820
Cash dividends of $2.20 per share		(1,092)		(1,092)
Foreign currency translation adjustment			(18)	(18)
Issuances of common stock (net)	21	(26)		(5)
Balance on December 31, 1993	2,147	11,557	(39)	13,665
Net income		1,789		1,789
Cash dividends of $2.20 per share		(1,092)		(1,092)
Foreign currency translation adjustment			32	32
Issuances of common stock (net)	19	(31)		(12)
Balance on December 31, 1994	2,166	12,223	(7)	14,382
Net income		**1,862**		**1,862**
Cash dividends of $2.40 per share		**(1,197)**		**(1,197)**
Foreign currency translation adjustment			**19**	**19**
Issuances of common stock (net)	**424**	**(593)**		**(169)**
Pension liability adjustment			**(49)**	**(49)**
Balance on December 31, 1995	**$ 2,590**	**$ 12,295**	**$ (37)**	**$ 14,848**

The accompanying notes and the information by industry segment and geographic area on pages 47 and 48 are an integral part of these statements.

Financial Statements (continued)

Consolidated Statement of Financial Position

December 31, 1995 and 1994

millions of dollars		**1995**	1994
Assets			
Current assets	Cash	**$ 182**	$ 166
	Marketable securities—at cost (all corporate, except $184 on December 31, 1995, and $355 on December 31, 1994, which represent state and municipal securities)	**1,212**	1,623
	Accounts and notes receivable (less allowances of $16 on December 31, 1995, and $23 on December 31, 1994)	**3,332**	3,180
	Inventories	**1,041**	1,042
	Prepaid expenses and income taxes	**723**	631
		6,490	6,642
Investments and other assets	Investments and related advances	**654**	470
	Long-term receivables and other assets	**655**	661
		1,309	1,131
Properties	—at cost, less accumulated depreciation, depletion and amortization of $26,531 on December 31, 1995, and $24,906 on December 31, 1994	**22,046**	21,543
		$ 29,845	$ 29,316
Liabilities and Shareholders' Equity			
Current liabilities	Current portion of long-term obligations	**$ 341**	$ 24
	Short-term obligations	**735**	224
	Accounts payable	**2,822**	2,759
	Accrued liabilities	**989**	1,162
	Taxes payable (including income taxes)	**887**	855
		5,774	5,024
Long-term debt	Debt	**3,962**	4,387
Deferred credits and other non-current liabilities	Income taxes	**2,745**	2,961
	Other	**2,401**	2,547
		5,146	5,508
Minority interest		**115**	15
Shareholders' equity	Common stock (authorized 800,000,000 shares; issued and outstanding as of December 31, 1995—496,402,697 shares; December 31, 1994—496,393,067 shares)	**2,590**	2,166
	Earnings retained and invested in the business	**12,295**	12,223
	Pension liability adjustment	**(49)**	—
	Foreign currency translation adjustment	**12**	(7)
	Total shareholders' equity	**14,848**	14,382
		$ 29,845	$ 29,316

The successful efforts method of accounting is followed for costs incurred in oil and gas producing activities.
The accompanying notes and the information by industry segment and geographic area on pages 47 and 48 are an integral part of these statements.

Consolidated Statement of Cash Flows

For the Years 1995, 1994 and 1993

millions of dollars	**1995**	1994	1993
Cash flows from operating activities:			
Net income	**$ 1,862**	$ 1,789	$ 1,820
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion, amortization, and retirements and abandonments	**2,794**	2,239	2,193
Increase in receivables	**(33)**	(137)	(18)
Decrease (increase) in inventories	**1**	68	(89)
Increase (decrease) in payables and accrued liabilities	**31**	492	(371)
Deferred taxes and other items	**(846)**	(122)	(44)
Net cash provided by operating activities	**3,809**	4,329	3,491
Cash flows from investing activities:			
Capital expenditures	**(3,526)**	(2,572)	(2,817)
Proceeds from dispositions of property and other assets	**290**	335	594
New investments, advances and business acquisitions	**(173)**	(91)	(200)
Proceeds from sales of investments	**20**	176	256
Other	**81**	(18)	(2)
Net cash used in investing activities	**(3,308)**	(2,170)	(2,169)
Cash flows from financing activities:			
New long-term obligations	**661**	438	1,313
Repayment of long-term obligations	**(309)**	(138)	(2,286)
Cash dividends paid	**(1,197)**	(1,092)	(1,092)
Issuances of common stock	**42**	29	27
Acquisitions of common stock	**(704)**	(41)	(32)
Issuance of preferred stock by affiliate	**100**	—	—
Increase (decrease) in short-term obligations	**511**	(783)	677
Net cash used in financing activities	**(896)**	(1,587)	(1,393)
(Decrease) increase in cash and marketable securities	**(395)**	572	(71)
Cash and marketable securities—beginning of year	**1,789**	1,217	1,288
Cash and marketable securities—end of year	**$ 1,394**	$ 1,789	$ 1,217

The accompanying notes and the information by industry segment and geographic area on pages 47 and 48 are an integral part of these statements.

Notes to Financial Statements

1. Accounting Policies

Principles of consolidation. The operations of all significant subsidiaries in which the corporation directly or indirectly owns more than 50 percent of the voting stock are included in the consolidated financial statements. The corporation also consolidates its proportionate share of assets, liabilities and results of operations of undivided interest pipelines and oil and gas joint ventures. Investments in other companies in which less than a majority interest is held are generally accounted for by the equity method.

Estimates in financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect certain reported amounts. Actual results may differ in some cases from the estimates.

Inventories. Inventories are carried at the lower of current market value or cost. Cost is determined under the last-in, first-out (LIFO) method for the majority of inventories of crude oil, petroleum products and chemical products. The costs of remaining inventories are determined on the first-in, first-out (FIFO) or average cost methods.

Costs incurred in oil and gas producing activities. The corporation follows the successful efforts method of accounting. Costs of property acquisitions, successful exploratory wells, all development costs (including CO_2 and certain other injected materials in enhanced recovery projects) and support equipment and facilities are capitalized. Unsuccessful exploratory wells are expensed when determined to be non-productive. Production costs, overhead and all exploration costs other than exploratory drilling are charged against income as incurred.

Depreciation, depletion and amortization. Generally, depreciation of plant and equipment, other than oil and gas facilities, is computed on a straight-line basis over the estimated economic lives of the facilities, which for refining and chemical facilities average 20 years, for administrative buildings average 45 years and for service stations average 16 years. Depletion of the cost of producing oil and gas properties, amortization of related intangible drilling and development costs and depreciation of tangible lease and well equipment are recognized using the unit-of-production method.

The portion of costs of unproved oil and gas properties estimated to be non-productive is amortized over projected holding periods.

The estimated costs to dismantle, restore and abandon oil and gas properties are recognized over the properties' productive lives on the unit-of-production method.

Effective in the fourth quarter of 1995, the corporation adopted Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement requires long-lived assets with recorded values that are not expected to be recovered through future cash flows to be written down to current fair value. Fair value is generally determined from estimated future net cash flows.

Retirements. Upon normal retirement or replacement of facilities, the gross book value less salvage is charged to accumulated depreciation. Gains or losses from abnormal retirements or sales are credited or charged to income.

Maintenance and repairs. All maintenance and repair costs are charged against income, while significant improvements are capitalized.

Derivative contracts. The corporation enters into futures, swaps, forwards and option contracts to manage its exposure to price fluctuations on hydrocarbon transactions and its exposure to exchange rate fluctuations on its debt and commitments denominated in foreign currencies. Recognized gains, losses and cash flows from hedge contracts are reported as components of the related transactions.

Translation of foreign currencies. The U.S. dollar has been determined to be the appropriate functional currency for essentially all operations except certain foreign chemical operations.

Environmental liabilities. The corporation has provided in its accounts for the reasonably estimable future costs of probable environmental remediation obligations relating to current and past activities, including obligations for previously disposed assets or businesses. In the case of long-lived cleanup projects, the effects of inflation and other factors, such as improved application of known technologies and methodologies, are considered in determining the amount of estimated liabilities. The liability is undiscounted and primarily consists of costs such as site assessment, monitoring, equipment, utilities and soil and ground water treatment and disposal. Probable recoveries from third parties are recorded as receivables.

Net income per share. Net income per share of common stock is based on the monthly weighted average number of shares outstanding during the year.

2. Acquisitions, Dispositions and Special Items

Other income in 1995 included a gain of $132 million ($83 million after tax) related to the sale of Amoco Motor Club.

In 1994, earnings included benefits of $270 million related to final settlements with the Internal Revenue Service involving crude oil excise taxes (COET) assessed in the 1980s. Of this amount, $180 million represented interest on the settlements. Earnings also included a gain of $45 million on the sale of certain European oil and gas properties.

In the second quarter of 1994, a charge of $394 million ($256 million after tax) was accrued in conjunction with the announcement of an organizational restructuring. Included in selling and administrative expenses were charges of $225 million ($146 million after tax) related to employee-termination costs. Since July 1994, charges against the accrual totaled $168 million ($109 million after tax). As of December 31, 1995, the remaining accrual balance associated with restructuring was $57 million ($37 million after tax), which is considered adequate for all future severances to which the corporation has committed. As a result of restructuring, over 4,000 positions have been eliminated through year-end 1995, with more than 3,300 employees receiving termination benefits. Approximately 700 staff support positions will be eliminated in 1996 and 1997 as a result of the ongoing process redesign to improve efficiencies in support functions. Also, included in 1994 operating expenses were charges of $169 million ($110 million after tax) related to a reduction in carrying value of assets that have been divested.

In 1993, new investments, advances and business acquisitions totaled $200 million, including the purchase of Phillips Fibers Corporation. Proceeds from dispositions of property and other assets and from sales of investments totaled $850 million, including certain non-strategic properties and investments in Canada for approximately $471 million.

Earnings in 1993 included gains of $120 million relating to the corporation's disposition of 65 percent of its equity investment in a Canadian company, Crestar Energy Inc. (Crestar), in connection with Crestar's initial public offering. Amoco's remaining investment in Crestar was sold in January 1996, for a gain of approximately $50 million. Also included in 1993 earnings were gains of $70 million associated with the disposition of certain Canadian properties, and after-tax charges of $170 million associated with the writedown of Congo exploration and production operations.

3. Cash Flow Information

The Consolidated Statement of Cash Flows provides information about changes in cash and cash equivalents, including cash in excess of daily requirements that is invested in marketable securities, substantially all of which have a maturity of three months or less when acquired. The effect of foreign currency exchange rate fluctuations on total cash and marketable securities balances was not significant.

