



PHILLIPS 66 RETIREMENT PLAN

Retirement Plan of Conoco

This is the summary plan description (“SPD”) for the Retirement Plan of Conoco (“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 IV of the Phillips 66 Retirement Plan

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A plan for retirement

The company-provided* Retirement Plan of Conoco 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 Retirement Plan of Conoco, 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 was funded by a combination of employee and company contributions in the past, but is now funded entirely by company contributions. See page 18.*

HERE IS THE BIG PICTURE

Is enrollment required to be a participant?	No. This plan was closed to new entrants on January 1, 2003. Participants prior to that date are already plan members.
Who pays – the company or the participant?	The company pays all costs. Participants cannot contribute.
What is the benefit? <i>See page 6</i>	Benefits are determined by formulas that take into account: <ul style="list-style-type: none"> • Eligible compensation during a career; • Credited service; • Estimated Social Security benefits; • When participants choose to take the benefit; and • The form of payment chosen. <p>The benefit grows each year the participant accumulates service in the plan and eligible compensation increases.</p>
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? <i>See page 11</i>	After a participant has left the company: <ul style="list-style-type: none"> • Generally, he can start taking his benefit any time after the first of the month after his 50th 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 after the participant's 65th birthday.
How is the participant's benefit paid? <i>See page 15</i>	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 beneficiary. 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 35 for details about some of the terms used in this summary plan description (SPD).

Contacts on page 34 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 “Retirement Plan of Conoco — Title IV.” It is one part of an overall plan called the “Phillips 66 Retirement Plan.” But in this SPD, it is called the “plan.” The other parts of the overall plan (the other “titles”) are described in other SPDs.

The plan provides benefits that were previously provided by the Retirement Plan of Conoco Inc. and — before that — by Title 2 of the DuPont Pension and Retirement Plan. Depending on the context, the term “plan” may also apply to one of those predecessor plans.

The participant’s retirement benefit under this plan is completely separate from any benefit(s) he may have under any other titles 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.

ONE MORE THING

In 2003, 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 he had already accumulated in this plan but stopped earning “credited service” and additional “compensation” under this plan. However, if the participant 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, 2002. The plan was closed to new entrants on January 1, 2003. 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 the participant accumulates during his working years with the company. These factors come into play:*

<p>The type of retirement for which the participant is eligible</p>	<ul style="list-style-type: none"> • Normal retirement: If he has reached at least age 65 at termination, regardless of years of service. • Early retirement: If he has reached at least age 50 at termination and has at least 10 years of service. • Incapacity retirement: If he has reached at least age 40 at termination, has at least 10 years of service, becomes disabled while employed and meets the plan's disability criteria. • Separation retirement: If he terminated with a vested benefit, and he is not eligible for any of the three other types of retirement listed above.
<p>Benefit formulas that apply</p>	<p>The plan has three benefit formulas:</p> <ul style="list-style-type: none"> • High-3 Formula. • Minimum Benefit Formula. • High-10 Formula. <p>The participant's benefit will be calculated using the applicable eligible formula that produces the greatest benefit.</p>
<p>When he chooses to receive his benefit</p>	<p>Once the participant has left the company, his retirement benefit can begin as early as the first of the month after his 50th birthday, and as late as his normal retirement date. His benefit may be lower if it begins before his normal retirement date.</p>
<p>The form of payment he chooses</p>	<p>There are several options:</p> <ul style="list-style-type: none"> • A single life annuity. • A choice of joint and survivor annuities. • A lump-sum payment. <p>Payment options are described on page 15.</p>

* 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:

- The equivalent of the benefit amount based on his contributions plus interest.
- 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 PARTICIPANTS OF PRIOR EMPLOYERS:

- Participants who earned part of their benefit while employed by Dupont de Nemours (Dupont).
- Participants who earned part of their benefit while employed by Consol Inc. (Consol).
- Participants hired in connection with Conoco Inc.'s acquisition of assets from BP America Inc. on September 1, 1992.

Some of these provisions have been “grandfathered” into the plan to recognize benefits participants may have accrued while those provisions were in place. If a participant earned part of his benefit during grandfathered periods, his retirement benefit will be calculated using the assumptions and factors that applied during those periods.

For more information about these provisions, 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 Greg, a Phillips 66 employee who retired in 2017.

Please note that these examples show what Greg 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 will be lower if it begins earlier or if he chooses a different payment option.

3-Year Average Compensation Formula (High-3 Formula)

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

- The participant's 3-year average compensation;
- His credited service; and
- His primary Social Security benefit.

