PHILLIPS 66 RETIREMENT PLAN

Phillips Retirement Income Plan

This is the summary plan description ("SPD") for the Phillips Retirement Income Plan ("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 I of the Phillips 66 Retirement Plan

PHILLIPS RETIREMENT INCOME PLAN

A plan for retirement

The company-provided* Phillips Retirement Income Plan helps participants prepare to have an income during retirement years. There is no cost to participate, and participants are already 100% vested in the plan benefit. The Phillips Retirement Income Plan, combined with Social Security, any benefit from the Phillips 66 Savings Plan and personal savings and investments, provide the building blocks needed for retirement.

** The plan has been totally company-paid since 1986. Participants may have made employee contributions before that date. See page 17.*

HERE IS THE BIG PICTURE

Is enrollment required to be a participant?	No. This plan was closed to new entrants on January 1, 2002. Participants prior to that date are already plan members.
Who pays — the company or the participant?	The company currently pays all costs. Participants cannot contribute.
What is the benefit? *See page 6*	Benefits are determined by formulas that take into account: • Eligible earnings over the later years of a career; • Credited service; • Estimated Social Security benefits; • When participants choose to take the benefit; and • The form of payment chosen. The benefit grows each year the participant accumulates additional credited service in the plan and eligible earnings increase.
When is the participant vested?	All participants in the plan are 100% vested. That means they keep the value of their benefit when they leave the company.
When can the participant take his benefit? *See page 9*	After a participant has left the company: • Generally, he can start taking his benefit any time after the first of the month nearest his 55th birthday. • 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 12*	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 32 for details about some of the terms used in this summary plan description (SPD).

Contacts on page 31 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 Retirement Income Plan — Title I." It is one part of an overall plan called the "Phillips 66 Retirement Plan." But in this SPD, it is called the "Retirement Income Plan" 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.

ONE MORE THING

In 2002, participants in this plan had a one-time choice to either:

- Continue to earn benefits in this plan; or
- Move to the Cash Balance Account (Title II of the Phillips 66 Retirement Plan) for new benefits accumulated after certain dates.

If the participant made the election to move to the Cash Balance Account, he kept the benefit that he had already accumulated in this plan, but stopped earning "credited service" and additional "final average earnings" under this plan. However, if he continues employment with the company, his age and service will continue to count toward this plan's early retirement eligibility.

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 was already a participant in the plan on December 31, 2001. The plan was closed to new entrants on January 1, 2002. If the individual is not already a participant, he cannot join the plan.

An individual became a participant upon first satisfying the eligibility requirements of the plan.

An individual is NOT eligible if …

- 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 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.

HOW THE PLAN WORKS

A lot goes into the retirement benefit, which a participant accumulates during his working years with the company. These factors come into play:*

The participant's normal retirement income calculation	This is the benefit amount payable to the participant as a single life annuity beginning at his normal retirement date. His "normal retirement date" is the first of the month nearest his 65th birthday.
When he chooses to receive his benefit	Once he has left the company, his retirement benefit can begin as early as the first of the month nearest his 55th birthday and as late as his normal retirement date. His benefit may be lower if it begins before his normal retirement date.
The form of payment he chooses	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 described on page 12.

** 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.*

The participant's benefit under this plan will never be less than:

- *His vested benefit transferred to this plan from another plan.*
- *The equivalent of the benefit amount based on his contributions.*
- *The equivalent of his vested benefit amount.*
- *A special minimum benefit amount, if the plan is ever determined to be "top heavy" under IRS rules.*

This plan has some special provisions that apply to certain former employees of:

- Phillips Driscopipe, Inc. or Phillips Fibers Corporation.
- BP Amoco p.l.c. or Atlantic Richfield Company (ARCO).

These provisions are summarized in the Supplement at the end of this SPD (see page 40). For more information, the participant should contact the Benefits Center.

CALCULATING THE NORMAL RETIREMENT INCOME BENEFIT

This is the starting point for figuring the participant's retirement benefit. His benefit is calculated under several different formulas. He will receive whichever amount is highest.

The best way to explain things is to describe the formulas and provide an example of each. Consider Daniel, a Phillips 66 employee who retired in 2017.

Please note that these examples show what Daniel would be paid if he were to start his benefit on his normal retirement date as a single life annuity. As described later in this SPD, his benefit may be lower if it begins earlier or if he chooses a different payment option.

(1) Final Average Earnings (FAE) Formula

This formula gives the highest benefit amount for most long-service employees. It uses three factors:

- Final average earnings (FAE);
- Credited service (CS); and
- Primary Social Security (PSS).

The FAE Formula works like this:

Here is how to calculate the FAE Formula benefit ...	And here is Daniel's FAE Formula benefit ...
Step 1: Determine the final average earnings (FAE)	
This is the monthly average of the participant's highest three consecutive calendar years of annual earnings out of the last 11 calendar years, including the year in which his employment ends. (See page 32 for what is included in annual earnings.)	Daniel's highest three consecutive calendar years' earnings were: $ 57,600 + $ 60,000 + $ 62,400 = $180,000 $180,000 ÷ 36 = **$5,000 (his monthly FAE)**
Step 2: Determine the months of credited service (CS)	
He generally receives credited service for each month in which he actively participated in this plan. (See "credited service" in the *Glossary* for more information.)	Daniel retired in 2017 with **240 months of CS**
Step 3: The plan calculates the Primary Social Security (PSS)	
This is the estimated monthly Social Security benefit that the participant would receive at his normal retirement age, regardless of his age when he leaves the company. (See "Primary Social Security" in the *Glossary* for details.)	Daniel's monthly **PSS is $1,760**

