PHILLIPS 66
RETIREMENT PLAN

Phillips 66 Cash Balance Account

This is the summary plan description ("SPD") for the Phillips 66 Cash Balance Account ("plan"), and provides an overview of certain terms and conditions of the plan. The SPD is written in clear, everyday language designed to help participants understand the terms of the plan. Every effort has been made to ensure the accuracy of the information provided in this SPD. However, if there is any discrepancy or conflict between this SPD and the terms of the plan document, the plan document will control. Phillips 66 reserves the right to amend, change or terminate the plan at any time without notice, at its sole discretion. Nothing in this SPD creates an employment contract between the company or its subsidiaries or affiliates and any employee. Represented employees are eligible to participate in the plan only if provided for under the terms of an applicable collective bargaining agreement.

Title II of the Phillips 66 Retirement Plan

A plan for retirement

The company-provided Cash Balance Account helps participants prepare to have an income during retirement years. There is no cost to participate. Once participants are vested, the Cash Balance Account, combined with Social Security, any benefit from the Phillips 66 Savings Plan and personal savings and investments, provide the building blocks needed for retirement.

HERE IS THE BIG PICTURE

Is enrollment required to participate?	No. When the employee is eligible, he is automatically enrolled. Employees hired or rehired on or after January 1, 2017 must complete a year of eligibility service before they are eligible to participate in the plan.
When does participation begin?	Effective beginning the first day of the month following the date of completing a year of eligibility service, employees will accrue benefits with respect to all service beginning the first of the month after hire or rehire.
Who pays — the company or the participant?	The company pays all costs. Participants cannot contribute.
What is the benefit? *See page 5*	The Cash Balance Account is not like a bank account, in which the participant deposits and accumulates money. It is a nominal (in name only) account, which means that instead of accumulating money, it accumulates credits. Each month, the account increases with pay credits and interest credits. The participant's benefit is based on the total amount of those credits in his account when he leaves the company, his age when benefit payments begin, and the form of payment elected.
When is the participant vested? *See page 8*	Generally, participants are vested after three years of service. That means the value of their account is theirs to keep when they leave the company.
When can the participant take his benefit? *See page 10*	After a participant has left the company: • Generally, he can start taking his benefit any time after the first of the month after leaving the company. • He **must** start taking it when he reaches his normal retirement date.
What is the participant's normal retirement date?	It is the first day of the month nearest the participant's 65th birthday.
How is the participant's benefit paid? *See page 9*	The participant has a choice of annuities (monthly payments for life). He can choose payments for his lifetime only, or for the combined lifetimes of himself and his spouse. Or he can choose to take it in a lump sum. If he is married, he will need his spouse's consent for some of the options.

DO NOT MISS!

The *Glossary* starting on page 28 for details about some of the terms used in this summary plan description (SPD).

Contacts on page 27 for the Benefits Center's phone numbers, web and mailing addresses and hours of operation.

A COUPLE OF TECHNICAL THINGS

The official name of this plan is the "Phillips 66 Cash Balance Account — Title II." It is one part of an overall plan called the "Phillips 66 Retirement Plan." But in this SPD, it is called the "Cash Balance Account" or the "plan." The other parts of the overall plan (the other "titles") are described in other SPDs.

The participant's retirement benefit under this plan is completely separate from any benefit(s) he may have under any other title of the Phillips 66 Retirement Plan.

"Phillips 66," or "the company," refers to both Phillips 66 Company, Phillips 66 Pipeline LLC and, in some contexts, any other affiliated companies where Phillips 66 owns at least 80% of the affiliate.

Use of the terms "he" and "his" includes "she" and "her" and is intended to be gender neutral.

ELIGIBILITY

The provisions in this SPD are those that generally apply to currently active participants. The benefits of those participants who have previously terminated employment are generally governed by the provisions in effect at the time their employment ended unless subsequent amendments to the plan apply to them.

AN INDIVIDUAL IS ELIGIBLE IF …

An individual is eligible if he is:

An employee on the direct U.S. payroll of Phillips 66 Company or Phillips 66 Pipeline LLC who has completed a year of eligibility service. (See *Glossary* for "Eligibility Service.")

An individual is NOT eligible if …

- He was eligible to elect to participate in the Cash Balance Account but elected to continue in a heritage retirement plan instead.
- He is a foreign national covered by a different Phillips 66 retirement plan.
- He is covered by a collective bargaining (union) agreement, unless the agreement provides for participation in this plan.
- He is working in a Phillips 66 retail marketing store or outlet.
- He is working as an independent contractor to the company or for a contractor to the company.
- He is a leased employee.
- He is paid through a temporary placement agency.
- His compensation is not reported on an IRS form W-2.

WHAT DOES THE PARTICIPANT NEED TO DO?

If an individual is eligible, benefits automatically start to accrue on the first day of the month following his date of hire or rehire.*

Participants are strongly encouraged to name a beneficiary (see page 15). Participants should access UPoint or contact the Benefits Center to name beneficiaries. See *Contacts* on page 27. If a participant is married, he must get his spouse's written consent to naming anyone other than his spouse as primary beneficiary.

** Benefits start to accrue immediately if a participant returned to the company before he had a break in service year. "Break in service year" is defined in the **Glossary**.*

HOW DOES THE PARTICIPANT'S ACCOUNT GROW?

The participant's Cash Balance Account grows from the application of two different kinds of credits: Pay credits and interest credits. The Cash Balance Account is not like a bank account, in which the participant deposits and accumulates money. It is a nominal (in name only) account, which means that instead of accumulating money, it accumulates credits. When the participant receives his benefit from the Cash Balance Account, the value of the credits in his account is used to determine the amount of money he will have for his retirement.

PAY CREDITS

Pay credits are calculated by multiplying the participant's monthly pay times a pay credit percentage.

Step 1: Add up age and service points

The participant's pay credit percentage is based on points the participant receives for his **age** plus **service**, so the first step is to determine the participant's points.

Age points*	The participant can determine his age points by subtracting his birth year from the current year. For example, if he was born in 1976 and the current year is 2017, he would receive 41 age points. 2017 current calendar year – 1976 year of his birth = **41 age points**
Service points* *This may include time spent at ConocoPhillips*	Next, the participant can determine his service points by subtracting the calendar year he officially joined the company from the current calendar year. Continuing this same example, if he joined in 1998, he would receive 19 service points. 2017 current calendar year – 1998 year he officially started (his recognized service date) = **19 service points** Most participants can subtract their year of hire. The participant should refer to "recognized service date" and "service points" in the *Glossary* to see the exact year that applies to him.
Age plus service points*	The participant adds his age and service points together to find his total points. In this example, the participant would have a total of **60 points** (41 age points plus 19 service points).