Here is a simplified summary of how the High-3 Formula works:

Here is how to calculate the High-3 Formula benefit ...	Here is Greg's High-3 Formula benefit ...
Step 1: Determine the participant's 3-year average compensation	
This is the greater of: <ul style="list-style-type: none"> • The participant's highest 36 consecutive months of compensation, divided by 3 years; or • His highest 3 calendar years' compensation (not necessarily consecutive years), divided by 3 years. (See page 35 for what is included in compensation.)	Greg's highest 36 consecutive months of compensation added up to \$180,000 $\$180,000 \div 3 = \mathbf{\$60,000}$ Greg's highest three calendar years eligible compensation were: $ \begin{aligned} & \$ 57,500 \\ & + \$ 59,500 \\ & + \underline{\$ 61,500} \\ & = \$178,500 \end{aligned} $ $\$178,500 \div 3 = \mathbf{\$59,500}$ The first amount is higher, so \$60,000 will be used as his 3-year average compensation .
Step 2: Determine the participant's months of credited service	
The participant generally receives credited service for each month in which he has membership service in this plan. See "credited service" in the <i>Glossary</i> for more information.	Greg retired in 2017 with 25 years of credited service
Step 3: The plan calculates the participant's primary Social Security benefit	
This is the estimated monthly Social Security benefit that the participant would receive at his normal retirement age or retirement date, whichever is later. See "Primary Social Security Benefit" in the <i>Glossary</i> for details.	Greg's monthly primary Social Security benefit is \$1,821
Step 4: Calculate the "gross benefit"	
3-year average annual compensation times 1.6% divided by 12 <u>times credited service</u> equals the gross monthly benefit	$ \begin{aligned} & \$ 60,000 \text{ (from step 1 above)} \\ & \times 1.6\% \\ & \div 12 \\ & \times \underline{25 \text{ years credited service}} \\ & = \mathbf{\$2,000.00 \text{ (Greg's gross monthly benefit)}} \end{aligned} $

(continued)

Here is how to calculate the High-3 Formula benefit ...	Here is Greg's High-3 Formula benefit ...
Step 5: Calculate the Social Security offset*	
Social Security benefit times 1.5% times credited service equals the Social Security offset	$ \begin{aligned} & \$ 1,821 \text{ (from step 3 on the previous page)} \\ & \times 1.5\% \\ & \times 25 \text{ years credited service} \\ & = \mathbf{\$ 682.88 \text{ (Greg's Social Security offset)}} \end{aligned} $
Step 6: Calculate the High-3 Formula benefit	
Gross benefit minus Social Security offset equals monthly High-3 Formula benefit	$ \begin{aligned} & \$2,000.00 \text{ (from step 4 on the previous page)} \\ & - \$ 682.88 \text{ (from step 5 above)} \\ & = \mathbf{\$1,317.12 \text{ (Greg's monthly High-3 Formula benefit)}} \end{aligned} $

* The Social Security offset cannot be more than 50% of the participant's primary Social Security benefit.

Minimum Benefit Formula (Minimum Formula)

The plan then calculates the participant's Minimum Formula. This formula uses only his "units of service." "Units of service" means all his years of service, except for some service that may be disregarded in special circumstances. See "units of service" in the Glossary for more detail.

The Minimum Formula generally produces a smaller benefit than the other plan formulas.

Here is how to calculate the Minimum Formula benefit ...	And here is Greg's Minimum Formula benefit ...
Step 1: Determine the units of service	
As with the High-3 Formula, the participant generally receives units of service for each year in which he participated in this plan.	Greg retired in 2017 with 25 units of service (25 years of credited service)
Step 2: Calculate the Minimum Formula benefit	
$ \begin{aligned} & \$12 \times \text{units of service} \\ & \mathbf{minus} \\ & \text{His benefit under the High-3 Formula or High-10 Formula (whichever is greater) for any time period in which he was eligible for membership but did not participate in the plan} \\ & \mathbf{equals} \\ & \text{His } \mathbf{monthly} \text{ Minimum Formula benefit} \end{aligned} $	$ \begin{aligned} & \$ 12 \\ & \times 25 \text{ units of service} \\ & = \mathbf{\$300} \\ & \mathbf{minus} \\ & \$0 \text{ (Greg always participated in the plan)} \\ & \mathbf{equals} \\ & \text{Greg's } \mathbf{monthly} \text{ Minimum Formula benefit of } \mathbf{\$300} \end{aligned} $

10-Year Average Compensation Formula (High-10 Formula)

This formula applies only to participants who were members of the plan before January 1, 1971. This formula is similar to the High-3 Formula, but uses only two factors:

- The participant's 10-year average compensation.
- His credited service.

Here is how the High-10 Formula works. It does not apply to Greg — he was hired after 1971 — but here is how the formula would have applied to him if he had been eligible.