Net cash provided by operating activities reflects cash payments for interest and income taxes as follows:

millions of dollars	**1995**	1994	1993
Interest paid	**$ 327**	$ 297	$ 367
Income taxes paid	**$ 706**	$ 903	$ 632

4. Financial Instruments and Hedging Activities

In the normal course of business, Amoco holds or issues various financial instruments which expose the company to financial risk associated with market interest rates, currency exchange rates and credit worthiness. Also, Amoco's petroleum and chemical businesses are affected by commodity price movements. To manage a portion of these inherent risks, Amoco purchases and sells various derivative financial instruments and commodity futures contracts. All financial instruments held by the corporation are for purposes other than trading.

Fair values. The carrying values of most financial instruments are based on historical costs. The carrying values of receivables, payables, marketable securities and short-term obligations approximate their fair value. The estimated fair value of long-term debt outstanding as of December 31, 1995 and 1994 was $4,400 million and $4,342 million, respectively. The estimated fair values of marketable securities and debt were based on quoted market prices for the same or similar issues, or the current rates offered to the corporation for issues with the same remaining maturities.

Credit risks. A significant portion of Amoco's receivables is from other oil and gas and chemical companies. Although collection of these receivables could be influenced by economic factors affecting these industries, the risk of significant loss is considered remote. Substantially all derivatives are either exchange traded or with major financial institutions, and the risk of credit loss is considered remote.

Currency risks. The corporation conducts its business primarily in U.S. dollars. Significant exposures to foreign currency exchange risk are reduced through the use of financial instruments, primarily by hedging of foreign currency borrowings and contractual commitments. The following table shows the amount of debt, including current portions, denominated in foreign currencies as of December 31, 1995 and 1994, and the face amounts of foreign currency forward and option contracts that have been designated as hedges of that debt:

	1995		1994	
millions of U.S. dollars	Debt	Hedge*	Debt	Hedge*
British pound sterling	**$ 601**	**$ 940**	$ 596	$ 909
Canadian dollar	**$ 135**	**$ 173**	$ 231	$ 348

**Includes tax effects.*

In addition, the corporation has entered into foreign currency forward contracts to manage its foreign currency exposure associated with the construction of a joint-venture plant in Singapore. The face amount of these forward contracts at year-end 1995 was $231 million.

The hedge contracts generally have the same maturities as the related debt or commitments. The carrying value and fair value of the forward and option contracts were not material at December 31, 1995 and 1994.

Commodity price risks. The corporation enters into futures, swaps and option contracts to manage a portion of its exposure to price fluctuations on hydrocarbon transactions. Crude oil futures contracts are used to match the pricing of specific purchase transactions to market prices at delivery dates. Natural gas futures, swaps and options are used to convert specific sales and purchase contracts from fixed prices to market prices. Swaps also are used to hedge exposure for price differences between locations. Future contracts are used to convert specific gasoline and distillate contracts from fixed to market prices.

Natural gas swap contracts outstanding at December 31, 1995 and 1994 totaled 334 and 151 trillion Btus (British thermal units), respectively. Most contracts are for a remaining term of less than one year, while contracts representing 107 trillion Btus of natural gas have terms that extend from one to five years. While these contracts have no carrying value, their fair value, representing the estimated amount that would have been required to terminate the swaps at year-end 1995, was $27 million for contracts with favorable positions, and $43 million for contracts with unfavorable positions. The comparable amount for 1994 was $28 million for contracts with unfavorable positions.

In addition, in December 1995, the corporation sold forward future production of 3 million barrels of crude oil and 24 trillion Btus of natural gas for periods up to 18 months, using exchange traded future contracts, and fixed the sales price of 3 million barrels of future crude oil production using swaps. There were no significant unrealized gains or losses on these transactions at December 31, 1995.

Commitments and guarantees. In the normal course of business, the corporation has entered into contracts for the purchase of transportation capacity, materials and services over terms of up to 20 years. The remaining minimum payments required under these contracts at December 31, 1995, totaled $593 million. At December 31, 1995, contingent liabilities of the corporation included guarantees of $52 million on outstanding loans of others. The corporation also has entered into various pipeline throughput and deficiency contracts with affiliated companies. These agreements supported an estimated $6 million of affiliated company borrowings at December 31, 1995. The fair value of these commitments and guarantees is immaterial.

5. Inventories

Inventories at December 31, 1995 and 1994, are shown in the following table:

millions of dollars	1995	1994
Crude oil and petroleum products	$ 292	$ 349
Chemical products	436	375
Other products and merchandise	22	24
Materials and supplies	291	294
	$ 1,041	$ 1,042

Inventories carried under the LIFO method represented approximately 53 percent of total year-end inventory carrying values in 1995 and 51 percent in 1994. It is estimated that inventories would have been approximately $1,100 million higher than reported on December 31, 1995 and 1994, if the quantities valued on the LIFO basis were instead valued at current prices.

6. Property, Plant and Equipment

Investment in properties at December 31, 1995 and 1994, detailed by industry segment, was as follows. 1994 has been restated to conform to the new reporting basis.

	1995		1994
millions of dollars	Gross	Net	Net
Exploration and production			
United States	$ 16,215	$ 6,875	$ 6,991
Non-U.S.	15,110	5,842	5,719
Petroleum products	9,417	5,004	5,144
Chemicals	6,572	3,540	2,944
Corporate and other operations	1,263	785	745
	$ 48,577	$ 22,046	$ 21,543

The corporation adopted SFAS No. 121 in the fourth quarter of 1995. Depreciation, depletion, amortization, and retirements and abandonments for 1995 included charges of $602 million ($380 million after tax) for the impairment of long-lived assets. About $300 million of the after-tax charge relates to oil and gas producing properties in North America, most of which were acquired or developed during periods of higher price expectations. Another $42 million of the after-tax charge relates to certain unprofitable specialty polymer production facilities.

7. Short-term Obligations

Amoco's short-term obligations consist of notes payable and commercial paper. Notes payable as of December 31, 1995, totaled $36 million at an average annual interest rate of 5.7 percent, compared with $7 million at an average annual interest rate of 5.7 percent at year-end 1994. Commercial paper borrowings at December 31, 1995, were $699 million at an average annual interest rate of 5.7 percent compared with $217 million at an average annual interest rate of 5.9 percent as of December 31, 1994.

Bank lines of credit available to support commercial paper borrowings of the corporation amounted to $490 million at both December 31, 1995 and 1994. All of these were supported by commitment fees.

The corporation also maintains compensating balances with a number of banks for various purposes. Such arrangements do not legally restrict withdrawal or usage of available cash funds. In the aggregate, they are not material in relation to total liquid assets.

8. Accounts Payable

Accounts payable at December 31, 1995 and 1994, included liabilities in the amount of $320 million and $306 million, respectively, for checks issued in excess of related bank balances but not yet presented for collection.

9. Long-term Debt

Amoco's long-term debt resides principally with two Amoco subsidiaries—Amoco Company and Amoco Canada. Amoco Company functions as the principal holding company for substantially all of Amoco's petroleum and chemical operations, except Canadian petroleum operations and selected other activities.

The components of long-term debt and year-end rates are summarized as follows:

millions of dollars	1995	1994
Amoco Company and subsidiaries		
8⅝% Debentures due 2016	$ 32	$ 52
9¾% Debentures due 2016	57	58
9⅞% Debentures due 2016	25	25
Environmental and other industrial development obligations	877	649
U.K. loans —7% Sterling*	601	596
—6% U.S. dollar*	110	195
Argentina loan—6⅝% due 2005	100	—
Other indebtedness	571	535
Subtotal	2,373	2,110
Less current maturities	196	24
Total Amoco Company	2,177	2,086
Amoco Canada		
6¾% Debentures due 2005	299	299
7¼% Notes due 2002	299	299
6¾% Debentures due 2023	297	296
7.95% Debentures due 2022	296	296
7¼% Notes due 2002	253	254
8.98% Bonds due 2005	224	—
7⅜% Subordinated Exchangeable Debentures (SEDs) due 2013	—	458
Other	39	35
Total Amoco Canada	1,707	1,937
Other subsidiaries (less current maturities)	78	364
Total long-term debt	$ 3,962	$ 4,387

**Weighted average interest rate at December 31, 1995.*

Amoco Corporation guarantees the outstanding public debt obligations of Amoco Company. Amoco Corporation and Amoco Company guarantee the notes and debentures of Amoco Canada and Amoco Argentina Oil Company. In September 1995, Amoco Canada obtained a $225 million 10-year revolving term facility, guaranteed by Amoco and Amoco Company. A standby fee is charged for this facility, which has not been used. Effective September 1, 1995, Amoco Canada called the 7⅜ percent SEDs for redemption. A total of 8.6 million shares of Amoco Corporation common stock was issued in exchange for SEDs totaling $442 million.

AmProp Inc., a real estate subsidiary, had long-term debt secured by real estate assets, totaling $52 million at year-end 1995, and $61 million at year-end 1994, which is not guaranteed by Amoco Corporation or Amoco Company.

Annual maturities of total long-term debt during the next five years, including the portion classified as current, are $341 million in 1996, $43 million in 1997, $169 million in 1998, $80 million in 1999 and $114 million in 2000.

In early 1996, Amoco redeemed the 9⅞ percent debentures due 2016 and plans to redeem the 9¾ percent debentures due 2016 on March 21, 1996.

10. Capital Stock

There were 800,000,000 shares of common stock without par value authorized at December 31, 1995. Details concerning share transactions are shown below:

	1995		1994		1993	
	Shares (thousands)	Amount (millions)	Shares (thousands)	Amount (millions)	Shares (thousands)	Amount (millions)
Outstanding on Jan. 1	**496,393**	**$2,166**	496,401	$2,147	496,303	$2,126
Stock repurchases	**(10,604)**	**(110)**	(771)	(10)	(686)	(6)
Sales and distributions under employee benefit plans, etc.	**1,971**	**92**	763	29	784	27
Canadian SEDs conversion	**8,643**	**442**	—	—	—	—
Shares outstanding on Dec. 31	**496,403**	**$2,590**	496,393	$2,166	496,401	$2,147

In addition, there are 50 million shares of voting preferred stock and 50 million shares of non-voting preferred stock authorized. As of December 31, 1995, none of the preferred stock had been issued.

11. Leases

The corporation leases various types of properties, including service stations, tankers, buildings, railcars and other facilities, some of which are subleased to others, through operating leases. Some of the leases and subleases provide for contingent rentals based on refined product throughput.