(continued)

Here is how to calculate the FAE Formula benefit ...	And here is Daniel's FAE Formula benefit ...
Step 4: Calculate the monthly FAE benefit	
Final average earnings **x** 1.6%* **x** credited service (up to 576 months) ***minus*** Primary Social Security **x** 1.5% **x** credited service (up to 400 months)** ***equals*** His **annual** FAE Formula benefit ***divided by 12, equals*** His **monthly** FAE Formula benefit	$ 5,000 final average earnings **x** 1.6% **x** 240 months credited service **= $19,200** ***minus*** $ 1,760 Primary Social Security **x** 1.5% **x** 240 months credited service **= $ 6,336** ***equals*** Daniel's **annual** FAE Formula benefit of **$12,864** *($19,200 – $6,336)* His **monthly** FAE Formula benefit is **$1,072** *($12,864 ÷ 12)*

* *Different percentages apply for credited service earned from 1971 to 1975.*

** *If the participant could earn more than 400 months of credited service before his normal retirement date, his actual credited service is multiplied by the following ratio:*

$$\frac{\text{Actual credited service + projected credited service to his normal retirement date (limited to 400 months)}}{\text{Actual credited service + projected credited service to his normal retirement date (limited to 576 months)}}$$

(2) Minimum Retirement Income Formula ($15 Minimum Formula)

The plan then calculates the participant's $15 Minimum Formula. This formula uses only credited service (CS). CS has the same meaning as in the previous formula.

The $15 Minimum Formula produces smaller amounts than the FAE formula for most people:

Here is how to calculate the $15 Minimum Formula benefit …	And here is Daniel's $15 Minimum Formula benefit …
Step 1: Determine the months of credited service (CS)	
As with the FAE Formula, the participant generally receives credited service for each month in which he actively participated in this plan.	Daniel retired in 2017 with **240 months of CS**
Step 2: Calculate the benefit	
$15 **x** credited service (up to 576 months) ***equals*** His **annual** $15 Minimum Formula benefit ***divided by 12, equals*** His **monthly** $15 Minimum Formula benefit	$ 15 **x** 240 months credited service **= $3,600** Daniel's **annual** $15 Minimum Formula benefit is **$3,600** His **monthly** $15 Minimum benefit is **$300** *($3,600 ÷ 12)*

(3) Finding the highest benefit

Step 3 reflects the conclusion of this example.

Finding the highest benefit …	And here is Daniel's highest benefit …
His normal retirement income benefit would be the highest benefit calculated under each of the benefit formulas.	Daniel's monthly benefit under the: • FAE Formula is **$1,072**. • $15 Minimum Formula is **$300**. If Daniel were to start his benefit on his normal retirement date in the single life annuity form, he would receive $1,072 per month.

The caveat immediately above — "If Daniel were to start his benefit on his normal retirement date in the single life annuity form …" refers to other items which influence benefits. As described over the next few sections, there are three other factors that affect retirement benefits:

- Age when the participant leaves employment;
- Age when the benefit begins; and
- Benefit payment form.

When they leave the company, participants must determine whether to take their benefit when first eligible (must be at least 55), or wait until later. They also must determine whether to take an annuity (monthly payments), or a lump sum. The following sections describe how the benefit commencement date and the payment form can affect the calculation.

HELP IS AVAILABLE!

When the time comes to make this important decision, participants have access to the retirement benefit planning tools at UPoint (go to ***My HR Tools*** and click on the UPoint tile), which allows participants to estimate their benefit online. They may also contact the Benefits Center for a reasonable number of estimates of their 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 31 for the Benefits Center web and phone access.

WHEN CAN THE PARTICIPANT BEGIN RECEIVING HIS RETIREMENT BENEFIT?

After a participant has left the company:

- He **can** start his retirement benefit as early as the first of the month nearest his 55th birthday. This is called his "earliest" early retirement date.
- He **must** start it by his normal retirement date (the first of the month nearest his 65th birthday).

For example:

If his birthday falls ...	His "earliest" early retirement date (his "plan age 55") is ...	His normal retirement date (his "plan age 65") is ...
Closer to the first of the month *For example:* May 10, 1965	The first day of the month in which he turns age 55. May 1, 2020	The first day of the month in which he turns age 65. May 1, 2030
Exactly in the middle of the month *For example:* December 16, 1960	The first day of the month in which he turns age 55. December 1, 2015	The first day of the month in which he turns age 65. December 1, 2025
Closer to the end of the month *For example:* July 25, 1955	The first day of the month following his 55th birthday. August 1, 2010	The first day of the month following his 65th birthday. August 1, 2020

His benefit may be reduced if it begins before his normal retirement date (see page 10).

What if the participant is still working when he reaches his normal retirement date?

If the participant is still employed by the company, his benefits will not begin on his normal retirement date. Instead, he will continue to earn additional credited service (if he has not already reached the limit). His additional service (up to the 576-month maximum) and possibly higher annual earnings may add to his retirement benefit.

THE PARTICIPANT'S BENEFIT MUST BEGIN ON ...

His retirement benefit must begin on the earliest of the following dates:

- His normal retirement date, if he left the company before that date.
- The first of the month after he leaves the company, if he works beyond his normal retirement date.
- The first of the month after any disability benefits he is receiving from a company long-term disability plan end, if he is at or past his normal retirement date at that time.