Here is how to calculate the High-10 Formula benefit ...	And here is Greg's High-10 Formula benefit (if he had been eligible) ...
Step 1: Determine the 10-year average compensation	
This is the participant's highest 120 consecutive months of compensation, divided by 10 years. (See page 35 for what is included in compensation.)	Greg's highest 120 consecutive months of compensation totaled \$400,000 $\$400,000 \div 10 = \mathbf{\$40,000}$ (Greg's 10-year average compensation)
Step 2: Determine the months of credited service	
He generally receives credited service for each month in which he has membership service in this plan. See "credited service" in the <i>Glossary</i> for more information.	Greg retired in 2017 with 25 years of credited service
Step 3: Calculate the High-10 Formula benefit	
(1% of the first \$3,000 of 10-year average compensation plus 1.5% of 10-year average compensation above \$3,000) times credited service divided by 12 equals His monthly High-10 Formula benefit	$ \begin{aligned} & \$ \quad 30 \text{ (1\% x \$3,000*)} \\ & + \$ \quad 555 \text{ (1.5\% x 37,000**) } \\ & \mathbf{\$ \quad 585} \\ & \mathbf{x \quad 25 \text{ years credited service}} \\ & = \mathbf{\$14,625} \text{ (Greg's annual High-10 Formula benefit)} \\ & \text{Greg's monthly High-10 Formula benefit is} \\ & \quad \mathbf{\$1,218.75} \text{ (\$14,625 } \div \text{ 12)} \end{aligned} $

* This is the first \$3,000 of Greg's \$40,000 10-year average compensation calculated in step 1 above.

** This is the part of Greg's 10-year average compensation above \$3,000 (\$40,000 - \$3,000).

Finding the highest benefit

Here is the conclusion of this example.

Finding the highest benefit ...	And here is Greg’s highest benefit ...
<p>The participant’s normal retirement benefit would be the highest of the benefits calculated under all of the benefit formulas.</p>	<p>Greg’s monthly benefit under the:</p> <ul style="list-style-type: none"> • High-3 Formula is \$1,317.12. • Minimum Formula is \$300.00. • High-10 Formula (if eligible) is \$1,218.75. <p>If Greg were to start his benefit on his normal retirement date in the single life annuity form, he would receive \$1,317.12 per month.</p>

The caveat immediately above – “If Greg 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 a few other factors that affect the retirement benefit:

- Age and service when the participant leaves the company;
- 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, 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, 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 34 for the Benefits Center web access and phone.

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 after his 50th birthday. He **must** start it by his normal retirement date (the first of the month after his 65th birthday).

His benefit may be reduced if it begins before his normal retirement date (described at right).

What if the participant is still working on 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 and compensation. His additional credited service and possibly higher compensation 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.

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

If the participant chooses to begin his benefit earlier than his normal retirement date, it may be reduced.

There are two reduction methods:

- The early retirement reduction; and
- The separation retirement reduction.

Early retirement reduction

The participant is eligible for early retirement if:

- He has completed 10 years of service; **and**
- He is at least age 50 but less than age 65 when his employment ends.

If he is eligible for early retirement and begins his benefit before his normal retirement date, his benefit will be subject to the early retirement benefit reduction. Under this type of retirement:

- The plan calculates his normal retirement benefit at his normal retirement date as shown starting on page 6; and then
- Multiplies that benefit by the reduction percentage shown on page 12 to determine his retirement benefit.

The participant's early retirement reduction percentage varies, depending on which benefit calculation formula applies (High-3, Minimum or High-10) and his age when he starts his benefit. The following examples show how it works.

The retirees below had earned the same \$2,000 monthly retirement benefit payable at their normal retirement date. However, they both elected to begin their benefit earlier. This meant their \$2,000 benefit was subject to reduction.

	Applicable reduction schedule <i>(from the table below) ...</i>	Benefits began at age ...	Reduced monthly benefit would be ...
Tim	Schedule I <i>(High-3 Formula applies)</i>	53	\$1,360 <i>(\$2,000 x 68%)</i>
Joel	Schedule I <i>(High-10 Formula applies. Benefits were accrued AFTER January 1, 1971)</i>	60	\$2,000 <i>(\$2,000 x 100%)</i>

The following table shows the percentage of a retirement benefit that would be payable after applying the applicable early retirement reduction. (Schedule I will apply for most participants.) For Tim and Joel, just match the colors above to the chart below to see how their reductions were calculated and applied.