Summarized below as of December 31, 1995, are future minimum rentals payable and related sublease rental income for operating leases.

millions of dollars	Rentals Payable	Rental Income
1996	$ 200	$ 50
1997	174	32
1998	157	14
1999	145	2
2000	126	1
After 2000	465	1
Total minimum rentals	$ 1,267	$ 100

Rental expense and related rental income applicable to operating leases for the three years ended December 31, 1995, are summarized below:

millions of dollars	**1995**	1994	1993
Minimum rental expense	**$ 269**	$ 252	$ 229
Contingent rental expense	**25**	19	16
Total	**294**	271	245
Less—Related rental income	**63**	64	84
Net rental expense	**$ 231**	$ 207	$ 161

12. Foreign Currency

A foreign currency gain of $1 million was reflected in income in 1995, compared with gains of $24 million and $47 million for 1994 and 1993, respectively. In addition, net translation gains of $19 million and $32 million for 1995 and 1994, respectively, and a net translation loss of $18 million for 1993 were reflected in the foreign currency translation adjustment account in shareholders' equity.

13. Interest Expense

The corporation capitalizes interest cost related to the financing of major projects under development. All other interest is expensed as incurred. The components of interest expense are summarized in the following table:

millions of dollars	**1995**	1994	1993
Short-term obligations	**$ 16**	$ 19	$ 14
Long-term obligations	**301**	269	285
Total external financing	**317**	288	299
Other interest expense	**30**	30	39
	347	318	338
Less—Capitalized interest	**12**	—	13
Net interest expense	**$ 335**	$ 318	$ 325

14. Research and Development Expenses

Research and development costs are expensed as incurred and amounted to $175 million in 1995, $255 million in 1994 and $292 million in 1993.

15. Taxes

The aggregate federal and foreign deferred income tax balance represents the tax effect of the following items at December 31:

millions of dollars	**1995**	1994
Tax credit and loss carryforwards	**$ 1,042**	$ 912
Exploration costs	**347**	304
Postretirement benefits	**527**	516
Environmental costs	**361**	387
Other	**392**	578
Gross deferred tax assets	**2,669**	2,697
Deferred tax asset valuation allowance	**(586)**	(720)
Net deferred tax assets	**$ 2,083**	$ 1,977
Accelerated depreciation	**$ 3,183**	$ 3,403
Intangible drilling costs	**719**	707
Other	**347**	340
Deferred tax liabilities	**$ 4,249**	$ 4,450

The decrease in the deferred tax asset valuation allowance primarily reflects the reduction of deferred tax assets associated with divestitures.

The provision for income taxes is composed of:

millions of dollars	**1995**	1994	1993
Federal—current	**$ 283**	$ 392	$ 104
—deferred	**(63)**	(74)	162
Foreign—current	**520**	422	479
—deferred	**(232)**	(47)	(77)
State and local	**34**	9	19
	$ 542	$ 702	$ 687

The following is a reconciliation between the provision for income taxes and income taxes determined by applying the federal statutory rate to income before income taxes:

	1995		1994		1993	
	Amount (millions)	Percent of Pre-Tax Income	Amount (millions)	Percent of Pre-Tax Income	Amount (millions)	Percent of Pre-Tax Income
Pre-tax income:						
U.S. source	**$ 1,556**		$1,738		$1,553	
Foreign source	**848**		753		954	
	$ 2,404		$2,491		$2,507	
Theoretical U.S. income tax	**$ 842**	**35.0**	$ 872	35.0	$ 878	35.0
Increase (reduction) due to:						
Foreign taxes at rates in excess of U.S. rate	**39**	**1.6**	120	4.8	92	3.7
Effect of foreign currency gains/losses	**(8)**	**(.4)**	(9)	(.3)	(24)	(1.0)
Tax credits	**(179)**	**(7.4)**	(174)	(7.0)	(185)	(7.4)
Tax-rate changes	**(16)**	**(.7)**	—	—	53	2.1
Prior-year adjustments	**(27)**	**(1.1)**	(68)	(2.7)	(125)	(5.0)
All other (net)	**(109)**	**(4.5)**	(39)	(1.6)	(2)	—
	$ 542	**22.5**	$ 702	28.2	$ 687	27.4

Taxes other than income taxes include:

millions of dollars	1995	1994	1993
Consumer excise taxes	**$ 3,339**	$ 3,409	$ 2,824
Production and severance taxes			
United States	**100**	112	128
Foreign	**113**	73	110
Property taxes	**254**	289	315
Social Security, corporation and other taxes	**236**	270	271
	$ 4,042	$ 4,153	$ 3,648

Undistributed earnings of certain foreign subsidiaries and joint-venture companies aggregated $618 million on December 31, 1995, which, under existing law, will not be subject to U.S. tax until distributed as dividends. Since the earnings have been or are intended to be indefinitely reinvested in foreign operations, no provision has been made for any U.S. taxes that may be applicable thereto. Furthermore, any taxes paid to foreign governments on those earnings may be used in whole or in part as credits against the U.S. tax on any dividends distributed from such earnings. It is not practicable to estimate the amount of unrecognized deferred U.S. taxes on these undistributed earnings.

16. Stock Option Plans

The corporation's stock option plans approved by shareholders provide for the granting of options with or without stock appreciation rights (SARs) to key managerial and other eligible employees to buy corporation common stock at not less than 100 percent of the fair market value at the date of grant. Such options may be incentive stock options to the extent provided in the Internal Revenue Code. Options granted under the plans prior to 1994 normally extend for 10 years and generally become exercisable two years after the date of the grant. Options granted in 1994 and thereafter become exercisable 50 percent one year after the date of grant and 100 percent two years after the date of grant. Options with SARs permit holders to surrender exercisable options in exchange for payment determined by the amount by which the market value of the shares on the dates the rights are exercised exceeds the grant price. Such payments can be made in shares, cash or a combination at the discretion of the administering committee. No options were granted with SARs in 1995.

Option plan transactions in 1994 and 1995 are summarized in the following table:

	Thousands of Shares	Price Range Per Share
Options outstanding on January 1, 1994	10,559	$28.25 - 57.44
Granted	2,295	$55.06 - 57.88
Exercised	(684)	$28.25 - 54.13
Surrendered or terminated	(454)	$44.06 - 57.44
Canceled upon exercise of SARs	(121)	$28.25 - 42.50
Options outstanding on December 31, 1994	11,595	$29.81 - 57.88
Granted	**2,282**	**$59.00 - 67.88**
Exercised	**(921)**	**$29.81 - 57.44**
Surrendered or terminated	**(214)**	**$44.06 - 65.13**
Canceled upon exercise of SARs	**(76)**	**$29.81 - 52.44**
Options outstanding on December 31, 1995	**12,666**	**$32.03 - 67.88**

Of the total options outstanding on December 31, 1995, 350,200 were with SARs. Stock options for 9,440,725 shares were exercisable at year-end 1995. No options may be granted under the current plan after December 31, 2001.

The corporation's restricted stock grant plans provide for the awarding of shares of corporation common stock to selected employees of Amoco and its participating subsidiaries, including officers and directors. Shares issued under the plans may not be sold or otherwise transferred for a minimum period as established at the time of the grant. The shares generally are subject to forfeiture if the recipient's employment terminates during the specified period unless such termination is due to death, total disability or involuntary retirement. Shares issued have dividend and voting rights identical to other outstanding shares of the corporation's common stock. During 1995, 147,930 shares were issued under the current plans. No restricted shares may be issued under the current plan after December 31, 2001.

17. Employee Incentive Compensation Programs

Management incentive compensation plans approved by shareholders provide for the granting of awards to key managerial employees and executives of the corporation and certain subsidiaries. Amounts charged against earnings in anticipation of awards to be made later were $16 million in 1995, $15 million in 1994, and $10 million in 1993. Awards made in 1995, 1994 and 1993 amounted to $20 million, $21 million and $13 million, respectively.

The Amoco Performance Share Plan allocates Amoco stock to eligible employees when the corporation's total return to shareholders, based on the average return for three years, meets or exceeds the average return achieved by a select group of competitors. No contributions were made on behalf of employees in 1995 and 1993. The return on Amoco stock was above the competitor average in 1994. As a result, employees earned stock equal to 3.5 percent of compensation. The amount charged to expense in 1994 was $59 million.

18. Retirement Plans

The corporation and its subsidiaries have a number of defined benefit pension plans covering most employees. Plan benefits are generally based on employees' years of service and average final compensation. Essentially all of the cost of these plans is borne by the corporation. The corporation makes contributions to the plans in amounts that are intended to provide for the cost of pension benefits over the service lives of employees.

The funded status of the plans as of December 31 for 1995 and 1994 was as follows:

millions of dollars	Plans for which Assets Exceed Benefits	Plans for which Benefits Exceed Assets
1995		
Fair value of plan assets, principally equity and fixed-income securities	**$ 383**	**$ 2,218**
Actuarial present value of benefit obligations:		
Accumulated benefit obligation*	**318**	**2,452**
Additional benefits based on estimated future salary levels	**48**	**501**
Projected benefit obligation (PBO)	**366**	**2,953**
Plan assets over (under) PBO	**17**	**(735)**
Unrecognized net gains at transition	**(13)**	**(21)**
Other unrecognized net losses	**25**	**602**
Unrecognized prior service cost	**8**	**39**
Minimum pension liability adjustment	**—**	**(132)**
Net pension cost prepaid (accrued)	**$ 37**	**$ (247)**
1994		
Fair value of plan assets, principally equity and fixed-income securities	$ 2,253	$ 73
Actuarial present value of benefit obligations:		
Accumulated benefit obligation*	2,191	186
Additional benefits based on estimated future salary levels	390	57
Projected benefit obligation (PBO)	2,581	243
Plan assets under PBO	(328)	(170)
Unrecognized net (gains) losses at transition	(58)	8
Other unrecognized net losses	351	53
Unrecognized prior service cost	57	8
Net pension cost prepaid (accrued)	$ 22	$ (101)

**Accumulated benefits totaling $308 million and $266 million were non-vested at December 31, 1995 and 1994, respectively.*

The actuarial assumptions used for the corporation's principal pension plans for 1995 and 1994 were as follows:

	1995	1994
Discount rate for service and interest cost	**8.5%**	7.0%
Discount rate for the projected benefit obligation	**7.0%**	8.5%
Rate of compensation increase for the projected benefit obligation	**5.0%**	5.0%
Long-term rate of return on assets	**10.0%**	10.0%

The components of net pension cost for the past three years were as follows:

millions of dollars	1995	1994	1993
Service cost-benefits earned during the period	**$ 98**	$ 113	$ 102
Interest cost on projected benefit obligation	**242**	221	204
Actual (gain) loss on assets	**(492)**	53	(302)
Unrecognized gain (loss)	**217**	(311)	50
Recognized gain on assets	**(275)**	(258)	(252)
Curtailment loss	**2**	21	—
Amortization of unrecognized amounts	**12**	22	1
Net pension cost	**$ 79**	$ 119	$ 55

Most employees are also eligible to participate in defined contribution plans by contributing a portion of their compensation. The corporation matches contributions up to specified percentages of each employee's compensation. Matching contributions charged to income were $83 million in 1995, $99 million in 1994 and $96 million in 1993.