** Age and service points must be whole years. At the first of each year the participant remains employed with the company, he will get another year of AGE credit, and another year of SERVICE credit.*

Step 2: Find the applicable pay credit percentage

Once the participant knows his points, he can find his **pay credit percentage** from this table:

If his points (age + service) are ...	His pay credit percentage is ...
Under 44	6%
44 through 65	7%
66 or more	9%

In our example, the participant has a total of 60 points (41 age points plus 19 service points), which would earn him a 7% pay credit percentage.

Step 3: Determine the pay credit

To see how much the participant's pay credit is worth (in other words, how much gets added to his account each month), the participant multiplies his eligible monthly pay times his pay credit percentage.

The participant's eligible monthly pay is the portion of his annual earnings paid during the month. Annual earnings includes base pay, all overtime pay, most premium pay (shift differential, upgrade pay, call-out pay, etc.), Variable Cash Incentive Program (VCIP) awards that are both awarded and paid within the same calendar year, and eligible amounts paid under other specified programs. It generally excludes any payments made after the participant's employment ends. See "annual earnings" in the *Glossary* for a more detailed explanation.

Step 4: Adding it up

Returning to the example, the participant's pay credit percentage is 7%.

For a participant who earns $60,000 a year, which comes to $5,000 a month, his pay credit is calculated as follows:

   $5,000 monthly pay
x   7% pay credit percentage
= **$ 350 credited to the participant's account each month**

The $350 is not actually deposited into a separate account. It is a bookkeeping entry only. All the company's contributions to the plan are kept in a trust fund, and the company keeps track of each person's benefit. The participant's accrued benefit is his total pay credits plus his total interest credits, which is explained in the next section. That is what is meant by the terms account or account value.

INTEREST CREDITS

Interest credits are an important way the plan helps protect the participant against inflation. Each month, interest credit is applied to the participant's account. This credit is calculated by multiplying the value of his account times the interest credit rate. That rate is based on 30-year U.S. Treasury security rates and is adjusted on a quarterly basis. (See "interest credit rate" in the *Glossary*.)

The participant earns interest credits as long as his account has value — meaning as long as he has not taken his benefit after leaving the company, or as long as he did not leave the company before being fully vested.

The interest credit calculation is as follows:

   the interest credit rate
x the participant's account value at prior month's end
= **the participant's interest credit for the month**

PAY CREDITS PLUS INTEREST CREDITS = VALUE

Here is an example of how pay credits and interest credits work together to grow the participant's account.

Based on the following assumptions: • The participant was born in 1984 and had worked for the company for ten years (beginning in 2007). • He earns $60,000 a year, so his eligible monthly pay is $5,000 ($60,000 ÷ 12). • On June 30, 2017, his Cash Balance Account value is $33,830. • The monthly interest rate for the third quarter of 2017 is 0.2531% (based on an assumed annual Treasury rate of 3.08%).	
First, he determines his pay credit	
Add up total points	As of June, 2017, the participant has **43 total points**: • 33 age points (2017 – 1984); plus • 10 service points (2017 – 2007).
Find the pay credit percentage	According to the table on page 6, the pay credit percentage for less than 44 points is **6%.**
Calculate the pay credit	The participant's monthly pay times his pay credit percentage: $5,000 x 6% = **$300.00 monthly pay credit**
Then, his interest credit	
Here is the calculation	The participant's June 30 account value ($33,830) is multiplied by the 0.2531% interest rate shown above. $33,830 x 0.2531% = **$85.63 monthly interest credit**
Here is how his account grew for the month	
Here is the math	His pay credit + his interest credit: $300.00 + $85.63 = **$385.63 total credit**
Add the total credit to the account value	His June 30 value + his total credit: $33,830 + $385.63 = **$34,215.63. account value as of July 31**
And then repeat for the next month	
Add his new pay and interest credits to his July 31 value	For July, his pay credit is still $300.00, but his interest credit is a bit higher. That is because it is based on a higher account value ($34,215.63 vs. $33,830.00). $34,215.63 + $300 + $86.60 = **$34,602.23 account value as of August 31**
***Note:** This example assumes the Treasury rate does not change. In real life, the Treasury rate can change every quarter. In addition, the participant's pay may also change.*	

Pay credits and interest credits are added to the participant's account each month.

VESTING

Vesting means that the participant has met the plan requirements to own his account. At this point, the value of that account belongs to him and cannot be lost.

On the other hand, if the participant leaves the company before becoming vested, he loses his right to that benefit. In technical terms, he has forfeited his account.

There are four ways to become vested:

1. The participant is vested on the date **he earns three years of *vesting service***. In other words, he has worked for the company for three consecutive years, putting in a minimum of 1,000 hours of service* per year.
2. The participant is vested on the date **he attains the earlier of age 65 or his normal retirement date**, while still employed, after completing his year of eligibility service and beginning participation in the plan.
3. If the participant is laid off after completing his year of eligibility service and beginning participation in the plan, he is vested on the date of that **layoff**.
4. If **the plan ends**, the participant will be vested in his account value on the plan termination date.

** Please see "hours of service" in the* ***Glossary*** *for additional details.*

CALCULATING THE RETIREMENT BENEFIT

There are three factors that figure into calculating the participant's benefit*:

Account value	The participant's account value is all the pay credits and interest credits that have been credited over the years. (See page 7.)
The form of payment chosen	There are several options: • A **single life annuity**. • A choice of **joint and survivor annuities (for married participants only)**. • A **lump-sum payment**. Payment options are explained in the next section.
When the participant chooses to receive his benefit	Once the participant is vested, his retirement benefits can begin as early as the first day of any month after he has left the company and as late as his normal retirement date.

** Federal law imposes certain limits on benefits payable under this plan. Generally, these limits only apply to highly paid employees. The participant will be notified if they apply to him.*

HELP IS AVAILABLE!

When the time comes to make this important decision, participants have access to the retirement benefit planning tools at UPoint, which allows participants to estimate their benefit online. They may also contact the Benefits Center for a reasonable number of estimates of their vested benefit at future dates. These resources will help them explore the options to help make the right decision for themselves and their families. See *Contacts* on page 27 for the Benefits Center web and phone access.

PAYMENT FORM OPTIONS

The form of payment a participant chooses can affect the amount of his retirement benefit.

There are several forms from which to choose. And, as mentioned on page 8, the retirement benefit planning tools at UPoint and Benefits Center representatives can help participants understand their options.