	Percentage of benefit payable under ...	
If benefit begins at age ...	Schedule I <i>(Applies to all High-3 Formula and Minimum Formula benefits, as well as to High-10 Formula benefits accrued ON OR AFTER January 1, 1971)</i>	Schedule II <i>(Applies only to High-10 Formula benefits accrued BEFORE January 1, 1971)</i>
50	53%	64%
51	58%	67%
52	63%	70%
53	68%	73%
54	73%	76%
55	78%	79%
56	83%	82%
57	88%	85%
58	92%	88%
59	96%	91%
60	100%	94%
61	100%	97%
62+	100%	100%

Please note that this table shows full years of age only, but the participant’s actual reduction would be calculated in years and months. For example, the early retirement reduction percentage in column 2 is 78% if benefits begin at age 55 and 83% if they begin at age 56. If benefits begin at age 55½, the percentage would be 80.5% (halfway between the age 55 and age 56 percentages).

Separation retirement reduction

The separation retirement reduction applies if the participant is not eligible for the early retirement reduction discussed above. That would occur if:

- He has **less than 10 years of service** when he leaves the company; **OR**
- He is **under age 50** when his employment ends.

Under this method:

- The plan calculates his normal retirement benefit at his normal retirement date as shown starting on page 6; and then
- Multiplies that benefit by a reduction percentage that is based on:
 - His age when his benefit begins; and
 - Plan rules that take into account interest rates and mortality assumptions at different periods of time.

The separation retirement reduction is determined using the participant's age and applicable rates in effect at the time of his benefit commencement. Participants have access to the retirement benefit planning tools at UPoint, which allow them to estimate their benefit online.

Here is an example of a separation retirement reduction. Howard was 48 years old when he left the company. All of his benefit was accrued on or after January 1, 2000. His benefit payable at age 65 is \$2,000 a month. If the applicable 30-year Treasury securities rate is 3%, here is how his \$2,000 benefit would be reduced if it began earlier.

If benefit begins at age ...	Calculation <i>Age-65 benefit x reduction factor</i>	Howard's reduced monthly benefit would be ...
50 (earliest age)	\$2,000 x 41.54%	\$ 830.80
55	\$2,000 x 53.83%	\$1,076.60
60	\$2,000 x 71.89%	\$1,437.80
65 (latest age)	\$2,000 x 100.00%	\$2,000.00
<p>Note: These calculations vary based on the 30-year Treasury securities rate. His actual reduction would depend on the interest rates in effect at the time his benefit begins. Also, benefits accrued during grandfathered periods of service may have different reduction factors.</p>		

The following table shows the percentage of a participant’s age-65 benefit that would be payable after applying the reduction schedule. Please note:

- The table shows examples of ranges of separation retirement early receipt factors between ages 50 and 65 when the assumed 30-year Treasury securities rate is between 3% and 4%. Note that the **lower** the interest rate, the **higher** the pre-65 percentage payable.
- The factors in the table apply to the benefit accrued on or after January 1, 2000 only. Factors using other actuarial assumptions are used for the benefit accrued in grandfathered periods.
- The table shows full years of age only; the participant’s actual reduction would be calculated in years and months. For example, at a 3.00% interest rate, if he is age 55 years and 6 months when his retirement benefits begin, he will receive 53.83% of his age-65 benefit amount for being age 55, plus a prorated share for the partial year (1.53%) – for a total percentage of 55.36% of the unreduced age-65 retirement benefit.

Percentage of age-65 single life annuity payable when interest rates are between 4% and 3%			
Age when payments begin	(at 4.00% interest)		(at 3.00% interest)
50	37.42%	to	41.54%
51	39.61%	to	43.67%
52	41.96%	to	45.94%
53	44.51%	to	48.38%
54	47.25%	to	51.01%
55	50.22%	to	53.83%
56	53.44%	to	56.89%
57	56.93%	to	60.19%
58	60.74%	to	63.77%
59	64.90%	to	67.66%
60	69.44%	to	71.89%
61	74.42%	to	76.52%
62	79.90%	to	81.58%
63	85.94%	to	87.14%
64	92.61%	to	93.25%
65	100.00%	to	100.00%

The basis for this table is the Group Annuity Reserving 1994 mortality table projected to 2002 with a 50%/50% gender mix (GAR-94).

These factors apply to benefit accruals on or after January 1, 2000. Factors based on other assumptions are used for benefits accrued during earlier grandfathered periods.

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 10, the retirement benefit planning tools at UPoint and Benefits Center representatives can help participants understand their options.

If the value of the 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 19 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 11).

- **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 the participant 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 his joint annuitant is (compared to him), the greater the reduction.
 - The ages of both the participant and his joint annuitant are taken into account when calculating his actual benefit.