19. Other Postretirement Benefits

The corporation and its subsidiaries provide certain health care and life insurance benefits for retired employees. Substantially all of the corporation's domestic employees and employees in certain foreign countries are provided these benefits through insurance companies whose premiums are based on benefits paid during the year. The cost of such benefits is recognized during employees' years of active service.

The status of the corporation's unfunded plans as of December 31 for 1995 and 1994 was as follows:

millions of dollars	1995	1994
Accumulated benefit obligation		
Retirees	**$ 655**	$ 603
Fully eligible active plan participants	**157**	156
Other active plan participants	**370**	281
Total	**1,182**	1,040
Unrecognized net gains	**106**	240
Unrecognized prior service gains	**235**	215
Accrued postretirement benefit cost	**$ 1,523**	$ 1,495

The actuarial assumptions used for the corporation's principal postretirement benefit plans for 1995 and 1994 were as follows:

	1995	1994
Discount rate for service and interest cost	**8.5%**	7.0%
Discount rate for the accumulated benefit obligation	**7.0%**	8.5%
Rate of compensation increase for the accumulated benefit obligation	**5.0%**	5.0%
Assumed current year health care cost trend rate		
–retirees under 65	**10.3%**	11.1%
–Medicare eligible retirees	**8.0%**	8.5%
Assumed ultimate trend rate	**5.0%**	5.0%
Year ultimate health care cost rate will be achieved	**2002**	2002
Effect of 1% increase in health care cost trend rates (millions)		
–annual aggregate service and interest costs	**$ 12**	$ 18
–accumulated postretirement benefit obligation	**$ 119**	$ 93

The components of net postretirement benefit costs for the past three years were as follows:

millions of dollars	1995	1994	1993
Service cost-benefits earned during the period	**$ 26**	$ 34	$ 32
Interest cost on accumulated benefit obligation	**86**	89	97
Amortization and other	**(36)**	(33)	(22)
Net postretirement benefit cost	**$ 76**	$ 90	$ 107

20. Litigation

The Internal Revenue Service (IRS) has challenged the application of certain foreign income taxes as credits against the corporation's U.S. taxes that otherwise would have been payable for the years 1980 through 1989. On June 18, 1992, the IRS issued a statutory Notice of Deficiency for additional taxes in the amount of $466 million, plus interest, relating to 1980 through 1982. The corporation has filed a petition in the U.S. Tax Court contesting the IRS statutory Notice of Deficiency. Trial on the matter was held in April 1995, and a decision is expected in 1996. A comparable adjustment of foreign tax credits for each year has been proposed for the years 1983 through 1989 based upon subsequent IRS audits. Similar challenges could arise relating to years subsequent to 1989. The corporation believes that the foreign income taxes have been reflected properly in its U.S. federal tax returns. The corporation is confident that it will prevail in the litigation. Consequently, this dispute is not expected to have a material adverse effect on liquidity, results of operations, or the consolidated financial position of the corporation.

21. Other Contingencies

Amoco is subject to federal, state and local environmental laws and regulations. Amoco is currently participating in the cleanup of numerous sites pursuant to such laws and regulations. The reasonably estimable future costs of probable environmental obligations, including Amoco's probable costs for obligations for which Amoco is jointly and severally liable, and for assets or businesses that were previously disposed, have been provided for in the corporation's results of operations. These estimated costs represent the amount of expenditures expected to be incurred in the future to remediate sites with known environmental obligations. The accrued liability represents a reasonable best estimate of Amoco's remediation liability. As the scope of the obligations becomes better defined, there may be changes in the estimated future costs, which could result in charges against the company's future results of operations. The ultimate amount of any such future costs, and the range within which such costs can be expected to fall, cannot be determined. Although the costs could be significant in relationship to the results of operations in any one period, they are not expected to have a material effect on Amoco's liquidity or consolidated financial position.

22. Summarized Financial Data

The corporation's principal subsidiary, Amoco Company, is the holding company for substantially all petroleum and chemical operating subsidiaries except Amoco Canada. Amoco guarantees the outstanding public debt obligations of Amoco Company.

Summarized financial data for Amoco Company are presented as follows:

millions of dollars	**1995**	1994	1993
For the years ended December 31:			
Revenues (including excise taxes)	**$ 28,339**	$ 27,841	$ 25,930
Operating profit	**$ 2,783**	$ 2,470	$ 2,595
Net income	**$ 1,798**	$ 1,878	$ 1,803
At December 31:			
Current assets	**$ 5,303**	$ 5,399	$ 4,383
Total assets	**$ 26,326**	$ 24,549	$ 23,513
Current liabilities	**$ 4,578**	$ 4,142	$ 3,976
Long-term debt*	**$ 6,785**	$ 6,190	$ 1,967
Deferred credits	**$ 4,397**	$ 4,584	$ 4,441
Minority interest	**$ 110**	$ 5	$ —
Shareholder's equity*	**$ 10,456**	$ 9,628	$ 13,129

**Change reflects dividends in 1994 to Amoco Corporation of intercompany notes receivable from subsidiaries.*

Annual maturities of long-term debt during the next five years, including the portion classified as current, are $196 million in 1996, $18 million in 1997, $117 million in 1998, $80 million in 1999 and $113 million in 2000.

Amoco Canada is a wholly owned subsidiary of Amoco Corporation. Amoco and Amoco Company guarantee the notes and debentures of Amoco Canada.

Summarized financial data for Amoco Canada are presented as follows:

millions of dollars	**1995**	1994	1993
For the years ended December 31:			
Revenues	**$ 3,619**	$ 3,256	$ 3,400
Net (loss) income	**$ (205)**	$ 82	$ 331
At December 31:			
Current assets	**$ 1,252**	$ 1,354	$ 1,432
Total assets	**$ 4,493**	$ 4,613	$ 4,619
Current liabilities	**$ 2,494**	$ 1,976	$ 1,998
Non-current liabilities	**$ 2,381**	$ 2,815	$ 2,880
Shareholder's deficit	**$ (382)**	$ (178)	$ (259)

There are no scheduled maturities of long-term debt during the next five years.

Amoco Argentina Oil Company (Amoco Argentina) is an indirect wholly owned subsidiary of Amoco. Amoco and Amoco Company guarantee the outstanding public debt obligations of Amoco Argentina.

Summarized financial data for Amoco Argentina are presented as follows:

millions of dollars	**1995**	1994	1993
For the years ended December 31:			
Revenues	**$ 258**	$ 189	$ 208
Net income	**$ 88**	$ 76	$ 74
At December 31:			
Current assets	**$ 73**	$ 97	$ 103
Total assets	**$ 389**	$ 349	$ 337
Current liabilities	**$ 49**	$ 58	$ 100
Non-current liabilities	**$ 113**	$ 100	$ 20
Shareholder's equity	**$ 227**	$ 191	$ 217

There are no scheduled maturities of long-term debt during the next five years.

23. Segment and Geographic Data

The corporation operates worldwide in the petroleum and chemical industries, in several industry segments. Petroleum operations include exploration and production (E&P) and petroleum products segments. The E&P segment is engaged in exploring for, developing and producing crude oil and natural gas; and extraction, transportation and marketing of natural gas and natural gas liquids (NGL). The petroleum products segment is responsible for refining operations, marketing of all petroleum products, the transportation of crude oil and petroleum products, and associated supply and trading activities, primarily in the United States. The chemical segment manufactures and sells various petroleum-based chemical products. Corporate and other operations include net interest and general corporate expenses, and the results of investments in technology companies, real estate interests and other activities. In 1995, Amoco changed the reporting segments to align with its organizational structure; data for prior years have been restated.

Intersegment and intergeographic sales are accounted for at prices that approximate market prices. Income taxes are generally assigned to the operations that give rise to the tax effects.

Identifiable assets are those used in the operations of each segment or area, including intersegment or intergeographic receivables. Corporate assets consist primarily of cash, marketable securities and the unamortized cost of purchased tax benefits.

Segment and Geographic Data

Statement of Information by Industry Segment

For the Years 1995, 1994 and 1993

	Petroleum Operations				
millions of dollars	Exploration and Production	Petroleum Products	Chemical Operations	Corporate and Other Operations	Consolidated*
Year 1995					
Revenues other than intersegment sales	**$ 6,978**	**$ 18,018**	**$ 5,655**	**$ 46**	**$ 31,004**
Intersegment sales	**3,494**	**1,066**	**62**	**—**	**—**
Total revenues	**$ 10,472**	**$ 19,084**	**$ 5,717**	**$ 46**	**$ 31,004**
Operating profit	**$ 1,200**	**$ 498**	**$ 1,256**	**$ (75)**	**$ 2,879**
Equity in earnings of others	**—**	**35**	**133**	**2**	**170**
General corporate amounts				**(310)**	**(310)**
Interest expense				**(335)**	**(335)**
Income taxes	**(395)**	**(153)**	**(426)**	**432**	**(542)**
Net income	**$ 805**	**$ 380**	**$ 963**	**$ (286)**	**$ 1,862**
Depreciation and related charges	**$ 1,996**	**$ 446**	**$ 293**	**$ 59**	**$ 2,794**
Capital expenditures	**$ 2,104**	**$ 461**	**$ 850**	**$ 111**	**$ 3,526**
Identifiable assets	**$ 15,241**	**$ 6,694**	**$ 5,183**	**$ 2,705**	**$ 29,241**
Equity investments and related advances	**$ 47**	**$ 33**	**$ 502**	**$ 22**	**604**
Total assets					**$ 29,845**
Year 1994					
Revenues other than intersegment sales	$ 7,124	$ 18,185	$ 4,445	$ 106	$ 30,362
Intersegment sales	2,989	1,093	69	—	—
Total revenues	$ 10,113	$ 19,278	$ 4,514	$ 106	$ 30,362
Operating profit	$ 1,649	$ 576	$ 603	$ (216)	$ 2,612
Equity in earnings of others	4	31	98	—	133
General corporate amounts				64	64
Interest expense				(318)	(318)
Income taxes	(623)	(197)	(216)	334	(702)
Net income	$ 1,030	$ 410	$ 485	$ (136)	$ 1,789
Depreciation and related charges	$ 1,531	$ 444	$ 195	$ 69	$ 2,239
Capital expenditures	$ 1,618	$ 417	$ 467	$ 70	$ 2,572
Identifiable assets	$ 15,140	$ 6,866	$ 4,371	$ 3,014	$ 28,896
Equity investments and related advances	$ 34	$ 32	$ 351	$ 3	420
Total assets					$ 29,316
Year 1993					
Revenues other than intersegment sales	$ 6,598	$ 18,275	$ 3,548	$ 96	$ 28,617
Intersegment sales	3,286	849	74	—	—
Total revenues	$ 9,884	$ 19,124	$ 3,622	$ 96	$ 28,617
Operating profit	$ 1,769	$ 1,057	$ 294	$ (74)	$ 3,046
Equity in earnings of others	(1)	30	60	—	89
General corporate amounts				(303)	(303)
Interest expense				(325)	(325)
Income taxes	(643)	(374)	(132)	462	(687)
Net income	$ 1,125	$ 713	$ 222	$ (240)	$ 1,820
Depreciation and related charges	$ 1,518	$ 419	$ 182	$ 74	$ 2,193
Capital expenditures	$ 1,658	$ 704	$ 369	$ 86	$ 2,817
Identifiable assets	$ 15,006	$ 7,136	$ 3,907	$ 2,458	$ 28,185
Equity investments and related advances	$ 30	$ 32	$ 234	$ 5	301
Total assets					$ 28,486