WHAT IF THE PARTICIPANT'S BENEFIT BEGINS BEFORE HIS NORMAL RETIREMENT DATE?

If the participant's retirement benefit begins **ON** his normal retirement date, he receives the highest benefit as calculated earlier, adjusted only for the form of payment he chose.

However, if he chooses to begin his benefit earlier, it may be reduced. There are two kinds of reductions — the early retirement reduction and the actuarial reduction.

Early retirement reduction method

The participant's benefit is subject to a reduction if either of the following applies:

<table>
<tr><td>The participant is employed until the earlier of:
• His 55th birthday, or
• The first of the month nearest his 55th birthday. (This would apply only if his birthday is in the first half of the month.)</td><td>OR</td><td>His employment ends for one of the following reasons during or after the calendar year in which he turns age 50, and his plan benefit is not transferred to a new employer's plan:
• He is laid off.
• He is transferred to another company in the affiliated group.
• His job ends due to sale of assets or sale of stock.</td></tr>
<tr><td colspan="3">For determining employment status, it does not matter whether he is participating in this plan or whether he elected to move to the Cash Balance Account in 2002. He just needs to be an employee of the company.</td></tr>
</table>

When the participant leaves the company, the early retirement reduction is a 5% reduction per year before age 60. This works out to 0.4167% per month (1/12 of 5%) for each month that his benefit begins before age 60.

Actuarial reduction method

The actuarial reduction applies if the participant's benefit is not subject to the early retirement reduction method discussed above.

The actuarial reduction is a 6% reduction per year before his normal retirement date. This works out to 0.5% per month (1/12 of 6%) for each month that his benefit begins before age 65.

How the reductions work

A couple of examples reflect how the reductions work. Both retirees in this example had earned the same $2,000 monthly benefit payable at their normal retirement date. However, both elected to begin their benefit earlier, so their $2,000 benefit was reduced.

	Qualified for this reduction method ...	Age when employment ended ...	Benefits began at age ...	Monthly benefit was reduced to ...
Tim	Early retirement reduction	57	57	$1,700 *($2,000 x **85%**)*
Joel	Actuarial reduction	54	62	$1,640 *($2,000 x **82%**)*

The following chart shows the percentage of a retirement benefit that would be payable after applying the applicable retirement reductions. For Tim and Joel, just match the colors to the chart below to see how their reduction was calculated and applied.

Please note that this chart shows full years of age only, but the participant's actual reduction would actually be calculated in years and months.

	Percent of benefit payable under the ...	
If benefit begins at age ...	**Early retirement reduction method**	**Actuarial reduction**
55	75%	40%
56	80%	46%
57	**85%**	52%
58	90%	58%
59	95%	64%
60	100%	70%
61	100%	76%
62	100%	**82%**
63	100%	88%
64	100%	94%
65	100%	100%

PAYMENT FORM OPTIONS

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

There are a number of forms from which to choose. And, as mentioned on page 9, the retirement benefit planning tools at UPoint (go to ***My HR Tools*** and click on the UPoint tile) and Benefits Center representatives can help participants understand their options.

If the value of his benefit 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 benefit 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 17 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 9).

- **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 retirement benefit at the time the benefit begins 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 spouse's) rather than just one. The younger his spouse is (compared to him), the greater the reduction.
  - The ages of both the participant and his spouse are taken into account when calculating his 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 above. 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.
- If he is married, a **joint and survivor annuity** (reduced monthly payments during his lifetime, with a percentage of his benefit amount continuing to his spouse 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%).
  - 33⅓% (33⅓% or 66⅔%).
- A **lump-sum payment** (his entire benefit 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 17 for details.

HOW THE PARTICIPANT'S CHOICES AFFECT HIS RETIREMENT BENEFIT

Meet Robert. When he ends his employment on December 31, 2018 (his 59th birthday!), his retirement benefit payable on his normal retirement date as a single life annuity will be $1,800 a month. Here is what his retirement benefit will be under a variety of scenarios.

Since Robert 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 Robert takes his benefit as an annuity ...	
Right away	Robert jumps right into retirement and wants his benefit to start the very next day, **January 1, 2019**. At age 59, Robert has not reached his normal retirement date. Therefore, his benefit is subject to the early retirement reduction. Per the table on page 11, his monthly benefit is reduced to $1,710 as follows: $1,800 x 95% early retirement reduction factor = **$1,710** This is the amount that is payable right away as a single life annuity. However, Robert has several choices of annuity. • His monthly annuity payment will be the full $1,710 if he chooses a **single life annuity** (payments stop at his death). • If Robert chooses a **joint and survivor annuity** (monthly payments continue to his spouse after his death): – Robert's monthly payment will be lower than if he had chosen a single life annuity. – The amount of the reduction will be calculated based on his age and his spouse's age 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 Robert 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	Robert decides to leave his benefit in the plan until his normal retirement date, which is **January 1, 2025**. Everything described above applies EXCEPT: • Robert's benefit will not be reduced for early retirement. • The plan will use Robert's age (and his spouse's age) as of January 1, 2025 when calculating Robert's annuity amount.