Optional forms of payment

If the participant is married, part of his benefit consists of a pre-retirement survivor benefit for his spouse. With respect to that part of his benefit, **his spouse must agree in writing for the participant to receive his benefit** as a single life annuity or in a lump sum, or to name a beneficiary other than his spouse. His spouse's consent must be witnessed and certified by a notary public.

For the remainder of his benefit, the participant may elect another beneficiary.

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 his lifetime, with a percentage of his benefit amount continuing to his joint annuitant after his death). The continuation percentage can be 50%, 75% or 100%. If married, his spouse must consent to the naming of a beneficiary other than his spouse.
- A **lump-sum payment** (his 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 19 for details.

HOW THE PARTICIPANT'S CHOICES AFFECT HIS RETIREMENT BENEFIT

Meet Sam. When he ends his employment on December 31, 2018 (his 59th birthday), he is eligible for early retirement. 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.

If Sam takes his benefit as an annuity ...	
Right away	<p>Sam jumps right into retirement and wants his benefit to start the very next day, January 1, 2019. At age 59, Sam has not reached his normal retirement date. Therefore, his benefit is subject to the early retirement reduction.</p> <p>Per Schedule I on page 12, his monthly benefit is reduced to \$1,728 as follows:</p> $\$1,800 \times 96\% \text{ early retirement reduction} = \mathbf{\$1,728}$ <p>This is the amount that is payable right away as a single life annuity.</p> <p>However, Sam has several forms of annuity from which to choose:</p> <ul style="list-style-type: none"> • His monthly annuity payment will be the full \$1,728 if he chooses a single life annuity (payments stop at his death). • If Sam chooses a joint and survivor annuity with his spouse as the beneficiary (monthly payments continue to his spouse after his death): <ul style="list-style-type: none"> – Sam'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 (50%, 75% or 100%). <p>Regardless of the type of annuity Sam chooses, his monthly payments will be calculated as of January 1, 2019, and the payments will begin as soon as administratively possible.</p>
At age 60	<p>Sam decides to leave his benefit in the plan until age 60, which is January 1, 2020.</p> <p>Everything described in the row above applies EXCEPT:</p> <ul style="list-style-type: none"> • Sam's benefit will not be reduced since there is no reduction on or after age 60 for participants who are eligible for early retirement. • The plan will use Sam's age (and his spouse's age) as of January 1, 2020 when calculating Sam's annuity amount. <p>For additional information, see <i>Early retirement reduction</i> on page 11.</p>
On his normal retirement date	<p>Sam decides to leave his benefit in the plan until his normal retirement date, which is January 1, 2025.</p> <p>Everything described in the row above applies EXCEPT:</p> <ul style="list-style-type: none"> • The plan will use Sam's age (and his spouse's age) as of January 1, 2025 when calculating Sam's annuity amount.

<i>If Sam takes his benefit in a lump sum ...</i>	
Right away	<p>Sam wants his benefit to begin on January 1, 2019.</p> <ul style="list-style-type: none"> The same early retirement reduction that was calculated for an annuity on the previous page also applies to lump-sum payment. After the reduction is applied, the plan will calculate the value of the lump sum based on the plan lump-sum actuarial methodology (mortality tables and interest rates). In this plan, different actuarial methodologies apply to the benefits accrued during different periods. The plan will distribute the lump sum generally within 60 days of that date.
At age 60	<p>Sam decides to leave his benefit in the plan until age 60, which is January 1, 2020.</p> <p>Everything described in the row above applies EXCEPT:</p> <ul style="list-style-type: none"> Sam's benefit will not be reduced since there is no reduction on or after age 60 for participants who are eligible for early retirement. <p>For additional information, see <i>Early retirement reduction</i> on page 11.</p>
On his normal retirement date	<p>Sam decides to leave his benefit in the plan until his normal retirement date, which is January 1, 2025.</p> <p>Everything described in the row above applies. There is no reduction for early retirement.</p>
In all of the scenarios above	<p>Please note that:</p> <ul style="list-style-type: none"> Any lump sum is based on age and applicable mortality tables and interest rates in effect at the time the benefit commences. 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. Sam can avoid this by directly rolling it over into an individual retirement account (IRA) or other tax-qualified plan. See page 20.

IF THE PARTICIPANT MADE EMPLOYEE CONTRIBUTIONS UNDER THIS PLAN

In the past, employee contributions were required or allowed under this plan. If the participant made any such contributions:

- He may not withdraw them while he is still working.
- Special rules provide for the return of his contributions in certain circumstances after his termination or death.

For more details, the participant should contact the Benefits Center.

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	<ul style="list-style-type: none"> • 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. 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?