**After elimination of intersegment transactions.*

Segment and Geographic Data (continued)

Statement of Information by Geographic Area

For the Years 1995, 1994 and 1993

millions of dollars	United States	Canada	Europe	Other	Corporate	Consolidated*
Year 1995						
Revenues other than intergeographic sales	**$ 23,978**	**$ 2,676**	**$ 1,749**	**$ 2,294**		**$ 31,004**
Intergeographic sales	**1,335**	**942**	**170**	**404**		**—**
Total revenues	**$ 25,313**	**$ 3,618**	**$ 1,919**	**$ 2,698**		**$ 31,004**
Operating profit	**$ 2,065**	**$ 29**	**$ 223**	**$ 562**		**$ 2,879**
Net income	**$ 1,582**	**$ 11**	**$ 142**	**$ 364**	**$ (237)**	**$ 1,862**
Capital expenditures	**$ 2,039**	**$ 311**	**$ 452**	**$ 658**	**$ 66**	**$ 3,526**
Identifiable assets	**$ 18,880**	**$ 3,591**	**$ 2,755**	**$ 2,713**	**$ 2,189**	**$ 29,241**
Equity investments and related advances	**$ 53**	**$ 32**	**$ 6**	**$ 513**		**604**
Total assets						**$ 29,845**
Equity in earnings of others	**$ 36**	**$ —**	**$ 1**	**$ 133**		**$ 170**
Year 1994						
Revenues other than intergeographic sales	$ 24,003	$ 2,555	$ 1,403	$ 1,899		$ 30,362
Intergeographic sales	711	706	24	473		—
Total revenues	$ 24,714	$ 3,261	$ 1,427	$ 2,372		$ 30,362
Operating profit	$ 1,836	$ 349	$ 47	$ 380		$ 2,612
Net income	$ 1,393	$ 203	$ 4	$ 188	$ 1	$ 1,789
Capital expenditures	$ 1,537	$ 340	$ 126	$ 524	$ 45	$ 2,572
Identifiable assets	$ 18,254	$ 3,724	$ 2,481	$ 2,292	$ 2,634	$ 28,896
Equity investments and related advances	$ 36	$ 33	$ 4	$ 347		420
Total assets						$ 29,316
Equity in earnings of others	$ 30	$ 4	$ —	$ 99		$ 133
Year 1993						
Revenues other than intergeographic sales	$ 22,777	$ 2,664	$ 1,051	$ 2,025		$ 28,617
Intergeographic sales	562	749	38	462		—
Total revenues	$ 23,339	$ 3,413	$ 1,089	$ 2,487		$ 28,617
Operating profit	$ 2,200	$ 607	$ (80)	$ 319		$ 3,046
Net income	$ 1,589	$ 451	$ (104)	$ 80	$ (196)	$ 1,820
Capital expenditures	$ 1,624	$ 294	$ 362	$ 491	$ 46	$ 2,817
Identifiable assets	$ 18,226	$ 3,703	$ 2,371	$ 2,118	$ 2,051	$ 28,185
Equity investments and related advances	$ 39	$ 28	$ 3	$ 231		301
Total assets						$ 28,486
Equity in earnings of others	$ 26	$ 1	$ (2)	$ 64		$ 89

**After elimination of intergeographic transactions.*

Supplemental Information

Oil and Gas Exploration and Production Activities

The tables presented below provide supplemental information about oil and gas exploration and production activities as defined by SFAS No. 69, "Disclosures about Oil and Gas Producing Activities." This information excludes other activities within the exploration and production segment, primarily activities associated with marketing of natural gas and supply and marketing of NGL in Canada.

Results of Operations for Oil and Gas Producing Activities

	1995					1994					1993				
millions of dollars	United States	Canada	Europe	Other	World-wide	United States	Canada	Europe	Other	World-wide	United States	Canada	Europe	Other	World-wide
Oil and gas production revenues															
From consolidated subsidiaries	**$2,223**	**$ 331**	**$ —**	**$ 908**	**$3,462**	$ 2,497	$ 323	$ 2	$ 877	$3,699	$ 2,572	$ 385	$ 12	$1,078	$4,047
From unaffiliated entities	**512**	**274**	**719**	**717**	**2,222**	460	412	668	603	2,143	742	411	492	442	2,087
Other revenues	**155**	**100**	**102**	**92**	**449**	263	186	100	69	618	137	322	42	53	554
Total revenues	**2,890**	**705**	**821**	**1,717**	**6,133**	3,220	921	770	1,549	6,460	3,451	1,118	546	1,573	6,688
Production costs															
Taxes other than income	**179**	**13**	**25**	**112**	**329**	242	17	21	65	345	297	13	17	102	429
Other production costs	**744**	**240**	**233**	**369**	**1,586**	788	265	278	401	1,732	875	276	209	380	1,740
Exploration expenses	**152**	**112**	**123**	**223**	**610**	113	117	178	225	633	90	47	151	241	529
Depreciation, depletion and amortization expense	**973**	**350**	**197**	**337**	**1,857**	629	261	215	340	1,445	693	293	165	327	1,478
Other related costs	**321**	**73**	**85**	**117**	**596**	412	27	130	151	720	495	61	95	298	949
Total costs	**2,369**	**788**	**663**	**1,158**	**4,978**	2,184	687	822	1,182	4,875	2,450	690	637	1,348	5,125
Operating profit	**521**	**(83)**	**158**	**559**	**1,155**	1,036	234	(52)	367	1,585	1,001	428	(91)	225	1,563
Income tax expense	**15**	**(37)**	**70**	**314**	**362**	188	113	11	290	602	189	91	9	279	568
Results of operations	**$ 506**	**$ (46)**	**$ 88**	**$ 245**	**$ 793**	$ 848	$ 121	$ (63)	$ 77	$ 983	$ 812	$ 337	$ (100)	$ (54)	$ 995

Oil and gas production revenues reflect the market prices of net production sold or transferred, with appropriate adjustments for royalties, net profits interest and other contractual provisions. Other revenues in 1994 include the U.S. COET settlement; other revenues in 1993 include Canadian gains on dispositions of properties and investments. Taxes other than income include production and severance taxes and property taxes. Other production costs are lifting costs incurred to operate and maintain productive wells and related equipment, including such costs as operating labor, repairs and maintenance, materials, supplies and fuel consumed. Also included are operating costs of field natural gas liquids plants. Production costs include related administrative expenses and depreciation applicable to support equipment associated with production activities.

Exploration expenses include the costs of geological and geophysical activity, carrying and retaining undeveloped properties and drilling exploratory wells determined to be non-productive. Depreciation, depletion and amortization (DD&A) expense relates to capitalized costs incurred in acquisition, exploration and development activities and does not include depreciation applicable to support equipment. In 1995, DD&A included $355 million and $121 million in the United States and Canada, respectively, related to impairment of long-lived assets. Included in other related costs are significant, non-recurring items and purchases of natural gas for field natural gas liquids plants. Significant, non-recurring items include $102 million for restructuring in 1994; and $210 million for the writedown of Congo operations and U.S. environmental charges of $96 million in 1993.

Income taxes are generally assigned to the operations that give rise to the tax effects. Results of operations do not include interest expense and general corporate amounts nor their associated tax effects.

Average Sales Prices and Production Costs Per Unit of Oil and Gas Produced

		1995	1994	1993
Product revenues				
Crude oil and natural gas liquids (dollars per barrel)				
United States	—crude oil	**$ 16.02**	$ 14.82	$ 15.96
	—natural gas liquids	**$ 10.00**	$ 9.39	$ 10.79
Canada	—crude oil	**$ 15.15**	$ 13.38	$ 13.94
	—natural gas liquids	**$ 9.71**	$ 8.75	$ 9.44
Europe		**$ 17.18**	$ 15.49	$ 17.69
Other		**$ 16.02**	$ 14.23	$ 15.87
Natural gas (dollars per mcf)				
United States		**$ 1.35**	$ 1.66	$ 1.88
Canada		**$ .89**	$ 1.39	$ 1.31
Europe		**$ 2.45**	$ 2.23	$ 1.97
Other		**$ 1.11**	$ .89	$ .81
Production costs (dollars per equivalent barrel)*				
United States		**$ 3.54**	$ 3.89	$ 4.42
Canada		**$ 3.29**	$ 3.62	$ 3.27
Europe		**$ 5.59**	$ 6.62	$ 6.43
Other		**$ 3.93**	$ 3.84	$ 4.01

**Production costs are shown on a dollar-per-barrel basis after converting natural gas into equivalent barrel units. Natural gas was converted on the basis of approximate relative energy content.*

Supplemental Information (continued)

Oil and Gas Exploration and Production Activities (continued)

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

The standardized measure of discounted future net cash flows relating to proved oil and gas reserves is prescribed by SFAS No. 69. The statement requires measurement of future net cash flows through assignment of a monetary value to proved reserve quantities and changes therein using a standardized formula. The amounts shown are based on prices and costs at the end of each period, legislated tax rates and a 10 percent annual discount factor. Because the calculation assumes static economic and political conditions and requires extensive judgment in estimating the timing of production, the resultant future net cash flows are not necessarily indicative of the fair market value of estimated proved reserves, but provide a reference point that may assist the user in projecting future cash flows.