If the account value is $1,000 or less

If the present value of the participant's benefit is $1,000 or less on the date it is scheduled to be paid, and he has no other benefit from another title of the Phillips 66 retirement plan, his benefit will be paid to him in a lump sum. No other form of payment will be available.

Regardless of his account value, he can roll all or part of his plan distribution into another tax-qualified plan or IRA. By doing so, he postpones paying taxes and avoids early withdrawal penalties. See *Does the participant pay taxes?* on page 13 for details.

Required forms of payment

Federal law requires that the participant's benefit be paid as shown below unless he elects a different payment form by the time his benefit **must** begin (see page 10).

- **If he is single,** his benefit will be paid as a single life annuity. This means monthly payments are made to him during his lifetime and stop at his death.
- **If he is married,** his benefit will be paid as a 50% joint and survivor annuity. This means reduced monthly payments are made to him during his lifetime. If he dies before his spouse, 50% of his benefit amount will continue to his surviving spouse for her lifetime.

A WORD ABOUT ANNUITIES

If the participant chooses to have his retirement benefit paid to him each month (rather than in a lump sum), that monthly payment is an annuity. His annuity is based on his Cash Balance Account value at the time benefits begin and is calculated according to plan provisions or rules. Without going into detail about annuity calculations, here are a few things to point out:

- **If the participant chooses to have his annuity begin before he reaches age 65,** his monthly payment may be lower than if he had waited until age 65.
- **If he chooses a joint and survivor annuity:**
  - His monthly benefit will be lower than if he had chosen a single life annuity. That is because the benefit is being paid over two lifetimes (his and his joint annuitant's) rather than just one. The younger the joint annuitant is (compared to the participant), the greater the reduction.
  - The ages of both the participant and his spouse or other joint annuitant are considered when calculating the actual benefit.

Optional forms of payment

If the participant is married, **his spouse must agree in writing** to his election of the benefit in a single life annuity, lump sum, or any joint and survivor form of payment that provides a survivor benefit less than the required 50% joint and survivor annuity described previously. **His spouse must also agree in writing** if the designated beneficiary is someone **other than** his spouse. His spouse's consent must be witnessed and certified by a notary public.

The optional forms of payment are:

- A **single life annuity** (monthly payments during the participant's lifetime). This is the required form of payment if he is single, but an optional form if he is married.
- A **joint and survivor annuity** (reduced monthly payments during the participant's lifetime, with a percentage of his benefit amount continuing to his spouse or other designated beneficiary after his death). The continuation percentage can be from 10% to 100%, but must be a multiple of one of the following:
  - 10% (10%, 20%, 30%, etc.).
  - 25% (25%, 50% or 75%).
  - $33\frac{1}{3}$% ($33\frac{1}{3}$% or $66\frac{2}{3}$%).
- A **lump-sum payment** (the entire account value paid to him). The participant can roll all or part of his plan distribution into another tax-qualified plan or IRA. By doing so, he postpones paying taxes and avoids early withdrawal penalties. See *Does the participant pay taxes?* on page 13 for details.

WHEN CAN THE PARTICIPANT BEGIN RECEIVING HIS RETIREMENT BENEFIT?

Once the participant is vested, his retirement benefits can begin on the first day of any month after he has left the company — that means that he can begin his pension benefit even if he is younger than age 65.

Benefits MUST begin on …

Even if the participant chooses not to take his benefit right away, he must begin receiving it no later than the **earliest** of the following dates:

- On his normal retirement date, provided he has left the company before that date. The normal retirement date is the first day of the month closest to the participant's 65th birthday.
- The first day of the month after he leaves the company, if he works beyond his normal retirement date.
- The first day of the month after his long-term disability benefits end under the Phillips 66 Disability Plan, if he is at or past his normal retirement date at that time.

HOW THE PARTICIPANT'S CHOICES AFFECT HIS RETIREMENT BENEFIT

Meet Michael. When he ends employment on December 31, 2018 (his sixtieth birthday!), his vested Cash Balance Account value will be $100,000. Here is what his retirement benefit will be under a variety of scenarios.

Since Michael is married, his wife must consent to any payment option **other than** any of the joint and survivor options with a survivor percentage of 50% or more with herself as beneficiary.

If Michael takes his benefit in a lump sum ...	
Right away	Michael jumps right into retirement and wants his benefit to start the very next day, **January 1, 2019**. • The plan will distribute the $100,000 generally within 60 days of that date.
On his normal retirement date	Michael decides to leave his benefit in the plan until his normal retirement date, which is **January 1, 2024**. • Monthly interest credits will continue to be added to his account through the end of 2023. This example assumes those credits added up to $19,094 over the five-year period. • The plan will distribute $119,094 *($100,000 + $19,094 interest)* generally within 60 days of January 1, 2024.
In both scenarios above	Please note that: • Timing of payment varies depending on when all applicable forms are received by the Benefits Center. • The plan is required to withhold 20% federal income tax on lump-sum distributions. Michael can avoid this by directly rolling it over into an individual retirement account (IRA) or another tax-qualified plan. See page 14.

(continued)

If Michael takes his benefit as an annuity …	
Right away	Michael wants his benefits to begin on **January 1, 2019**. The plan calculates his monthly payment based on his $100,000 account value, the type of annuity Michael chooses, and the ages of everybody who might receive a payment. • His monthly annuity payment will be highest if he chooses a **single life annuity** (payments stop at his death). • If Michael chooses a **joint and survivor annuity** (monthly payments continue to his beneficiary after his death): – Michael's monthly payment will be lower than if he'd chosen a single life annuity. – The amount of the reduction will be calculated based on his age and the age of the beneficiary on January 1, 2019. It is also based on the joint and survivor percentage he chose (10%, 25%, 100%, etc.). Regardless of the type of annuity Michael chooses, his monthly payments will be calculated as of January 1, 2019 and the payments will begin as soon as administratively possible.
On his normal retirement date	Michael decides to leave his benefit in the plan until his normal retirement date, which is **January 1, 2024**. Everything described above applies EXCEPT: • Monthly interest credits will continue to be added to his account through the end of 2023. This example assumes those credits added up to $19,094 over the five-year period. • The plan will use $119,094 when calculating Michael's annuity amount *($100,000 + $19,094 interest)*. • The plan will use Michael's age (and his spouse's or beneficiary's age) as of January 1, 2024 when calculating Michael's annuity amount.

DOES THE PARTICIPANT PAY TAXES?

Yes. All or part of his retirement benefit is taxable. He may need to pay federal and (if applicable) state and/or local income taxes on payments from the plan, depending on how his benefit is paid.