The participant 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

Andrew’s total lump-sum distribution was \$400,000. Tax was estimated and withheld at 20%, 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 his other financial resources. 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. 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 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 estate.

The rules also vary depending on his marital status:

<p>If he is married</p>	<ul style="list-style-type: none"> • His spouse is his primary beneficiary for the legally-required Pre-Retirement Surviving Spouse Annuity (PRSSA) for members who die on or after June 22, 2000. • He may name another or other primary beneficiary(ies) to receive any part of the lump sum remaining after his spouse has been paid the PRSSA described above. • His spouse may waive her right to the PRSSA. The waiver must be in writing, witnessed and certified by a notary public. In such cases the participant’s entire lump-sum benefit would be paid to the named primary beneficiary. • 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. • He can name contingent beneficiaries who would receive a benefit if his spouse or other primary beneficiaries die before him.
<p>If he is single</p>	<ul style="list-style-type: none"> • 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 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 after his 50th 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.

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?* below. The participant should also review 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 after his 50th birthday. The participant should also see *How does the participant apply for his retirement benefit?* at left 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 15, unless he elects a different option at that time.

THE PARTICIPANT BECOMES DISABLED?

If the participant becomes disabled while employed, he may be eligible for an “incapacity retirement” under the plan. He is eligible if:

- He becomes disabled after completing 10 years of service; and
- He is age 40 or older when his employment ends.

To apply for an incapacity retirement, he must meet one of the following requirements:

- He is determined to be eligible for Social Security disability benefits.
- He is determined to be eligible for incapacity retirement using the plan’s definition of disability.

The plan follows these rules when calculating his incapacity retirement benefit:

- The plan calculates his retirement benefit as a single life annuity payable at **age 65** using the appropriate retirement formula (High-3, Minimum or High-10).
- The plan **does not** reduce his benefit for payment before his normal retirement date.
- The lump-sum payment option **is not** available.
- His benefit is calculated as of the first day of the month after his employment ends and may **not** be deferred.

Even though the participant may be eligible for an incapacity retirement benefit, he is not required to take it. He may also qualify for other retirement types and their related benefit forms.

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 benefits begin, a lump-sum survivor benefit will be paid to his spouse or other designated beneficiary. This benefit is equal to the amount he would have received had he:

- Remained employed until the date of his death; *
- Lived to the first of the month following his date of death; and
- Received payment immediately.

** This assumes he was actively employed on that date. If he was not, his benefit would be the benefit he had accrued through the date he left the company.*

The benefit depends on the participant's marital status and whether he chose to waive the Pre-Retirement Surviving Spouse Annuity described at right. The following sections summarize the plan's death benefits.

If he is single

He can name any person or persons, including a trust or estate, as primary beneficiary(ies) and contingent beneficiary(ies) for his lump-sum survivor benefit. If the Benefits Center does not have a properly completed beneficiary designation on file for the participant, the lump-sum survivor benefit will be paid to his estate.

If he is married

The lump-sum survivor benefit includes the legally-required Pre-Retirement Surviving Spouse Annuity (PRSSA), which must be provided to his surviving spouse unless PRSSA has been waived and his spouse consented to the waiver.

If the participant DOES NOT waive PRSSA ...

If he does not waive PRSSA and he has named another primary beneficiary in addition to or instead of his spouse:

- The PRSSA benefit will be paid to his spouse.
- The lump-sum survivor benefit will be reduced by the value of the PRSSA.
- The remaining benefit will be paid as a lump sum to his designated beneficiary(ies).

Note: The value of the PRSSA benefit is approximately one-half of the lump-sum survivor benefit.

If the participant DOES waive PRSSA ...

If he waives PRSSA, the lump-sum survivor benefit will be paid to his designated beneficiary. If he wants someone other than his spouse to receive his entire survivor benefit, he must waive PRSSA and his spouse must consent to the waiver.

To obtain a PRSSA waiver form, the participant should contact the Benefits Center.

More on the Pre-Retirement Surviving Spouse Annuity (PRSSA)

The participant's spouse is legally entitled to receive a PRSSA if the participant dies before his retirement benefits begin. The PRSSA is a lifetime annuity paid only to his spouse. Only his spouse can receive the benefit as an annuity – all other beneficiaries will receive lump sums.

The annuity payment will be one-half the amount that would have been payable to the participant had he:

- Terminated prior to death;
- Lived to the first of the next month; and
- Received his benefit immediately in the form of a 50% joint and survivor annuity.

If the participant has waived PRSSA coverage and he is under age 35, his waiver will automatically expire on his 35th birthday as required by federal regulation. If he wants to continue to waive the coverage, he must submit a new waiver form to the Benefits Center after his 35th birthday. Otherwise, PRSSA coverage will be in effect again until he submits a new waiver form.