Summarized below is the standardized measure of discounted future net cash flows relating to proved oil and gas reserves at December 31, 1995, 1994 and 1993.

millions of dollars	United States	Canada	Europe	Other	World-wide
December 31, 1995					
Future cash inflows	**$ 33,326**	**$ 7,534**	**$ 8,671**	**$ 13,359**	**$ 62,890**
Future development and production costs	**15,923**	**3,759**	**4,174**	**5,173**	**29,029**
Future income taxes	**4,438**	**1,515**	**1,841**	**3,401**	**11,195**
Future net cash flows	**12,965**	**2,260**	**2,656**	**4,785**	**22,666**
Ten percent annual discount	**7,385**	**653**	**948**	**1,844**	**10,830**
Discounted net cash flows	**$ 5,580**	**$ 1,607**	**$ 1,708**	**$ 2,941**	**$ 11,836**
December 31, 1994					
Future cash inflows	$ 33,605	$ 8,135	$ 6,736	$ 10,951	$ 59,427
Future development and production costs	16,922	3,686	3,939	4,207	28,754
Future income taxes	3,999	1,471	950	2,776	9,196
Future net cash flows	12,684	2,978	1,847	3,968	21,477
Ten percent annual discount	7,189	1,324	538	1,435	10,486
Discounted net cash flows	$ 5,495	$ 1,654	$ 1,309	$ 2,533	$ 10,991
December 31, 1993					
Future cash inflows	$ 35,403	$ 7,948	$ 5,826	$ 8,242	$ 57,419
Future development and production costs	17,639	3,605	3,091	4,084	28,419
Future income taxes	4,235	1,566	1,012	1,620	8,433
Future net cash flows	13,529	2,777	1,723	2,538	20,567
Ten percent annual discount	7,714	1,259	589	961	10,523
Discounted net cash flows	$ 5,815	$ 1,518	$ 1,134	$ 1,577	$ 10,044

Future cash inflows are computed by applying the year-end prices of oil and gas to proved reserve quantities as reported in the table on page 51. Future price changes are considered only to the extent provided by contractual arrangements. Future development and production costs are estimated expenditures to develop and produce the proved reserves based on year-end costs and assuming continuation of existing economic conditions. Future income taxes are calculated by applying appropriate statutory tax rates to future pre-tax net cash flows from proved oil and gas reserves less recovery of the tax basis of proved properties, and adjustments for permanent differences.

Statement of Changes in Standardized Measure of Discounted Future Net Cash Flows

The following table details the changes in the standardized measure of discounted future net cash flows for the three years ended December 31, 1995.

millions of dollars	**1995**	1994	1993
Balance at January 1	**$ 10,991**	$ 10,044	$ 12,670
Changes resulting from:			
Sales and transfers of oil and gas produced, net of production costs	**(3,769)**	(3,765)	(3,965)
Net changes in prices, and development and production costs	**407**	1,059	(3,966)
Current-year expenditures for development	**1,707**	1,499	1,594
Extensions, discoveries and improved recovery, less related costs	**1,922**	1,128	758
Purchases (sales) of reserves in place	**128**	(45)	(235)
Revisions of previous quantity estimates	**56**	303	488
Accretion of discount	**1,441**	1,331	1,798
Net change in income taxes	**(833)**	(253)	1,861
Other	**(214)**	(310)	(959)
Balance at December 31	**$ 11,836**	$ 10,991	$ 10,044

The price of crude oil and natural gas has fluctuated over the past several years, and price changes have had significant effects on the computed future cash flows over the period shown. Because the price of crude oil and natural gas is likely to remain volatile in the future, price changes can be expected to continue to significantly affect the standardized measure of future net cash flows.

Estimated Proved Reserves

Net proved reserves of crude oil (including condensate), NGL and natural gas at the beginning and end of 1995, 1994 and 1993, with the detail of changes during those years, are presented below. Reported quantities include reserves in which the corporation holds an economic interest under production-sharing and other types of operating agreements with foreign governments. The estimates were prepared by corporation engineers and are based on current technology and economic conditions. The corporation considers such estimates to be reasonable and consistent with current knowledge of the characteristics and extent of proved production. These estimates include only those amounts considered to be proved reserves and do not include additional amounts that may result from extensions of currently proved areas, or amounts that may result from new discoveries in the future, or from application of secondary or tertiary recovery processes not yet determined to be commercial. Proved developed reserves are those reserves that are expected to be recovered through existing wells with existing equipment and operating methods.

	United States			Canada			Europe			Other		Worldwide		
Crude Oil and NGL in millions of barrels; Gas in billions of cubic feet	Crude Oil	NGL	Gas	Crude Oil	NGL	Gas	Crude Oil[1]	NGL	Gas	Crude Oil and NGL	Gas	Crude Oil	NGL	Gas
Proved reserves														
December 31, 1992	865	461	11,616	246	47	3,519	185	13	1,243	433	1,474	1,721	529	17,852
Revisions of previous estimates	14	3	812	8	1	(25)	6	1	81	35	68	63	5	936
Improved recovery applications	6	2	1	1	—	—	14	1	6	34	—	55	3	7
Extensions, discoveries and other additions	5	2	160	19	1	112	4	—	22	77	247	103	5	541
Purchases of reserves in place	1	1	76	12	2	86	—	—	9	2	52	14	4	223
Sales of reserves in place	(3)	(1)	(31)	(35)	(4)	(391)	—	—	—	—	—	(38)	(5)	(422)
Production	(75)	(25)[2]	(867)	(26)	(5)	(332)	(18)	—	(95)	(87)	(193)	(204)	(32)	(1,487)
December 31, 1993	813	443	11,767	225	42	2,969	191	15	1,266	494	1,648	1,714	509	17,650
Revisions of previous estimates	(20)	18	220	(2)	2	91	7	(1)	14	27	159	13	18	484
Improved recovery applications	16	3	1	6	—	1	4	—	2	30	—	56	3	4
Extensions, discoveries and other additions	48	6	555	36	2	288	6	2	236	49	778	139	10	1,857
Purchases of reserves in place	5	—	117	4	—	7	—	—	—	—	—	9	—	124
Sales of reserves in place	(5)	(1)	(39)	(3)	—	(45)	(7)	(1)	(9)	(22)	—	(37)	(2)	(93)
Production	(71)	(22)[2]	(893)	(21)	(5)	(289)	(24)	(1)	(121)	(83)	(202)	(198)	(29)	(1,505)
December 31, 1994	786	447	11,728	245	41	3,022	177	14	1,388	495	2,383	1,696	509	18,521
Revisions of previous estimates	**5**	**12**	**(198)**	**3**	**2**	**(25)**	**5**	**(2)**	**11**	**12**	**126**	**25**	**12**	**(86)**
Improved recovery applications	**12**	**2**	**139**	**41**	**—**	**11**	**23**	**2**	**39**	**29**	**102**	**105**	**4**	**291**
Extensions, discoveries and other additions	**27**	**9**	**475**	**50**	**3**	**174**	**15**	**1**	**72**	**54**	**1,082**	**146**	**13**	**1,803**
Purchases of reserves in place	**4**	**3**	**305**	**1**	**1**	**36**	**56**	**—**	**—**	**8**	**—**	**69**	**4**	**341**
Sales of reserves in place	**(1)**	**(3)**	**(76)**	**(22)**	**(1)**	**(78)**	**—**	**—**	**(26)**	**(12)**	**—**	**(35)**	**(4)**	**(180)**
Production	**(66)**	**(22)[2]**	**(891)**	**(20)**	**(5)**	**(302)**	**(22)**	**(1)**	**(131)**	**(86)**	**(213)**	**(192)**	**(30)**	**(1,537)**
December 31, 1995	**767**	**448**	**11,482**	**298**	**41**	**2,838**	**254**	**14**	**1,353**	**500**	**3,480**	**1,814**	**508**	**19,153**
Proved developed reserves														
December 31, 1992	839	413	10,876	236	43	2,916	123	9	645	384	454	1,574	473	14,891
December 31, 1993	789	396	11,019	205	39	2,556	154	12	1,062	381	618	1,521	455	15,255
December 31, 1994	727	404	10,829	198	38	2,643	150	10	1,028	387	1,038	1,455	459	15,538
December 31, 1995	**713**	**409**	**10,443**	**222**	**38**	**2,559**	**143**	**7**	**1,017**	**386**	**1,422**	**1,458**	**460**	**15,441**

(1) In 1995, purchases of reserves in place include 56 million barrels associated with Amoco's interest in Azerbaijan.

(2) Excludes non-leasehold NGL production attributable to processing plant ownership of approximately 10 million barrels for each of 1993 and 1994, and approximately 15 million barrels for 1995.

Supplemental Information (continued)

Oil and Gas Exploration and Production Activities (continued)

Capitalized Costs

The following table summarizes capitalized costs for oil and gas exploration and production activities, and the related accumulated depreciation, depletion and amortization.

millions of dollars	United States	Canada	Europe	Other	World-wide
December 31, 1995					
Unproved properties					
Gross assets	**$ 358**	**$ 226**	**$ 140**	**$ 256**	**$ 980**
Accumulated amortization	**99**	**99**	**14**	**—**	**212**
Net assets	**259**	**127**	**126**	**256**	**768**
Proved properties					
Gross assets	**15,313**	**3,872**	**2,897**	**6,189**	**28,271**
Accumulated depreciation, depletion, etc.	**8,938**	**2,133**	**1,612**	**4,746**	**17,429**
Net assets	**6,375**	**1,739**	**1,285**	**1,443**	**10,842**
Support equipment and facilities					
Gross assets	**461**	**59**	**144**	**338**	**1,002**
Accumulated depreciation	**255**	**37**	**72**	**220**	**584**
Net assets	**206**	**22**	**72**	**118**	**418**
Net capitalized costs	**$ 6,840**	**$ 1,888**	**$ 1,483**	**$ 1,817**	**$12,028**
December 31, 1994					
Unproved properties					
Gross assets	$ 365	$ 224	$ 114	$ 170	$ 873
Accumulated amortization	113	91	12	—	216
Net assets	252	133	102	170	657
Proved properties					
Gross assets	14,574	3,906	2,804	6,029	27,313
Accumulated depreciation, depletion, etc.	8,168	2,076	1,443	4,781	16,468
Net assets	6,406	1,830	1,361	1,248	10,845
Support equipment and facilities					
Gross assets	620	75	106	343	1,144
Accumulated depreciation	321	32	64	235	652
Net assets	299	43	42	108	492
Net capitalized costs	$ 6,957	$ 2,006	$ 1,505	$ 1,526	$11,994