If Robert takes his benefit in a lump sum ...	
Right away	Robert wants his benefit to begin on **January 1, 2019**. • The same early retirement reduction that was calculated for an annuity on page 14 also applies to lump-sum payment. That means his lump-sum payment will be based on 95% of the single life annuity that Robert would have received at his normal retirement date. • After the reduction is applied, the plan will calculate the value of the lump sum based on plan provisions covering the actuarial basis (mortality tables and interest rates used to convert the single life annuity to a lump sum) in effect at his benefit commencement date. • The plan will distribute the lump sum generally within 60 days of that date.
On his normal retirement date	Robert decides to leave his benefit in the plan until his normal retirement date, which is **January 1, 2025**. Everything described above applies EXCEPT: • Robert's benefit will not be reduced for early retirement.
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. Robert can avoid this by directly rolling it over into an individual retirement account (IRA) or other tax-qualified plan. See page 18.

If the participant takes his benefit in a lump sum

As required by the Pension Protection Act of 2006:

- Lump-sum payments for benefits accrued **before** January 1, 2009 (Part A) are calculated under one set of provisions;
- Lump-sum payments for benefits accrued **on or after** January 1, 2009 (Part B) are calculated under a different set of provisions; and then
- The two lump sums are added together to produce his total lump-sum payment from the plan.

Here is how this works for Jacob, who retired at age 58 on October 31, 2017. He was eligible for the early retirement reduction.

Here is how Jacob's lump-sum payment is calculated ...
Step 1: Start with his TOTAL normal retirement income
His normal retirement income earned **through October 31, 2017** (based on all his company service) is **$3,052** per month.
Step 2: Determine his normal retirement income earned THROUGH December 31, 2008
His normal retirement income earned **through December 31, 2008** (based on his service to that date) is **$2,280** per month.
Step 3: Determine his normal retirement income earned AFTER December 31, 2008
His normal retirement income earned **from January 1, 2009 through October 31, 2017** is **$772** per month *($3,052 – $2,280)*
Step 4: Calculate his early retirement reduction
According to the table on page 11, Jacob is subject to the 90% early retirement reduction. That means his benefit taken as a single life annuity at age 58 would be: • Part A: $2,052 *($2,280 from Step 2 above x 90%)* • Part B: $ 695 *($772 from Step 3 above x 90%)* These are the numbers that are used to calculate his lump-sum payment, as shown below.
Step 5: Calculate his lump-sum payment
Jacob's lump-sum payment is the lump-sum value of his Part A benefit plus the lump-sum value of his Part B benefit as shown below: Part A: Earned through December 31, 2008: $2,052 x 188.4021* = $386,601 ***plus*** Part B: Earned after December 31, 2008: $695 x 173.8765** = $120,809 ***equals*** Jacob's total lump-sum amount: **$507,410**

* *This lump-sum factor is derived from the GAR 94 mortality and a 3.77% 30-year Treasury Securities rate.*

** *This lump-sum factor is derived from the Internal Revenue Code (IRC) 417(e) mortality table prescribed for use in 2010 (per Internal Revenue Bulletin 2008-42) and the three corporate bond segment rates of 2.15%, 4.55%, and 5.58%. This method is that prescribed as the IRC 417(e) method — pursuant to the Pension Protection Act of 2006 — and per plan provisions as the lump-sum conversion method for the plan benefit accrued on or after January 1, 2009.*

IF THE PARTICIPANT MADE EMPLOYEE CONTRIBUTIONS UNDER EARLIER PLANS

Through 1986, employee contributions were required or allowed under certain prior and superseded plans that were merged into this plan. Those contributions were credited to the plan, covered under insurance contracts, and continue to earn interest at federally-required rates until the participant leaves the company. The participant may not withdraw them while he is still working.

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 the next page.

** The penalty is waived for permanent and total disability and for certain medical expenses. He 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 of 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.

Steven's total lump-sum distribution was $400,000. 20% was withheld, so the check he received was for $320,000. If he decides to do an indirect rollover within 60 days, he can:

- Just roll over the $320,000 (the $80,000 withheld will be taxed as a plan distribution); or
- Roll over the $320,000, plus $80,000 from another source. If he does that, he will postpone taxes on the entire $400,000. (The 20% withheld will be treated as federal income taxes paid when he files his federal income tax return for the year.)

HOW DOES THE PARTICIPANT NAME A BENEFICIARY?

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 (go to ***My HR Tools*** and click on the UPoint tile). If he has additional questions, he may contact the Benefits Center.

Several 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.
- 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 of 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.

The rules also vary depending on his marital status:

If he is married …	If he is single …
His spouse is his primary beneficiary, and he may not name any other primary beneficiary. He can name contingent beneficiaries who would receive a benefit if his spouse dies before him.	He can name any person or persons, including a trust or estate, as primary beneficiary(ies) and contingent beneficiary(ies).

HOW DOES THE PARTICIPANT APPLY FOR HIS RETIREMENT BENEFIT?

To apply for his benefit, the first step is to log into UPoint (go to ***My HR Tools*** and click on the UPoint tile) 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 or change the interest rate he had anticipated (which can affect his final benefit amount).

REMEMBER, AFTER EMPLOYMENT ENDS …

- The participant **can** start his retirement benefit as early as the first of the month nearest his 55th birthday.
- He **must** start it by his normal retirement date (the first of the month after his 65th birthday).
- **If he does not apply for his benefit,** he will receive an estimate of his retirement benefit 60 to 90 days after his employment ends.

After the participant 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 12 unless he elects a different option at that time.

He may have other options, as described on page 13.

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, he still participates in the plan during his leave. He will receive credited service for the time spent on leave if he returns to work within the time specified.