Here is how it works:

If his benefit is paid as ...	Taxes and penalties ...
A monthly annuity	Under current law, federal, state and/or local income taxes, as applicable, may be withheld from each payment at required income tax rates.
A lump sum	• 20% federal income tax will be withheld. • If the participant is under age 59½, a 10% early withdrawal federal tax penalty may also apply, but this amount will not be withheld. Under current law, this 10% federal tax penalty would not apply if he ends employment with the company during or after the year he reaches age 55.* • State and local taxes and penalties may also apply. • The participant can avoid some or all of the withholding and tax penalties by electing a direct rollover, as described on page 14.

** The penalty is waived for permanent and total disability and for certain medical expenses. The participant should consult his personal financial or tax advisor for guidance.*

For more information, see the ***Special Tax Notice Regarding Plan Payments*** that is available from the Benefits Center. The participant will also receive this ***Notice*** when he applies to begin his benefit. ***It is strongly recommended that the participant talks to his tax or financial advisor before choosing the way his benefit is paid or when his benefit begins.***

HOW DOES THE PARTICIPANT ROLL OVER HIS LUMP-SUM DISTRIBUTION?

He can roll over his lump-sum distribution to a tax-qualified retirement plan such as an IRA, the Phillips 66 Savings Plan or another employer's plan that accepts rollovers.

When he elects a direct rollover:

- Mandatory tax withholding does not apply to the amount that is rolled over; and
- He will postpone paying taxes on the amount rolled over until it is eventually distributed from the plan receiving the rollover.

There are two ways to do a rollover:

With a direct rollover	• The participant tells the Benefits Center to make part or all his distribution payable directly to the custodian of the IRA or trustee of the other plan. • No taxes are withheld on the amount of a direct rollover.
With an indirect rollover	• The participant receives a check for the distribution made payable to him. • Taxes (federal and any applicable state/local withholding) are withheld from his distribution. • He can choose to roll over part or all of the distribution into another plan. **He must make this election and deposit the money within 60 days after he receives the check.** • If he wants to roll over the entire amount of his distribution, he will need to replace any taxes withheld with money from some other source. • He is responsible for following all applicable guidelines to make sure he completes the indirect rollover within the 60-day deadline.

Stephanie's total lump-sum distribution was $100,000. 20% was withheld, so the check she received was for $80,000. If she decides to do an indirect rollover within 60 days, she can:

- Just roll over the $80,000 (the $20,000 withheld will be taxed as a plan distribution); or
- Roll over the $80,000, plus $20,000 from another source. If she does that, she will postpone taxes on the entire $100,000. (The 20% withheld will be treated as federal income taxes paid when she files her federal income tax return for the year.)

HOW DOES THE PARTICIPANT NAME A BENEFICIARY?

To make sure any death benefits are paid as the participant wants, he must name (or "designate") one or more beneficiaries. Naming (or "designating") a beneficiary ensures that any death benefits from the plan are paid as the participant wants. He may make or update his beneficiary designation on UPoint. If he has additional questions, he may contact the Benefits Center.

The participant may name one or more individuals or a trust as his beneficiary. He can complete this process online if:

- He is single; or
- He is married and is naming his spouse as his sole beneficiary.

If he is married and names anybody other than his spouse as sole beneficiary:

- His spouse must agree to the designation in writing (witnessed by a notary public).
- He will need to make a new designation on January 1 of the year in which he turns age 35. Any designation made before then will no longer apply.

The following rules apply to beneficiary designations:

- The Benefits Center will use the last designation on file prior to commencement of the benefit.
- **If his spouse is his designated beneficiary and his marriage ends before his retirement benefit begins, that designation is automatically void as of the date the marriage ends.** He should update his designation if his marital status changes. A former spouse may be re-designated as a beneficiary after divorce.
- If a new beneficiary designation is received after the death benefit payment was made or has begun, the new designation is not valid and will not apply.
- If all his beneficiaries die before he does, or there is no valid designation on file at his death, his beneficiary will be determined based on the following order of priority:
  - His surviving spouse.
  - His surviving children in equal shares.
  - His surviving parents in equal shares.
  - His surviving sisters and brothers in equal shares.
  - His estate.

HOW DOES THE PARTICIPANT APPLY FOR HIS RETIREMENT BENEFIT?

To apply for his benefit, the first step is to log into UPoint and apply for the benefit online or to contact the Benefits Center to request a retirement packet. That packet will contain the forms and information the participant needs to make his elections.

- The participant will need to apply online or contact the Benefits Center for the retirement packet **no later than the 15th of the month prior to the month he wants his benefit to begin**.
- If he is electing a form of payment that does not need spousal consent, or if he is a single participant, the entire retirement process can be completed online with no forms to return.
- Instead of applying online, the participant may complete paper forms. The properly completed and signed forms must be received by the Benefits Center within the timeframe stated in the participant's retirement packet. If not, the benefit election will expire and he will need to start over. This may delay the start date of his benefit.

REMEMBER, AFTER EMPLOYMENT ENDS ...

- The participant **can** start his retirement benefit as early as the first of the month after he leaves the company.
- He **must** start it by his normal retirement date (the first of the month nearest his 65th birthday).

If the participant is vested, he will receive an estimate of his Cash Balance Account retirement benefit 60 to 90 days after his employment ends.

Provided the participant is vested, after he stops working for the company:

- His benefit will automatically be deferred to his normal retirement date (the first day of the month closest to his 65th birthday).
- At his normal retirement date, his benefit is paid using the required form of payment described on page 9 unless he elects a different option at that time.

He may have other options, as described on pages 9 – 10.

Please be aware: The participant needs to take action if he wants his benefit to begin sooner or if he wants an optional form of payment.

WHAT HAPPENS IF ...

THE PARTICIPANT TAKES A LEAVE OF ABSENCE?

If the participant takes an approved leave of absence, including disability, he still participates in the plan during his leave. If he receives eligible monthly pay during any portion of his leave, he will receive pay credits and interest credits. Otherwise, he will just get interest credits.

If he does not return from his leave when he is supposed to and his employment ends, see *The participant leaves the company?* below. The participant should also see his leave papers or contact the Benefits Center for more information.

THE PARTICIPANT LEAVES THE COMPANY?

If the participant is vested when he leaves, he should review *How does the participant apply for his retirement benefit?* (page 15) to see what he needs to do.

If the participant is NOT vested his account value will be forfeited when he leaves. As described on page 17, that value may be restored if he is rehired. The participant should contact the Benefits Center for information.

THE PARTICIPANT IS REHIRED?

Assuming the participant is eligible (see page 4), he will start earning pay credits and interest credits again on the first day of the month after his return to work.