Costs Incurred

Property acquisition costs include costs incurred to purchase, lease or otherwise acquire oil and gas properties. Exploration costs include the costs of geological and geophysical activity, carrying and retaining undeveloped properties and drilling and equipping exploratory wells. Development costs include the costs of drilling and equipping development wells, CO_2 and certain other injected materials for enhanced recovery projects and facilities to extract, treat and gather and store oil and gas. Exploration and development costs include administrative expenses and depreciation applicable to support equipment associated with these activities. Costs incurred summarized below include both amounts expensed and capitalized.

millions of dollars	United States	Canada	Europe	Other	World-wide
Year 1995					
Property acquisition:					
Proved	**$ 176**	**$ 6**	**$ —**	**$ —**	**$ 182**
Unproved	**74**	**33**	**—**	**28**	**135**
Exploration	**262**	**124**	**179**	**409**	**974**
Development	**769**	**288**	**344**	**306**	**1,707**
Total	**$ 1,281**	**$ 451**	**$ 523**	**$ 743**	**$ 2,998**
Year 1994					
Property acquisition:					
Proved	$ 52	$ 11	$ 9	$ 1	$ 73
Unproved	50	51	3	2	106
Exploration	245	116	185	291	837
Development	614	246	193	446	1,499
Total	$ 961	$ 424	$ 390	$ 740	$ 2,515
Year 1993					
Property acquisition:					
Proved	$ 11	$ 11	$ 36	$ 23	$ 81
Unproved	4	23	54	20	101
Exploration	133	64	149	229	575
Development	657	234	276	427	1,594
Total	$ 805	$ 332	$ 515	$ 699	$ 2,351

Quarterly Results and Stock Market Data

	1995				1994			
millions of dollars, except per-share amounts	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenues	**$ 8,089**	**$ 7,638**	**$ 7,713**	**$ 7,564**	$ 7,782	$ 7,780	$ 8,035	$ 6,765
Operating profit	**$ 279**	**$ 922**	**$ 881**	**$ 797**	$ 669	$ 751	$ 558	$ 634
Net income (1)	**$ 207**	**$ 599**	**$ 533**	**$ 523**	$ 536	$ 445	$ 410	$ 398
Net income per share	**$ .42**	**$ 1.21**	**$ 1.08**	**$ 1.05**	$ 1.08	$ .89	$ .83	$ .80
Cash dividends per share	**$ .60**	**$ .60**	**$ .60**	**$ .60**	$ .55	$ .55	$ .55	$ .55
Common stock price range (2)								
High	**$ 72⅝**	**$ 69¼**	**$ 69¾**	**$ 64¼**	$ 64⅛	$ 61¼	$ 60	$ 56⅛
Low	**$ 63⅛**	**$ 62½**	**$ 61⅜**	**$ 56⅜**	$ 57½	$ 56¾	$ 51⅛	$ 50⅞

(1) Fourth-quarter 1995 earnings included charges of $380 million related to impairment of long-lived assets and a gain of $83 million on the sale of Amoco Motor Club. Fourth-quarter 1994 earnings included a $45 million gain associated with the disposition of certain European oil and gas properties, and tax adjustments benefiting corporate and other operations of $33 million. Results for the third quarter of 1994 included environmental charges of $32 million. Net income for the second quarter of 1994 included restructuring charges of $256 million. Second-quarter 1994 results also included benefits of $270 million relating to final settlements with the IRS involving crude oil excise taxes in the 1980s.

(2) The common stock price range is that on the New York Stock Exchange. Amoco's common stock is also traded on the Chicago, Pacific, Toronto and four Swiss stock exchanges.

Five-Year Operating Summary

Exploration and Production

		1995	1994	1993	1992	1991
Oil and Gas						
Net production of natural gas (millions of cubic feet per day)						
United States		**2,453**	2,520	2,443	2,388	2,247
Canada		**842**	821	916	813	758
Europe		**363**	335	259	267	270
Other		**581**	552	530	500	444
Total		**4,239**	4,228	4,148	3,968	3,719
Net production of crude oil and natural gas liquids (thousands of barrels per day)						
United States	—crude oil	**185**	196	209	227	251
	—natural gas liquids	**110**	96	96	94	91
Canada	—crude oil	**52**	59	70	77	84
	—natural gas liquids	**14**	14	14	12	12
Europe		**64**	66	51	55	55
Other		**235**	237	238	246	252
Total		**660**	668	678	711	745
Net proved reserves at year-end						
Natural gas (billions of cubic feet)						
United States		**11,482**	11,728	11,767	11,616	11,649
Canada		**2,838**	3,022	2,969	3,519	4,269
Europe		**1,353**	1,388	1,266	1,243	1,156
Other		**3,480**	2,383	1,648	1,474	1,626
Total		**19,153**	18,521	17,650	17,852	18,700
Crude oil and natural gas liquids (millions of barrels)						
United States	—crude oil	**767**	786	813	865	960
	—natural gas liquids	**448**	447	443	461	471
Canada	—crude oil	**298**	245	225	246	267
	—natural gas liquids	**41**	41	42	47	55
Europe		**268**	191	206	198	185
Other		**500**	495	494	433	508
Total		**2,322**	2,205	2,223	2,250	2,446
Net wells drilled						
Exploratory						
Productive	—United States	**53**	43	29	27	118
	—Canada	**71**	39	26	17	40
	—Other	**4**	11	9	1	6
Dry	—United States	**47**	12	6	52	36
	—Canada	**24**	16	5	27	14
	—Europe	**4**	8	2	4	6
	—Other	**8**	9	11	20	18
Total		**211**	138	88	148	238
Development						
Productive	—United States	**348**	457	238	313	335
	—Canada	**168**	114	70	59	85
	—Europe	**6**	2	8	3	4
	—Other	**127**	98	66	97	83
Dry	—United States	**20**	15	10	11	13
	—Canada	**10**	14	3	9	14
	—Europe	**—**	—	1	—	—
	—Other	**4**	10	1	1	3
Total		**683**	710	397	493	537
Total net wells drilled		**894**	848	485	641	775
Net wells owned at year-end						
Oil		**12,662**	13,760	13,796	14,948	14,787
Gas		**9,592**	8,941	8,741	8,765	9,073
Total		**22,254**	22,701	22,537	23,713	23,860

Five-Year Operating Summary (continued)

Exploration and Production (continued)

	1995	1994	1993	1992	1991
Oil and Gas (continued)					
Net proved properties at year-end (thousands of acres)					
United States	**2,312**	2,315	2,356	2,569	2,600
Canada	**1,426**	1,426	1,383	1,646	1,988
Europe	**212**	78	80	162	52
Other	**314**	313	176	148	148
Total	**4,264**	4,132	3,995	4,525	4,788
Net unproved properties at year-end (thousands of acres)					
United States	**5,112**	4,308	5,903	6,128	7,421
Canada	**2,419**	2,634	2,735	5,399	6,888
Europe	**5,271**	3,390	4,056	5,740	5,006
Other	**22,569**	29,007	44,290	63,816	59,214
Subtotal	**35,371**	39,339	56,984	81,083	78,529
Acreage held under reservations, permits and options	**2,767**	3,395	3,956	10,404	10,910
Total	**38,138**	42,734	60,940	91,487	89,439
Carbon Dioxide					
Net production (millions of cubic feet per day)	**233**	193	188	157	167
Net proved reserves at year-end (billions of cubic feet)	**1,679**	2,772	2,842	2,910	2,968
Net wells owned at year-end	**331**	309	317	276	275
Net properties at year-end (thousands of acres)	**683**	776	777	777	776
Sulfur					
Production (thousands of long tons)					
United States	**156**	164	159	196	255
Canada	**815**	444	283	622	568
Total production	**971**	608	442	818	823
Recovered from refinery operations (thousands of long tons)	**376**	402	417	395	349

Refined Products and Transportation

	1995	1994	1993	1992	1991
Refined products sold—trade (thousands of barrels per day)					
United States					
Gasoline	**614**	612	597	580	573
Distillates	**366**	369	350	334	322
Other products	**202**	196	184	174	157
Subtotal	**1,182**	1,177	1,131	1,088	1,052
Canada	**204**	173	172	169	175
Other	**10**	11	9	8	8
Total	**1,396**	1,361	1,312	1,265	1,235
Average selling price (cents per gallon)					
United States					
Gasoline	**66.4**	63.4	66.4	71.3	74.7
Distillates	**51.8**	51.6	55.0	58.4	62.1
Other products	**34.7**	31.9	33.5	31.0	34.7
Total	**56.6**	54.5	57.5	60.9	64.9
Canada	**31.0**	28.6	30.5	31.4	33.3
U.S. refinery statistics					
Average cost of crude input (cents per gallon)	**41.8**	38.4	39.6	44.6	45.5
Refinery input to crude units (thousands of barrels per day)	**926**	959	958	936	908
Operable refinery capacity (thousands of barrels per day)	**998**	984	979	982	962
Percent of refinery capacity utilized*	**92.8**	97.5	96.9	95.3	90.9
Pipeline mileage owned at year-end	**16,954**	17,118	17,111	17,164	17,193
Marine vessel capacity at year-end (thousands of deadweight tons)	**340**	340	728	920	1,106

**Includes Savannah, Ga., refinery for four months in 1993 and Casper, Wyo., refinery for 11 months in 1991.*

Chemical Product Revenues

	1995	1994	1993	1992	1991
Trade revenues (millions of dollars)					
Chemical feedstocks—Aromatics, olefins and styrene	**$ 805**	$ 628	$ 527	$ 576	$ 622
Chemical intermediates—PTA, industrial chemicals and petroleum additives	**2,659**	1,842	1,442	1,514	1,566
Polymers	**890**	697	545	526	528
Fabrics and fibers	**970**	936	717	837	842
Foam products	**288**	252	226	233	233
Other products	**2**	4	5	7	13
Worldwide chemical product revenues	**$ 5,614**	$ 4,359	$ 3,462	$ 3,693	$ 3,804
U.S. chemical product revenues	**$ 3,944**	$ 3,250	$ 2,553	$ 2,675	$ 2,711

Board of Directors

All information as of March 1, 1996

Board of Directors

❋ **H. Laurance Fuller, age 57** [1,5,7]
Chairman and chief executive officer
Director since 1981; term expires 1997

Donald R. Beall, age 57 [2,3,6]
Chairman and chief executive officer,
Rockwell International Corporation
Director since 1991; term expires 1996

Ruth S. Block, age 65 [2,3,6]
Executive vice president and chief insurance officer (retired), The Equitable
Director since 1986; term expires 1998

John H. Bryan, age 59 [3,5,6]
Chairman and chief executive officer,
Sara Lee Corporation
Director since 1982; term expires 1998

Erroll B. Davis Jr., age 51 [4,5,6]
President and chief executive officer,
Wisconsin Power and Light Company
and WPL Holdings, Inc.
Director since 1991; term expires 1997

Richard J. Ferris, age 59 [2,3,5,6]
Co-chairman, Doubletree Corporation
Director since 1981; term expires 1996

❋ **William G. Lowrie, age 52** [1,4,5,7]
President
Director since 1996; term expires 1996

Floris A. Maljers, age 62 [3,6]
Retired chairman of the board of Unilever N.V.,
Director since 1994; term expires 1996

Robert H. Malott, age 69 [2,4,5,6]
Chairman of the executive committee,
FMC Corporation
Director since 1973; term expires 1996

Walter E. Massey, age 57 [4,6]
President, Morehouse College
Director, 1983-1991
Director since 1993; term expires 1998

Martha R. Seger, age 64 [2,6]
Financial economist and former
governor of the Federal Reserve Board
Director since 1991; term expires 1997

Michael H. Wilson, age 58 [2,6]
Vice chairman, RBC Dominion Securities, Inc.
Director since 1993; term expires 1998

Richard D. Wood, age 69 [3,4,5,6]
Retired chairman of the board and chief executive officer, Eli Lilly and Company
Director since 1973; term expires 1997

❋ **Executive officers**
for the purposes of Section 16 of the Securities Exchange Act of 1934.