THE PARTICIPANT DIES AFTER RETIREMENT PAYMENTS HAVE BEGUN?

Any survivor benefits depend on the form of benefit payment the participant chose at the time of retirement.

- If the participant chose a joint and survivor annuity, his joint annuitant will receive the specified percentage (50%, 75% or 100%) of his retirement benefit until the joint annuitant'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 33) 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 Retirement Plan of Conoco that is required by the Employee Retirement Income Security Act of 1974 (ERISA).

Phillips 66 Retirement Plan <i>(Includes the Retirement Income Plan of Conoco— Title IV)</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	<p>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 aren't provided from insurance contracts.</p> <p>Employee contributions are presently not required or allowed.</p> <p>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.</p> <p>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.</p>
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 11.)

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
<p>Benefits Committee</p> <p>Phillips 66 Company c/o Total Rewards Department P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877</p> <p>The committee is the governing body for the plan. Committee members are appointed by the Board of Directors or its designee.</p>	<ul style="list-style-type: none"> • Establishing and enforcing rules and procedures for: <ul style="list-style-type: none"> – 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. <p>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.</p>
<p>Investment Committee</p> <p>Phillips 66 Company c/o Total Rewards Department P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877</p> <p>Committee members are appointed by the Board of Directors or its designee.</p>	<ul style="list-style-type: none"> • Responsible for plan investments. <p>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.</p>
<p>Plan Benefits Administrator</p> <p>Manager, Total Rewards Phillips 66 Company c/o Total Rewards Department P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877</p> <p>The Plan Benefits Administrator is responsible for general administration of the plan, excluding financial management.</p>	<ul style="list-style-type: none"> • 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.

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Plan Administration	Responsibilities
<p>Plan Financial Administrator</p> <p>Assistant Treasurer, Corporate Finance Phillips 66 Company P.O. Box 421959 Houston, TX 77242-1959 (832) 765-1877</p> <p>The Plan Financial Administrator is responsible for controlling and managing the assets of the plan.</p>	<ul style="list-style-type: none"> • 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
<p>Benefits Center P.O. Box 64084 The Woodlands, TX 77387-4084</p>	<p>(800) 965-4421 International: (646) 254-3467 8:00 a.m. to 6:00 p.m. Central time, Monday – Friday Fax: (847) 554-1784</p>	<p>Visit http://hr.phillips66.com to view benefit plan summaries and information.</p> <p>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.</p>

GLOSSARY

Committee(s)	The Benefits and Investment Committees, which are the governing bodies of the plan administration and investments.
Compensation	<p>Generally, compensation includes:</p> <ul style="list-style-type: none"> • Regular base pay. • All overtime pay. • Shift differentials. • Some premium pay. • Variable compensation awards under specified programs such as Conoco Challenge, Conoco Global Variable Compensation, the ConocoPhillips Variable Cash Incentive Program, the Variable Cash Incentive Program of Phillips 66 Company, and eligible amounts paid under other specified programs. • Amounts otherwise excluded from income under the Internal Revenue Code due to a member's contributions to a cafeteria plan, a 401(k) plan or a nonqualified cash or deferred arrangement. <p>Compensation does not include, and is not adjusted by:</p> <ul style="list-style-type: none"> • 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; • Amounts paid for working an extended schedule or in other than his regular job during a strike; or • Bonuses or awards from programs other than the programs specifically listed in the plan. <p>The Internal Revenue Code limits the amount of annual compensation that may be used to determine a participant's benefit. This amount is subject to periodic updates.</p>