Depending on a few factors, he will either be starting over with a zero balance, or his new credits will be added to his existing account value.

The participant will start with a zero account value if …	
He was not vested when he left	He had five or more consecutive breaks in service years, he forfeits his account balance and does not get credit for his prior years of vesting service, so he starts over again when he is rehired.
He cashed out his benefit	He has a zero balance because he took a lump-sum distribution.
He has begun receiving a monthly annuity	Being rehired does not affect his monthly annuity, so that money will keep on coming. His new credits will be used to determine a new, separate benefit for when he eventually leaves again.
The participant's new credits will be added to his existing account value if …	
He was vested when he left AND he has not taken anything out of his account	He still owns his vested account value. His new pay credits and interest credits will just be added to that value.
The participant will recapture his previous vesting service and account value if …	
He was not vested when he left	• **He is rehired before he has a one-year break in service:** His prior vesting service and forfeited account balance will be restored to him *as of the date of his rehire*, and interest will be credited to the restored account balance for the period of non-employment. His pay credits and interest credits will be added to his restored account balance for any service after his rehire date. • **He is rehired after he has at least one but less than five consecutive breaks in service years:** His prior service and forfeited account balance will be restored to him *at the beginning of the month following his date of rehire*, and interest will be credited to the restored account balance for the period of non-employment. His pay credits and interest credits will be added to his restored account balance for any service after his rehire date.

BREAK IN SERVICE EXAMPLES

A participant has a break in service if he has fewer than 500 hours of service in a year.* Some examples may help:

- Adam was hired in January many years ago. His 12-month anniversary period for measuring service is January through December. He retired on March 28th last year. He was rehired on December 1st of the same year. He was credited with 760 hours of service. (190 hours per month for January, February and March, plus December.) Because he had more than 500 hours of service during that 12-month period, he had no break in service.
- Emily was hired in June a few years ago. Her 12-month service anniversary period is June through May. She left the company on June 30th last year. She was rehired on May 1st this year. She has a break in service because she accrued less than 500 hours in the 12-month service period from June through May. (190 hours per month for June last year plus May this year = 380.)

** See the **Glossary** for the definition of "hours of service" and "year."*

THE PARTICIPANT DIES BEFORE RETIREMENT PAYMENTS BEGIN?

If the participant is vested and married on his date of death, his spouse will get 100% of his account value, unless he has named another beneficiary with the proper consent of his spouse.

- His spouse may choose a monthly annuity or lump-sum cash payment.
- His spouse may choose to begin payments immediately, or postpone payments to no later than his normal retirement date.

If the participant's designated beneficiary is **not** his spouse, his beneficiary will get an automatic lump-sum payment of 100% of his vested account value. No other options are available. Payment may not be deferred.

If the participant was not vested, no benefit is payable to his spouse or beneficiary.

THE PARTICIPANT DIES AFTER RETIREMENT PAYMENTS HAVE BEGUN?

Any survivor benefit depends on the form of benefit payment that the participant chose at the time of retirement.

- If the participant chose a joint and survivor annuity, his spouse or joint annuitant will get the specified percentage of his retirement benefit that he elected, and it will be paid until that person's death. (See page 10.) Please note that if the participant's spouse or joint annuitant dies before he does, the participant may not change his previously elected annuity option.
- If the participant chose a single life annuity or a lump-sum payment, no further benefit is payable.

CLAIMS AND APPEALS

All claims and appeals involving a determination of disability are adjudicated in a manner designed to ensure the independence and impartiality of the persons involved in making the decision. Decisions regarding hiring, compensation, termination, promotion, or similar matters with respect to anyone involved in claims or appeals determinations are not made based on the likelihood that the individual will support the denial of benefits.

HOW DOES THE PARTICIPANT FILE A CLAIM?

If benefits are denied and the participant believes he has a claim against the plan, he should mail or deliver a statement **in writing** to the Plan Benefits Administrator (see page 26) explaining the reasons for his claim. He should provide as much information about the basis for his claim as he can.

The Plan Benefits Administrator will notify the participant of the approval or denial of his claim within:

- 45 days from receipt of his claim involving a determination of disability. If additional time is needed to render a decision, two additional 30-day periods may be taken, and written notice of those extensions will be provided prior to the end of the preceding period.
- 90 days from receipt of any other type of claim. If additional time is needed to render a decision, an additional 90-day period may be taken, and written notice of this extension will be provided prior to the end of the initial period.

For a claim involving a determination of disability:

- If a period of time is extended due to the participant's failure to submit information necessary for a claim decision, he will be notified of this in writing and given at least 45 days to provide the information.
- In that event, the deadline for making the decision will be extended by the length of time that passes between the date he was notified that more information is needed and the date the Plan Benefits Administrator receives his response to the request for more information.

If the participant's request to begin benefits (or other claim) is denied, the Plan Benefits Administrator will notify him in writing with:

- Specific reason(s) for the denial.
- References to the plan provisions that support the denial.
- A description of any additional materials or information that is necessary to complete the claim, and an explanation of why the material is necessary.
- An explanation of the plan's claims review procedures and the applicable time limits.
- A statement of his right to bring a civil action under ERISA section 502(a) within two years following denial of his claim on review.

HOW DOES THE PARTICIPANT APPEAL A CLAIM DENIAL?

APPEALS MUST BE FILED WITHIN:

- 180 days of the participant's receipt of a claim denial involving a determination of disability.
- 60 days of the participant's receipt of any other type of claim denial.

If the participant believes his claim was incorrectly denied, he may appeal **in writing** to the Benefits Committee within the deadlines shown in the box above. He may submit written comments, documents, records and other information.

Upon request, he will be provided, free of charge, reasonable access to and copies of all documents, records and other information relevant to his claim. The Benefits Committee's review will take into account all comments, documents, records and other information relating to the claim without regard to whether the information was submitted or considered in the initial claim determination.

The committee will notify him of the approval or denial of his appeal within:

- 45 days from receipt of his request for appeal of claims involving a determination of disability. If additional time is needed to render a decision, an additional 45-day period may be taken, and written notice of this extension will be provided prior to the end of the initial period.
- 60 days from receipt of his request for appeal of any other type of claim. If additional time is needed to render a decision, an additional 60-day period may be taken, and written notice of this extension will be provided prior to the end of the initial period.

If a period of time is extended due to the participant's failure to submit information necessary for a decision, the period for deciding the appeal will be suspended until the date that he provides such additional information to the committee.

If any new or additional evidence is considered, relied upon or generated by (or at the direction of) the Benefits Committee in deciding an appeal involving a determination of disability, or if any new or additional rationale for the denial of benefits involving a determination of disability is determined by the Benefits Committee, the participant will be provided with the new or additional evidence or rationale, as applicable, and be given a reasonable opportunity to respond to such new or additional evidence or rationale.