Additional Officers and Executives

❋ **R. Wayne Anderson, age 54** [1,7]
Senior vice president, human resources

Frank G. Andrusko, age 58
President, Amoco Fabrics and Fibers Company,
chemicals sector

Judith G. Boynton, age 41
General manager, auditing

Patricia A. Brandin, age 47
Corporate secretary

Jerry M. Brown, age 58
Group vice president, U.S. operations,
exploration and production sector

J.C. Burton, age 57
Group vice president, international operations,
exploration and production sector

John F. Campbell, age 52
Vice president, executive resources

❋ **John L. Carl, age 48** [1,7]
Executive vice president and chief financial officer

Robert C. Carr, age 55
Vice president, chemicals development
and diversification, chemicals sector

David F. Cone, age 48
Vice president, human resources services

Roxanne J. Decyk, age 43
Vice president, planning

Stephen A. Elbert, age 48
Vice president, government relations

❋ **James E. Fligg, age 59** [1,7]
Senior executive vice president, strategic planning
and international business development

❋ **L. Richard Flury, age 48** [1,7]
Executive vice president,
exploration and production sector

❋ **W. Douglas Ford, age 52** [1,7]
Executive vice president,
petroleum products sector

Stephen F. Gates, age 49
Vice president and general counsel

William R. Hutchinson, age 53
Vice president, financial operations

Michael P. Johnson, age 48
Vice president, corporate people strategies

Allen A. Kozinski, age 54
Group vice president, refining,
petroleum products sector

Carl P. Marinacci, age 55
Vice president, compensation, benefits and policy

Rebecca A. McDonald, age 43
Group vice president, natural gas,
exploration and production sector

Richard L. McNeel, age 50
Group vice president, polymers,
chemicals sector

Garry P. Mihaichuk, age 42
Senior vice president - (China)
and chairman, Amoco Orient Company

William A. Miller, age 57
Group vice president, chemical feedstocks,
chemicals sector

Daniel R. Mitchell, age 56
Vice president and general tax counsel

E. Davis Newman, age 55
Chairman and president,
Amoco Canada Petroleum Company Ltd.,
exploration and production sector

Daniel E. Pittard, age 46
Group vice president, petroleum products
marketing, petroleum products sector

Walter R. Quanstrom, age 53
Vice president, environment, health and safety

❋ **John R. Reid, age 53**
Vice president and controller

Wolfgang E. Schollnberger, age 50
Vice president, exploration and production
technology, exploration and production sector

❋ **Enrique J. Sosa, age 55** [1,7]
Executive vice president, chemicals sector

❋ **George S. Spindler, age 58** [1,7]
Senior vice president, law and corporate affairs

T. Don Stacy, age 62
Chairman and president, Amoco Eurasia Petroleum
Company, exploration and production sector

John E. Stanhope, age 49
Group vice president, supply and logistics,
petroleum products sector

Joseph C. Strickland, age 49
President, Amoco Foam Products Company,
chemicals sector

Donald E. Tornberg, age 52
Vice president, Progress

Scott D. Urban, age 42
Group vice president, exploration,
exploration and production sector

Steven K. Welch, age 44
Vice president, international business
development, petroleum products sector

Charles E. Wilks, age 51
Group vice president, chemical intermediates,
chemicals sector

Carl C. Williams, age 58
Vice president, information technology

Marsha C. Williams, age 44
Treasurer

William L. Wishlinski, age 49
Vice president, engineering and construction
services, Shared Services

❋ **David F. Work, age 50** [1,7]
Senior vice president, Shared Services

1	**Strategic Planning Committee**	H. Laurance Fuller, chairman
2	**Audit Committee**	Donald R. Beall, chairman
3	**Compensation and Organization Committee**	Richard D. Wood, chairman
4	**Environment, Health and Safety Committee**	Robert H. Malott, chairman
5	**Executive Committee**	H. Laurance Fuller, chairman
6	**Nominating and Governance Committee**	John H. Bryan, chairman
7	**Human Resources Committee**	H. Laurance Fuller, chairman

Corporate Information

Principal Executive Offices

200 E. Randolph Dr.
Chicago, IL 60601-7125
(312) 856-6111

Shareholder Transfer Service

First Chicago Trust Company
of New York
Suite 4680, 14 Wall Street
New York, NY 10005-2168
Toll free 1-800-446-2617
(United States and Canada)

The R-M Trust Company
393 University Ave., 5th floor
Toronto, Ontario M5G, 2M7, Canada
Toll free 1-800-387-0825 (U.S. and Canada)
813-4600 (Toronto)

Amoco Corporation
Shareholder Services
P.O. Box 87703
Chicago, IL 60680-0703
Toll free 1-800-638-5672

Automatic Dividend Reinvestment Plan

First Chicago Trust Company
of New York
P.O. Box 2598
Jersey City, NJ 07303-2598
Toll free 1-800-446-2617

Annual Meeting

The 1996 annual meeting of the corporation's shareholders will be held in the Arthur Rubloff Auditorium of The Art Institute of Chicago, Columbus Drive and East Monroe Street, Chicago, Ill. The meeting will begin at 9:30 a.m. Chicago time, on Tuesday, April 23, 1996. Proxy materials will be mailed to shareholders in mid-March 1996, at which time the board of directors will solicit proxies.

Printed in U.S.A.

This annual report was produced by Amoco Corporation's Shared Services.

Board and Management Changes

James M. Griffith resigned as vice president, public and government affairs, effective April 1, 1995.

George S. Spindler, senior vice president and general counsel, was appointed senior vice president, law and corporate affairs, effective April 1, 1995. **Stephen F. Gates,** vice president, development and diversification, chemicals sector, was appointed vice president and general counsel, effective April 1, 1995.

Donald E. Tornberg replaced **Larry D. McVay** as vice president, Progress, effective July 2, 1995. McVay has been appointed managing director and general manager for Amoco operations in Egypt (Gulf of Suez Petroleum Company).

James E. Fligg, executive vice president, chemicals sector, was appointed senior executive vice president, strategic planning and international business development, effective Oct. 1, 1995. **Enrique J. Sosa,** former senior vice president of Dow Chemical Company and president of Dow North America, was appointed executive vice president, chemicals sector, effective Oct. 1, 1995.

Rady A. Johnson, senior vice president, government relations, retired, effective Oct. 1, 1995. **Stephen A. Elbert** has been appointed vice president, government relations.

Lawrason D. Thomas elected to retire as vice chairman, effective Jan. 1, 1996. (See page 2.)

William G. Lowrie, executive vice president, exploration and production sector, was elected president and member of the board of directors, effective Jan. 1, 1996, and was also appointed a member of the Executive Committee and Environment, Health and Safety Committee.

L. Richard Flury, senior vice president, Shared Services, was appointed executive vice president, exploration and production sector, effective Jan. 1, 1996. **David F. Work** was appointed senior vice president, Shared Services, and **Scott D. Urban** replaced Work as group vice president, exploration, exploration and production sector, effective Jan. 1, 1996.

Robert J. Rauscher, group vice president, petroleum products marketing, petroleum products sector, retired effective Feb. 1, 1996, and was replaced by **Daniel E. Pittard,** former senior vice president and general manager of new ventures for PepsiCo's Frito-Lay division.

Additional Information Available

Shareholders who would like to receive any of the following informational materials, without charge, should send their requests to:

Amoco Corporation
Shareholder Services
P.O. Box 87703
Chicago, IL 60680-0703
Toll free 1-800-638-5672

- The Financial and Statistical Supplement to the 1995 Annual Report.
- Form 10-K annual report to the Securities and Exchange Commission.
- Form 10-Q quarterly reports to the Securities and Exchange Commission.
- Press releases announcing quarterly financial and operating results.

To receive a copy of the annual report of Amoco Foundation Inc., or other information about the Foundation, please write to the Executive Director, Amoco Foundation Inc., P.O. Box 87703, Chicago, IL 60680-0703.

Amoco's annual *Environment, Health and Safety Report* provides additional details of our environmental activities. To request a copy of our latest report, write Debora Sparks, Mail Code P062R8, Amoco Corporation, P.O. Box 87703, Chicago, IL 60680-0703.

See Amoco's World Wide Web site at *http://www.amoco.com.*

Equal Employment Opportunity

It is a policy of the corporation to treat each applicant for employment and each employee on individual merit, without regard to race, color, religion, gender, age, national origin, sexual orientation, disability or veteran status. A copy of Amoco's consolidated 1995 EEO-1 Report is available upon written request to the corporation.

Our Mission

Amoco Corporation is a worldwide integrated petroleum and chemical company. We find and develop petroleum resources and provide quality products and services for our customers. We conduct our business responsibly to achieve a superior financial return, balanced with long-term growth, to benefit shareholders and fulfill our commitment to the community and the environment.

Our Vision

Amoco will be a global business enterprise, recognized throughout the world as pre-eminent by employees, customers, competitors, investors and the public. We will be the standard by which other businesses measure their performance. Our hallmarks will be the innovation, initiative and teamwork of our people, and our ability to anticipate and effectively respond to change, and to create opportunity.

Our Values

Integrity
People
Technology
Environment, Health and Safety
Business Relationships
Progress

Amoco Corporation
200 East Randolph Drive
Chicago, Illinois 60601
U.S.A.

Printed on recycled paper