If he does not return from his leave when he is supposed to and his employment ends, he will receive credited service for the time he was on an approved leave. See *The participant leaves the company?* in the next section. The participant should also see his leave papers or contact the Benefits Center for more information.

THE PARTICIPANT LEAVES THE COMPANY?

The participant can apply to begin his retirement benefit as early as the first day of the month nearest his 55th birthday. The participant should also see *How does the participant apply for his retirement benefit?* on page 19 to see what he needs to do.

If he does nothing, his benefit will be paid at his normal retirement date using the required form described on page 12, unless he elects a different option at that time.

Special provisions apply in a few instances, as described in the following section.

If the participant's employment ends due to layoff

If the participant is laid off, some special rules apply that may:

- Give him credited service for layoff pay;
- Extend his annual earnings for calculation purposes;
- Provide for the early retirement reduction even though he leaves employment before age 55; and
- Possibly provide a temporary limited Social Security make-up.

Here are the special rules that apply if the participant's employment ends due to layoff:

- If he is entitled to receive layoff pay, he will receive months of credited service based on 45 hours for each week of layoff pay for which he is eligible.
- If he is laid off, to determine his final average earnings, his annual earnings will be extended after the month of his layoff for the number of months left until the end of the calendar year. However, the maximum earnings extension will not exceed his layoff pay.

- If he is laid off during or after the calendar year in which he would reach age 50 and he is not given the opportunity to transfer his plan benefit to a successor employer's retirement plan, he will be eligible for these additional special provisions:
  - The early retirement reduction will apply if he begins benefits before his normal retirement date; and
  - If he does not continue employment with a successor employer and he is not offered a job with a successor employer at 80% or more of his previous regular monthly earnings rate, he will be entitled to a temporary limited Social Security make-up, subject to certain conditions. He should contact the Benefits Center for more information.

If the participant's employment ends due to sale of assets, sale of stock or transfer to an affiliated group

Special rules also apply if his employment ends due to sale of assets, sale of stock or transfer to an affiliated group. These rules may provide for the early retirement reduction or provide for transfer of the participant's benefit in this plan to a successor employer's plan.

Here are the special rules that apply if the participant's employment ends as a direct result of a sale of assets (in certain cases), a sale of stock or transfer to an affiliated group:

- His accrued retirement benefit and a portion of the plan's assets will be transferred to the successor employer's plan if:
  - His employment continues with the successor employer;
  - There is an agreement allowing benefits to be transferred from this plan to the successor employer's plan; and
  - He consents to such a transfer within 60 days after his current employment ends. If this occurs, he will have no remaining benefits or rights under this plan.
- If he is age 50 or older in the calendar year in which his employment ends, he will be eligible for the early retirement reduction if he begins benefits before his normal retirement date, unless he was offered and declined the transfer of benefits described above.

The participant should contact the Benefits Center for more information about these special rules.

THE PARTICIPANT IS REHIRED?

Being rehired does not change the retirement benefit the participant earned prior to leaving the company. If, when he is rehired:

- **He has already started receiving monthly benefit payments,** those payments will continue unchanged.
- **He has not yet taken his benefit,** he still has the same payment options and choices he had prior to leaving the company. However, he may not commence that benefit until after his employment ends.

Years of service and age accrued after rehire will be used to determine **early retirement eligibility** for any unpaid benefit previously earned under this plan.

Upon his rehire and if he is eligible, further retirement benefits will accrue under the Cash Balance Account (Title II of the Phillips 66 Retirement Plan) rather than under this plan. That plan is described in the separate ***Phillips 66 Cash Balance Account SPD***.

THE PARTICIPANT DIES BEFORE RETIREMENT PAYMENTS BEGIN?

If the participant dies before his retirement benefit begins, certain death benefits are payable. The benefits depend on his marital status. The following charts summarize the plan's death benefits.

If the participant is married

The participant's spouse may elect either A or B below ...	
A. Lump-sum survivor's benefit	• This benefit is equal to the actuarial value of the participant's entire plan benefit and replaces all other plan benefits. • The benefit will be calculated as of the first early retirement date following the participant's death, or on the first of the month following his death if he were past his earliest early retirement date (age 55) when he died. • His spouse will have a one-time election to choose the lump sum. • The benefit is available for deferred start dates.
B. Single life pre-retirement survivor's annuity	• This benefit is equal to 100% of the participant's retirement benefit, adjusted for any difference in age between the participant and his spouse and reduced for any early payment. • The annuity is payable as early as his age 55, or may be deferred up to his age 65.

If the participant is single

If he is single, his beneficiary will receive a single cash payment equal to the actuarial value of his entire retirement benefit.

THE PARTICIPANT DIES AFTER RETIREMENT PAYMENTS HAVE BEGUN?

Any survivor benefits depend on the form of benefit payment he chooses at the time of retirement.

- If the participant chose a joint and survivor annuity, his spouse will receive the specified percentage (10% to 100%) of his retirement benefit until the spouse's death.
- If he chose a single life annuity, no survivor's annuity is payable.
- If he chose and received payment as a lump sum, no survivor benefit is payable.
- If he has made employee contributions to the plan and payments in any form of annuity have begun, a cash death benefit may be payable if the annuity already paid out does not exceed the value of any applicable contributions. The cash benefit ensures that the full refund value of his contributions is paid out. (This applies to a limited group of participants employed prior to 1986. The participant should contact the Benefits Center for details.)

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 30) 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 Retirement Income Plan that is required by the Employee Retirement Income Security Act of 1974 (ERISA).