The Benefits Committee's decision will include:

- Specific reason(s) for the denial.
- References to the plan provisions upon which the decision was based.
- If the participant's appeal involved a determination of disability, the committee's written decision will also include any internal rule, guideline, protocol or similar criterion that was relied on; and, if applicable, an explanation of the scientific or clinical judgment used by the committee in its determination, applying the terms of the plan to the participant's medical circumstances. Alternatively, the written decision may note that such explanation will be provided free of charge upon request.
- A statement that he can receive copies of, without charge, all documents, records and other information relevant to his claim.
- A statement of his right to bring legal action under section 502(a) of ERISA within two years after the denial.

WHAT OTHER IMPORTANT INFORMATION DOES THE PARTICIPANT NEED TO KNOW?

ADMINISTRATIVE INFORMATION

The plan name, plan sponsor and identification number are:

Phillips 66 Retirement Plan
Phillips 66 Company
c/o Total Rewards Department
P.O. Box 421959
Houston, TX 77242-1959

Employer ID#: 37-1652702

ERISA INFORMATION

Here is some general information about the Phillips 66 Cash Balance Account that is required by the Employee Retirement Income Security Act of 1974 (ERISA).

Phillips 66 Retirement Plan *(Includes the Phillips 66 Cash Balance Account — Title II)*	
Type of plan	Defined benefit plan that is intended to be qualified under Internal Revenue Code Section 401(a)
Plan number	001
Plan year	January 1 – December 31
Sources of contributions	Each year, an actuary determines the range of company contributions on a basis acceptable under ERISA. The company is required under ERISA to make contributions necessary to provide benefits under the plan that are not provided from insurance contracts. Employee contributions are not required or allowed. Since September 1, 1986, all company contributions have gone into the trust fund. The trust fund is administered by trustees, insurance companies and investment managers. All plan expenses are paid from the trust fund unless paid by the company. Employee contributions to the superseded plan and the prior plan were credited to this plan on September 1, 1986 and were covered under insurance contracts as of that date.
Plan trustees	Bank of New York Mellon 1 Wall Street New York, NY 10286
Insurance carriers for certain insured benefits	Prudential Insurance Company of America (1968 to September 1, 1986)

PENSION BENEFIT GUARANTY CORPORATION

The participant's benefits under the Phillips 66 Retirement Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all the pension benefits they would have received under the plan, but some people may lose certain benefits.

The PBGC guarantee generally covers:

- Normal and early retirement benefits;
- Certain disability benefits if he became disabled before the plan terminates; and
- Certain benefits for survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates;
- Some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than five years at the time the plan terminates;
- Benefits that are not vested because the participant has not worked long enough for the company;
- Benefits for which the participant has not met all the requirements at the time the plan terminates;
- Certain early retirement payments (such as supplemental benefits that stop when the participant becomes eligible for Social Security) that result in an early retirement monthly benefit greater than his monthly benefit at the plan's normal retirement age; and
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, savings plan benefits, vacation pay and severance pay.

Even if certain of the participant's plan benefits are not guaranteed, he may still receive some of those benefits from the PBGC depending on how much money the plan has and how much the PBGC collects from employers.

FOR MORE INFORMATION

For more information about the PBGC and the benefits it guarantees, ask the Plan Benefits Administrator. The participant may also contact the PBGC's Technical Assistance Division:

- **By mail:** 1200 K Street N.W., Suite 930, Washington, DC 20005-4026;
- **By phone:**
  - (800) 400-7242 or (202) 326-4000 — *PBGC Customer Contact Center hours are 8:00 a.m. to 7:00 p.m. Eastern time, Monday – Friday (except federal holidays)*;
  - TTY/ASCII (American Standard Code for Information Interchange) users, call the federal relay service at (800) 877-8339 and ask to be connected to (800) 400-7242; or
- **Online:** At ***http://www.pbgc.gov***.

AGENT FOR SERVICE OF LEGAL PROCESS

For disputes arising from the plan, legal process may be served on the General Counsel of Phillips 66 Company. The address is:

S1174-02 Headquarters
1075 W. Sam Houston N., Ste. 200
Houston, TX 77043

Service of legal process may also be made upon the trustees or the Plan Benefits Administrator at the addresses shown for them.

WHEN THE PLAN CHANGES OR ENDS

The company reserves the right to amend, modify or terminate the plan at any time.

- An amendment or modification of the plan will not reduce the benefits the participant has earned as of the effective date of amendment or modification.
- If the plan is ever terminated, the benefit the participant has earned as of the termination date will become vested and will be distributed to him in a manner permitted by the plan.
- The assets of the plan will be allocated in accordance with the priorities set forth in the plan.

Funding based restrictions on plan benefits

Internal Revenue Code ("Code") section 436, which was added by the Pension Protection Act of 2006, imposes certain benefit restrictions on defined benefit plans (such as the plan) during any period in which its funded status is less than an amount specified in the Code. If this occurs, restrictions will be placed on:

- Accelerated benefit distributions, such as lump-sum distributions. Also, if the company is in Title 11 bankruptcy, similar restrictions would apply unless the plan is fully funded.
- Plan amendments that increase benefits, establish new benefits, or change benefit accruals or vesting.
- Additional benefit accruals.
- Contingent event benefits, such as plant shutdown benefits.

Information regarding the plan's funded status is reported in the annual funding notice provided to participants each year.

ASSIGNMENT OF BENEFITS

The participant's interest in the plan may not be assigned or alienated. However, payment of benefits under the plan will be made in accordance with a qualified domestic relations order.

A **qualified domestic relations order (QDRO)** is a judgment, decree or court order (including approval of a property settlement agreement) that:

- Pertains to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent.
- Is made pursuant to a state domestic relations law (including community property laws).
- Meets a series of specific criteria set forth in both ERISA and the Internal Revenue Code.

If the Benefits Center receives a certified court order that awards part of his interest in the plan to another person, the participant will be notified and given a copy of the plan's procedures for determining whether the order is a qualified domestic relations order.

A qualified domestic relations order creates rights for a person known as an alternate payee. The alternate payee may become entitled to part or all of the participant's benefit under the plan. The order may also grant a former spouse rights normally provided to a surviving spouse under the plan, preventing a later spouse from having full spousal rights.

The participant may request, at any time and without charge, a copy of the plan's qualified domestic relations order procedures by contacting the Benefits Center.

PAYMENTS TO A MINOR OR LEGALLY INCOMPETENT PERSON

The Plan Benefits Administrator may authorize payments to a guardian, committee, relative or other individual who is legally responsible for the management of the estate of the minor or the legally incompetent person.

IF THE PARTICIPANT CANNOT BE LOCATED

If the participant cannot be located on the latest date upon which his retirement benefit must start, his benefit is forfeited and used to reduce the cost of the plan to the company. If he is later located, his benefit will be restored and payment will be made, retroactive to the applicable date. (See *When can the participant begin receiving his retirement benefit?* on page 10.)

WHAT ARE THE PARTICIPANT'S RIGHTS UNDER ERISA?

As a participant in the plan, he is entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all plan participants are entitled to:

RECEIVE INFORMATION ABOUT THE PLAN AND THEIR BENEFITS

- Examine, without charge, at the Plan Benefits Administrator's office and at other specified locations, such as work sites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available for review at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Benefits Administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Benefits Administrator may make a reasonable charge for the copies.
- Receive a summary of the plan's annual financial report. The Plan Benefits Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling the participant whether he has a right to receive a benefit at his normal retirement date (age 65), and if so, what his benefit would be at his normal retirement age if he stopped working as of the date of the statement. If he does not have a right to a benefit, the statement will tell him how many more years he must work to receive a right to a benefit. **He must request this statement in writing. The company is not required to give the statement more than once every 12 months.** The plan must provide the statement free of charge.

PRUDENT ACTION BY PLAN FIDUCIARIES

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the plan. The people who operate the plan, are called fiduciaries and have a duty to operate the plan prudently and in the interest of plan participants and beneficiaries. No one, including the company, the participant's union or any other person, may fire him or discriminate against him in any way to prevent him from obtaining benefits under the plan or exercising his rights under ERISA.

ENFORCE THE PARTICIPANT'S RIGHTS

If the participant's claim for a benefit is denied or ignored, in whole or in part, he has a right to receive a written explanation of the reason for the denial, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps he can take to enforce his rights. For instance, if he requests a copy of plan documents or the latest annual report from the plan and does not receive them within 30 days, he may file suit in a federal court. In such a case, the court may require the Plan Benefits Administrator to provide the materials and pay him up to $110 a day until he receives the materials, unless they were not sent because of reasons beyond the control of the Plan Benefits Administrator.

If the participant has a claim for benefits that is denied or ignored, in whole or in part, he may file suit in a state or federal court. In addition, if he disagrees with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, he may file suit in federal court. If the plan fiduciaries misuse the plan's money, or if the participant is discriminated against for asserting his rights, he may seek assistance from the U.S. Department of Labor, or he may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If the participant is successful, the court may order the person he has sued to pay these costs and fees. If he loses — for example, if the court finds his claim is frivolous — the court may order him to pay these costs and fees.

ASSISTANCE WITH THE PARTICIPANT'S QUESTIONS

If the participant has any questions about the plan, he may contact the Benefits Center or the Plan Benefits Administrator.

If he has any questions about this statement or about his rights under ERISA, or if he needs assistance in obtaining documents from the Plan Benefits Administrator, he should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210.

The participant may obtain certain publications about his rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at (866) 444-3272.

WHO ADMINISTERS THE PLAN?

Here is a table that reflects who is responsible for each area of administration and their responsibilities.

Plan Administration	Responsibilities
Benefits Committee Phillips 66 Company c/o Total Rewards Department P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877 The committee is the governing body for the plan. Committee members are appointed by the Board of Directors or its designee.	• Establishing and enforcing rules and procedures for: – Administration of the plan. – Selection of trustees and others who provide services to the plan. • Delegating administrative duties to selected persons and companies as appropriate. • Interpreting the plan. • Making final decisions as to any disputes or claims under the plan. The committee has absolute discretion in carrying out its responsibilities. All interpretations, findings of fact and resolutions made by the committee are binding, final and conclusive on all parties.
Investment Committee Phillips 66 Company c/o Total Rewards Department P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877 Committee members are appointed by the Board of Directors or its designee.	• Responsible for plan investments. The committee has absolute discretion in carrying out its responsibilities. All interpretations, findings of fact and resolutions made by the committee are binding, final and conclusive on all parties.
Plan Benefits Administrator Manager, Total Rewards Phillips 66 Company c/o Total Rewards Department P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877 The Plan Benefits Administrator is responsible for general administration of the plan, excluding financial management.	• Determining benefits eligibility and payment amounts. • Initial determination of claims for benefits. • Hiring persons and companies to provide services to the plan. • Communicating benefit rights to plan participants. • Keeping records relating to the plan, other than those kept by the Plan Financial Administrator, the trustees and the insurance companies. • Delegating powers or duties to other persons and companies as appropriate. • Preparing and filing government required reports. • Paying the required Pension Benefit Guarantee Corporation (PBGC) premiums.

(continued)

Plan Administration	Responsibilities
Plan Financial Administrator Assistant Treasurer, Corporate Finance Phillips 66 Company P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877 The Plan Financial Administrator is responsible for controlling and managing the assets of the plan.	• Managing and controlling the assets of the plan, with terms of trust agreements and other agreements related to plan assets and any guidelines or procedures established by the Investment Committee. • Monitoring the plan's funding policy. • Executing agreements and activities of trustees, investment managers and investment advisors as approved by the Investment Committee • Requiring the trustee to allow audits and submit reports on its activities. • Keeping records relating to plan benefits and assets. • Delegating powers or duties to other persons and companies as appropriate.

CONTACTS

Participants should contact the Benefits Center for questions about the plan or for any other plan-related business.

Contact/Address	Phone/Operating Hours	Web
Benefits Center P.O. Box 64084 The Woodlands, TX 77387-4084	(800) 965-4421 International: (646) 254-3467 8:00 a.m. to 6:00 p.m. Central time, Monday – Friday **Fax:** (847) 554-1784	Visit ***http://hr.phillips66.com*** to view benefit plan summaries and information. Visit UPoint (go to ***My HR Tools*** and click on the UPoint tile) (for active employees only), or at ***digital.alight.com/phillips66*** to view pension, retirement planning and personal information.