Phillips 66 Retirement Plan *(Includes the Phillips Retirement Income Plan — Title I)*	
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 presently 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 of 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 of 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 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 9.)

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 has to 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 ***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

Actuarial reduction	A normal retirement income reduction schedule for employees who terminate before retirement, or in certain cases, other than by layoff, certain sales of assets, sale of stock or transfer to a member of the affiliated group, in or after the calendar year in which the employees would have attained age 50.
Affiliated group	Phillips 66 plus other subsidiaries and affiliates in which Phillips 66 owns a 5% or more equity interest.
Annual earnings	The participant's annual earnings include the following, as defined in the company's standard policies and/or payroll procedures: • Wages or salary attributable to his regularly scheduled workweek (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 made for temporary upgrades in job classification. • Call-out pay. • Payments for Short-Term Disability Pay, sickness or injury. • Any amount payable under the Annual Incentive Compensation Plan of Phillips 66 (or under a similar plan maintained by a subsidiary), awarded and paid within the same calendar year. • For years after 1994, amounts both awarded and paid within the same calendar year under the Performance Incentive Program of Phillips Petroleum Company, the Variable Cash Incentive Program of ConocoPhillips Company, the Variable Cash Incentive Program of Phillips 66 Company, and eligible amounts paid 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 weeks of layoff pay attributable to the lesser of (a) the number of whole or partial weeks from his date of termination to the end of the calendar year or (b) the number of weeks of layoff pay for which he is eligible in the calendar year in which his termination occurs. The participant's annual earnings **does not** include: • Amounts he is paid for working an extended schedule or in other than his regular job during a strike; and • Any amounts over the annual eligible compensation limit, as defined by the Internal Revenue Code and updated periodically. The participant's annual earnings **does not** include, and **will not** be adjusted by any amount that is paid, reported or used as an offset under company policies and payroll procedures for Workers' Compensation, military pay or state disability programs.

(continued)

Break in service or break in service year	This 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.
Credited service (CS)	The number of months of participation for which the participant is credited under the plan. The rules for crediting service have changed over time. **Beginning January 1, 1996,** his credited service under the plan is defined as the greater of: • The number of months in which the participant is eligible to participate in the plan; or • The number of months indicated by the following table:

Hours of service credited while eligible for the plan in a year	Twelfths of a year of credited service
1 – 190	1
191 – 380	2
381 – 570	3
571 – 760	4
761 – 950	5
951 – 1,140	6
1,141 – 1,330	7
1,331 – 1,520	8
1,521 – 1,710	9
1,711 – 1,900	10
1,901 – 2,090	11
2,091 – 2,280	12

(continued)

Credited service (CS) *(continued)*	**From January 1, 1976 through December 31, 1995** under the former “Noncontributory Benefit Schedule,” the participant’s credited service under the plan was defined as the greater of: • The number of months in which he earned at least one hour of service; or • The number of months indicated by the following table:

Hours of service completed in year	Months of credited service
1 – 173	1
174 – 346	2
347 – 520	3
521 – 693	4
694 – 866	5
867 – 1,040	6
1,041 – 1,213	7
1,214 – 1,386	8
1,387 – 1,560	9
1,561 – 1,733	10
1,734 – 1,906	11
1,907 or more	12

Other rules apply to credited service before December 31, 1975. The participant should contact the Benefits Center for more information.

(continued)

Credited service (CS) *(continued)*	**The following rules also apply when calculating credited service:** • If the participant became an employee after 1991, when he became an employee he received a month of credited service for each full or partial month, up to 12, that he worked while satisfying the one-year eligibility period. • If the participant is a non-managerial retail marketing outlet employee who was excluded from participation in the plan before December 1, 1991, he receives months of credited service for each full month that he worked in an excluded regular retail marketing job before that date. If he is such an employee who was excluded on or after January 1, 1994, he receives these months only for the period after his most recent date of hire or rehire, and only upon the first time he became an employee. • He receives an extra one-fourth month of credited service for each month of credited service he earned while he was employed in international service while participating in the company's International Salary Plan before January 1, 1992. • He may earn up to 576 months (48 years) of credited service. If he continues employment after he has earned 576 months of credited service, he will not earn any additional credited service. • Credited service may be earned only through employment in an eligible category with a company that has adopted the plan. (**Exception:** Credited service is granted in certain cases when an employee is acquired from another company or joins the plan after being in an excluded non-managerial retail marketing outlet job.) Through special make-up/buy-back programs in the past, he may have been allowed to make up missed credited service under some conditions. This opportunity no longer exists.
Early retirement date	The first day of any month in the 10-year period preceding the participant's normal retirement date. His "earliest" early retirement date is the first day of the first month of that period (generally, the first of the month nearest his 55th birthday). The "earliest early retirement date" is also referred to as "plan age 55."
Early retirement reduction or early retirement discount (ERD)	A special normal retirement income reduction schedule for employees who terminate by retirement. The ERD also applies for employees whose employment terminates by layoff, sale of stock, transfer to a member of the affiliated group or sale of assets (in certain cases) in or after the calendar year in which they would have attained age 50.
ERISA	Employee Retirement Income Security Act of 1974, as amended.
Final average earnings (FAE)	The monthly average of the participant's highest annual earnings for three consecutive plan years during his last 11 plan years with the company (and affiliated companies), including the year in which his employment ends.