GLOSSARY

Account value	A hypothetical cash amount representing the participant's accrued benefit under this plan as of a specified date. The participant's account value is the sum of all his pay credit amounts and interest credit amounts that have not yet been distributed from the plan or for which annuity payments have not begun.
Age points	Determined by subtracting the participant's year of birth from the current year. For example, if the current year is 2017 and the participant was born in 1975, he would have 42 age points (2017 – 1975 = 42).
Annual earnings	Include the following types of earnings, as defined in the company's standard policies and/or payroll procedures: • Wages or salary for the participant's regularly scheduled work week (including regularly scheduled overtime) — before any reduction for before-tax benefit participation, or wages received during the month if he is classified as an Intermittent employee. • Unscheduled (or temporarily scheduled) overtime pay. • Shift differential pay. • Vacation pay paid before his employment ends. • Premium pay for any holidays he worked. • Payments for temporary upgrades in job classification. • Call-out pay. • Payments for Short-Term Disability Pay, sickness or injury. • Amounts both awarded and paid within the same calendar year under the Variable Cash Incentive Program of Phillips 66, and eligible amounts under other specified programs. • Base rate of pay including any regularly scheduled overtime that would have been in effect during a period of military service absence. The participant's annual earnings **do not** include: • Amounts he is paid for working an extended schedule or in other than his regular job during a strike. • Any amounts over the annual eligible compensation limit, as defined by the Internal Revenue Code and updated periodically.
Beneficiary, beneficiaries	A person the participant designates to receive benefit payments after his death, under certain forms of payment allowed by the plan. He may designate any individual, trust or estate as his beneficiary, provided that he has his spouse's consent to designate someone other than or in addition to his spouse if he is married.
Break in service, break in service year	This event occurs when the participant fails to complete more than 500 hours of service in a year because his employment ends.
Committee(s)	The Benefits and Investment Committees, which are the governing bodies of the plan administration and investments.

(continued)

Eligible monthly pay	The portion of the participant's annual earnings paid in a calendar month. Eligible monthly pay does not include amounts that would otherwise be included but which are paid after the participant's employment ends.
ERISA	Employee Retirement Income Security Act of 1974, as amended.
Eligibility Service	For purposes of determining the one-year eligibility service requirement only, the plan will use the elapsed time method. Three hundred sixty-five (365) days of service constitute one year of service.
Hours of service	The participant's hours of service are generally determined under the following rules: • 190 hours for each month in which he is either classified as an active employee, or is on an approved leave of absence (as long as he is still employed by the company). • 190 hours for each month in which he is considered to be employed due to reinstatement from military leave. • 190 hours for each month in which he is considered to be employed through a reinstatement or back pay award or agreement. The participant may be credited with hours of service for determining whether a break in service has occurred if he is absent from work for any of the following reasons: • Pregnancy. • The birth of a child. • The placement of a child with him in connection with adoption. • Caring for a child for a period beginning immediately following birth or adoption. Before January 1, 1996, hours of service were credited for each hour for which he was paid or entitled to be paid. This includes: • Hours he was paid for working. • Hours while on vacation, paid holiday, paid unavoidable absence, inactive employee status, political leave or (in some cases) military leave. • Hours for which back pay has been awarded or agreed to by the company. The same hours of service cannot be counted more than once under this plan.
Interest credit amount	The amount that is the result of multiplying the interest credit rate times the participant's account value as of the end of the prior month.

(continued)

<table>
<tr><td>Interest credit rate</td><td>The monthly compound interest rate equivalent of the effective annual interest rate, which is the 30-year Treasury Securities Rate published by the U.S. Treasury and the Internal Revenue Service. The effective annual interest rate is updated quarterly as follows:
<table><tr><th>U.S. Treasury Securities Rate</th><th>Period in effect (for Title II interest credit rates)</th></tr><tr><td>September rate</td><td>January, February and March of the following year</td></tr><tr><td>December rate</td><td>April, May and June of the following year</td></tr><tr><td>March rate</td><td>July, August and September of the same year</td></tr><tr><td>June rate</td><td>October, November and December of the same year</td></tr></table></td></tr>
<tr><td>Layoff</td><td>This event occurs when an employee is classified as laid-off within the company's payroll and personnel system after the employee's employment with any members of the employer ends.</td></tr>
<tr><td>Normal retirement date</td><td>The first day of the month nearest the participant's 65th birthday.
For example:
<table><tr><th>If his birth date is ...</th><th>His normal retirement date is ...</th></tr><tr><td>October 4, 1952</td><td>October 1, 2017</td></tr><tr><td>October 23, 1952</td><td>November 1, 2017</td></tr><tr><td>December 16, 1952 (middle of the month)</td><td>December 1, 2017</td></tr></table></td></tr>
<tr><td>Participant</td><td>An employee who meets the eligibility requirements for Title II on the one-year anniversary of his hire date (or adjusted hire date or adjusted service date), as applicable.</td></tr>
<tr><td>Pay credit amount</td><td>The result of multiplying a pay credit percentage times the participant's eligible monthly pay. Pay credit amounts are added to his account value as of the last day of each month in which he is eligible to earn benefits under this plan.</td></tr>
<tr><td>Pay credit percentage</td><td>The percentage used to determine the participant's pay credit amount, based on his age points plus service points, in whole years, for each year of participation.</td></tr>
<tr><td>Recognized service date</td><td>The date recognized for accruing service under this plan. Effective May 1, 2012, this definition was amended:
If the participant directly transferred from ConocoPhillips to Phillips 66, his recognized service date is the date recognized by ConocoPhillips at the date of transfer.
If the participant was not directly transferred from ConocoPhillips to Phillips 66 but had prior ConocoPhillips service, such service will be recognized for setting this date only if his date of hire with Phillips 66 occurs no later than five years from the earlier of:
His employment end date with ConocoPhillips.
May 1, 2012.
If neither of the above applies, his recognized service date will be his date of hire.</td></tr>
</table>

(continued)

Service points	Determined by subtracting the calendar year containing the participant's recognized service date from the current year. For example, if the current year is 2017 and his recognized service date is in 1998, he would have 19 service points (2017 – 1998 = 19).
Vested	Being entitled to a non-forfeitable benefit from this plan. Generally, three years of vesting service are required. Active employees who have met the eligibility requirements described on page 4 become automatically vested: • Upon reaching their normal retirement date; or • Upon layoff.
Vesting service, years of vesting service	Effective May 1, 2012, this definition is amended: • If the participant directly transferred from ConocoPhillips to Phillips 66, his years of vesting service will include those recognized by ConocoPhillips at the date of transfer. • If he was not directly transferred from ConocoPhillips to Phillips 66 but had prior vesting service with ConocoPhillips (and subject to the break in service provisions), such vesting service will only be recognized if his date of hire with Phillips 66 occurs no later than five years from the earlier of: – His employment end date with ConocoPhillips. – May 1, 2012. Years of vesting service are all the years in which he completes at least 1,000 hours of service.
Year	The 12-month period beginning on the day the participant starts work. Additional years are counted from the first of the month in which the anniversary of his first day of work occurs.

NOTES