(continued)

Hours of service	**For years beginning after December 31, 1995,** the participant's hours of service are determined under the following schedule: • 190 hours for each month in which he is: – Classified as an active employee or an employee of the company. – On an approved leave of absence after December 31, 2002, as long as he is still employed. • 190 hours for each month in which he is deemed to be employed due to reinstatement from Military Leave. • 190 hours for each month in which he has been deemed to be employed through a reinstatement or back pay award or agreement. • 45 hours for each week of layoff pay or vacation, for which he is eligible in the calendar year in which his employment ends, regardless of the amount paid. **Before January 1, 1996,** an hour of service was an hour for which the participant was paid or entitled to be paid by the company. This includes hours he was paid for working, as well as hours while on vacation, paid holiday, paid unavoidable absence, Inactive Employee Status, Political Leave, and (in some cases) Military Leave. He also received credit for hours for which back pay was awarded or agreed to by the company. The same hour of service cannot be counted more than once under the plan. ***Special rules applicable to breaks in service:*** The participant will be credited with hours of service to determine if a break in service has occurred in the year the absence begins if the participant is absent from work for any of the following reasons (excluding paid sick time or leave of absence): • Pregnancy. • The birth of a child. • The placement of a child with the participant in connection with adoption. • Caring for a child for a period beginning immediately following birth or adoption. If a break in service does not occur in the year the absence begins, the participant will be credited with hours of service in the following year, if necessary, to prevent a break in service. Within 60 days after returning to work, the participant must submit a written statement to the Plan Benefits Administrator, stating which of the above reasons apply and the number of days absent.
Layoff or laid-off	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 company ends: • After a notice of layoff; and • On a date determined by the company.

(continued)

Limited Social Security make-up	A temporary payment for which the participant may be eligible if he is laid off in or after the calendar year in which he reaches age 50, does not continue employment with a successor employer, and begins his retirement benefit before plan age 62. Upon his commencement date, the monthly amount of this benefit is the same amount as the reduction for Social Security benefits under the FAE Formula, reduced by the early retirement factor. His eligibility for — and any payments of — a limited Social Security make-up end at the earliest of: • The month before the month he reaches age 62 as defined by the plan; and • The first of the month in which he dies. The participant's limited Social Security make-up will commence automatically at the same time as his regular benefit. If eligible, he will receive the benefit in the form of temporary monthly payments if he elects any form of annuity for his regular benefit, and in the form of a lump-sum payment if he elects the lump-sum option for his regular benefit. (Special rules apply to the calculation of lump-sum payment of a limited Social Security make-up.) He is not eligible for this benefit if: • He receives an offer of employment with a successor employer at a base rate of pay that is at least 80% of his prior base rate of pay; or • He continues employment with a successor employer regardless of the rate of pay.
Normal retirement date	The first day of the month nearest his 65th birthday. If his birthday is exactly in the middle of the month, his normal retirement date will be the first day of that month. "Normal retirement date" may also be referred to as "plan age 65." **For example:** **If his birth date is ... → His normal retirement date is ...** October 4, 1952 → October 1, 2017 October 23, 1952 → November 1, 2017 December 16, 1952 (middle of the month) → December 1, 2017
Normal retirement income (NRI)	The unreduced monthly retirement benefit in single life annuity form that the participant can receive upon his normal retirement date.
Present value	The current cash value of the participant's vested deferred benefit, or the portion of his benefit attributable to his contributions, as calculated under the plan.

(continued)

Primary Social Security (PSS)	The monthly amount payable to the participant as of his normal retirement date under the Social Security law in effect on the first day of the year in which he terminates, as determined by the plan's assumptions. If his employment ends before his normal retirement date, his Primary Social Security is determined as if: • He continued to receive his final pay rate as of January 1 of the year his employment ends until his normal retirement date; and • He had received raises at the rate of 6% per year from the later of his age 22 or 1951 so that he achieved his final rate of pay on January 1 of the year in which his employment ends. ***Using the participant's actual earnings history*** The participant may request that his actual Social Security earnings history for years before his termination date be used to calculate his Primary Social Security. If using those earnings would result in a lower Primary Social Security amount, they will be used by the plan. If he wishes to do this, he must supply his actual Social Security earnings history to the Benefits Center by no later than 90 days from the earlier of: • The date of notice to him indicating the Benefits Center's receipt of his retirement application; or • The date of the terminated vested notice to him after his termination of employment. ***For more information*** If the participant is age 60 or older and not receiving Social Security benefits, he should be receiving annual individualized Social Security Statements in the mail. These statements generally include his Social Security earnings history. If he is less than age 60, he can go online at ***www.ssa.gov*** where he can create a secure account to see his information. To find out more about his Social Security benefits (including his Social Security retirement age), contact the Social Security Administration: • By phone at (800) 772-1213 (TTY number (800) 325-0778 for deaf or hard of hearing); or • Online at ***www.socialsecurity.gov***.
Prior plan	The Retirement Income Plan of Phillips Petroleum Company and Subsidiary and Affiliated Companies that was in effect from January 1, 1938 to December 31, 1975. The prior plan was amended under ERISA on January 1, 1976, when it became the superseded plan.
Refund value	The participant's accumulated contributions and interest credited under the plan, including those covered by insurance contracts after transfer from the superseded plan. For more information about how his refund value is calculated, the participant should contact the Benefits Center.
Retire or retirement	Termination from the company on or after the participant's earliest early retirement date.
Sale of assets	The sale of the company's interest in some or all of the company's assets to a company, person or legal entity which is not a member of the company.
Sale of stock	The sale or transfer of all or a portion of the equity interest of a member of the company which results in the member ceasing to be a member of the company.

(continued)

Successor employer	Any entity or group which continues the employment of former employees as a direct result of any of the following: • Sale of assets. • Sale of stock. • Agreement to perform services previously performed by the former employees (outsourcing). • Transfer of employment to a member of the affiliated group not a member of the company.
Superseded plan	The Retirement Income Plan of Phillips Petroleum Company and Subsidiary and Affiliated Companies that was in effect from January 1, 1976 through its termination on August 31, 1986. A portion of the superseded plan containing the active employees as of August 31, 1986 was "spun-off" to become the current plan.
Vested	Being entitled to a non-forfeitable benefit from the plan. All plan participants are 100% vested.
Vesting service	All the years in which the participant completes at least 1,000 hours of service.
Year	The 12-month period beginning on the day the participant starts work. Subsequent years are counted from the first of the month in which the anniversary of his first day of work occurs. If he leaves the company, has a break in service, and is rehired, his date of rehire becomes the basis for determining the term "year."

SUPPLEMENT FOR CERTAIN FORMER EMPLOYEES

This Supplement summarizes some special provisions that apply to former employees of certain companies that were acquired or who transitioned into the Phillips Retirement Income Plan. For clarity, the main provisions are shown here, rather than the full legal language. The participant should contact the Benefits Center for more details (see page 31).

SPECIAL PROVISIONS FOR FORMER ARCO EMPLOYEES

Who is affected

Employees of Atlantic Richfield Company, Inc., (including related companies like BP Amoco p.l.c. and ARCO Transportation Alaska, Inc.) who:

- Were participants in the Atlantic Richfield Retirement Plan (ARRP) on July 30, 2000; and
- Transferred employment to Phillips Petroleum Company (or a related company) at the request of both companies and became participants in the Phillips Retirement Income Plan on July 31, 2000.

How participants are affected

The participant has what is called "ARCO special credited service," which is the greater of:

- The "Total Plan Membership Service" counted under the ARRP as of July 31, 2000 and reported by ARCO to the Plan Benefits Administrator; or
- The time in which the participant was employed by ARCO (up to two years) in which he was completing the eligibility requirements for the ARRP. (This means he receives credit for this time even though he was not yet a participant in the ARRP.)

The participant's normal retirement income under this plan will be the **greater** of (A) or (B) below:

(A) His normal retirement income calculated as described in this SPD, with these changes:

(1) Adding his ARCO special credited service to his credited service under this plan (excluding his ARCO service); and

(2) Including his ARCO earnings* in the calculation of final average earnings under this plan; and then

(3) Subtracting his ARCO benefit.**

(B) His normal retirement income calculated as described in this SPD, with these changes:

(1) Using only credited service under this plan (excluding his ARCO service); and

(2) Including his ARCO earnings* in the calculation of final average earnings under this plan, as if they had been earned under this plan.

If the participant's employment ends before he reaches the first of the month nearest to his 55th birthday, his normal retirement income will be reduced using the actuarial reduction rather than the early retirement reduction.

* *The participant's ARCO earnings are his earnings as recognized by the ARRP before July 31, 2000 and reported by ARCO to the Plan Benefits Administrator, including earnings that would have been recognized had he completed the ARRP eligibility period.*

** *The participant's ARCO benefit is the amount that would have been payable to him at age 65 as a single life annuity under the terms of the ARRP based on service as of July 31, 2000, as reported by ARCO to the Plan Benefits Administrator. If he had less than 10 years of service on that date and he starts his benefit on or after January 1, 2006, his ARCO benefit will be calculated as the ARCO benefit multiplied by the ARCO Early Receipt Factor, if that gives him a higher benefit.*

SPECIAL PROVISIONS FOR CERTAIN FORMER PDI AND PFC EMPLOYEES

Who is affected

Employees who:

- Were participants in one of the following plans (subsidiary plans) on January 1, 1989:
  - Retirement Income Plan for Salaried Employees of Phillips Driscopipe, Inc., and Subsidiary and Affiliated Companies; or
  - Retirement Income Plan for Salaried Employees of Phillips Fibers Corporation and Subsidiary Companies; and
- Who transferred employment to Phillips Petroleum Company (or a related company) and became participants in the Phillips Retirement Income Plan on that date.

How participants are affected

The participant has what is called "special credited service," which is his service before January 1, 1989 under any of the subsidiary plans above, provided he was an active employee as of January 1, 1990. (**Note:** His special credited service is reduced by any time before January 1, 1990 for which he is already receiving credit in the Phillips Petroleum Company retirement plan.

The participant's normal retirement income under this plan will be the **greater** of (A) or (B) below:

(A) His normal retirement income calculated as described in this SPD, with these changes:

(1) His normal retirement income under this plan (excluding his special credited service); and then

(2) Adding his subsidiary transferred benefit.*

** The participant's subsidiary transferred benefit is the normal retirement income he earned under his subsidiary plan up to January 1, 1989.*

(B) For active employees as of January 1, 1990, his normal retirement income calculated as described in this SPD, with this change:

(1) Using credited service under this plan plus his special credited service for the FAE Formula calculation (see page 6).

The participant's contributions to a subsidiary plan were transferred to this plan on January 1, 1989 and earn interest in this plan. He cannot make contributions to this plan. (If he was eligible to make contributions under the prior plan before July 1, 1971, he might have elected to participate in a credited service make-up program which no longer exists).