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<p>Credited service</p>	<p>Credited service is used in two of the retirement formulas to determine the amount of a participant’s retirement benefit. For most people, credited service is membership service — the years and fractional years in which the participant has been a member of the plan.</p> <p>As a member of the plan, the participant earns a full year of credited service when he is credited with at least 2,080 hours of service in a 12-month period. This 12-month period begins on:</p> <ul style="list-style-type: none"> • His enrollment date; • His re-enrollment date after a one-year break in service; or • The anniversaries of those dates. <p>The participant is credited with 190 hours of service for each month in which he works at least one hour, regardless of the number of hours worked. When he is on an approved leave of absence, he receives full credit (190 hours per month) toward years of service and years of credited service during that time.</p> <p>If he is credited with at least 1,000 hours of service but fewer than 2,080 hours of service in a 12-consecutive-month period, he will receive a partial year of credited service. A partial year of credited service is calculated as follows:</p> <p style="text-align: center;">Number of hours of service divided by 2,080</p> <p>If he is credited with fewer than 1,000 hours of service during a 12-consecutive-month period, he receives no credited service for that period. This minimum 1,000-hour rule does not apply for the 12-month period in which he retires — no minimum number of hours is required to receive a partial year’s credited service for the year in which he retires.</p> <p>If he participates in a lawful strike or walkout that continues for a period not in excess of 60 calendar days, such period shall also count as credited service. However, if such strike or walkout continues for a period in excess of 60 calendar days, no such portion of the strike or walkout will count as credited service.</p> <p>Also, for any member of the plan who has an hour of service on or after January 1, 2002, deemed membership was granted in certain instances for periods of time in which the person was not actually a member of the plan. Generally, the plan grants deemed membership for members who:</p> <ul style="list-style-type: none"> • Did not join the plan when first eligible; • Had temporary or casual service immediately before being hired as regular full-time or regular part-time employees; or • Terminated employment with the company to attend full-time post-secondary school, returned to work as a regular full-time or regular part-time employee within 120 days after ceasing to attend school, and worked for five consecutive full years after returning to work.
<p>ERISA</p>	<p>Employee Retirement Income Security Act of 1974, as amended.</p>

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Hours of service	<p>Generally, these are the hours of time for which the participant was paid or entitled to be paid by the company. They include:</p> <ul style="list-style-type: none"> • Hours worked; • Hours for time off with pay such as vacation and paid holidays; • Time while on company-approved leave of absence, whether or not he was paid for that time; and • Hours for which back pay has been awarded or agreed to by the company. <p>For years beginning after May 31, 1996, generally, hours of service are counted using an equivalency method as follows:</p> <ul style="list-style-type: none"> • 190 hours for each month in which he is an active employee (paid or entitled to be paid) or on approved leave of absence; • 190 hours for each month in which he is deemed to be employed due to reinstatement from Military Leave under the company's standard personnel policies; and • 190 hours for each month in which he has been deemed to be employed through a reinstatement or back pay award, or agreement to such settlement, by the company. <p>The same hour of service cannot be counted more than once under the plan.</p>
Normal retirement date	The first day of the month after the participant's 65th birthday.
One-year break in service	This occurs when the participant fails to complete more than 500 hours of service in a defined consecutive 12-month period.

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<p>Primary Social Security benefit</p>	<p>The monthly amount payable to the participant as of his full Social Security retirement age or his retirement date, whichever is later.</p> <p>If he terminates employment before his full Social Security retirement age (as defined below), his primary Social Security benefit is determined as if:</p> <ul style="list-style-type: none"> • He had no further Social Security earnings in the years after his termination of employment; • Earnings for years back to his age 22 are estimated using the percentage changes in the national average wage base as published by the Social Security Administration; and • He has no Social Security earnings prior to age 22. <p>Social Security Retirement Age is the age at which he is eligible for full Social Security retirement benefits. This age is also called the “full retirement age” by the Social Security Administration. Under current law, this age varies between age 65 and age 67 depending on the participant’s year of birth.</p> <p><i>Using the participant’s actual Social Security history</i></p> <p>The participant may request that his actual Social Security earnings history for years before his termination date be used for his retirement calculation. If he wishes to do this, he must submit his actual Social Security earnings history from the Social Security Administration to the Benefits Center no later than 90 days after the earlier of:</p> <ul style="list-style-type: none"> • The date of the notice indicating the Benefits Center received his retirement application; or • The date of the terminated vested notice he received after he left the company. <p>If he submits his actual Social Security earnings history, it will be used by the plan only if it will result in a lower primary Social Security Benefit.</p> <p><i>For more information</i></p> <p>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 to <i>www.ssa.gov</i>, where he can create a secure account to see his information.</p> <p>To find out more about his Social Security benefits (including his Social Security retirement age), the participant should contact the Social Security Administration:</p> <ul style="list-style-type: none"> • By phone at (800) 772-1213 (TTY number (800) 325-0778 for deaf or hard of hearing); or • Online at <i>www.socialsecurity.gov</i>.
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<p>30-year Treasury securities rate</p>	<p>The monthly average of the 30-Year Treasury securities rate as published by the U.S. Treasury. This interest rate is used in certain plan benefit calculations.</p> <p>One calculation where it is used is in converting the plan’s normal retirement benefit accrued after 1999 and through 2008 (reduced for early payment if applicable) to a lump-sum form. For this purpose, the following rules apply:</p> <ul style="list-style-type: none"> • The September rate is used for payment calculation dates in January, February and March of the following year. • The December rate is used for payment calculation dates in April, May and June of the following year. • The March rate is used for payment calculation dates in July, August and September of the same year. • The June rate is used for payment calculation dates in October, November and December of the same year. <p>Note: If the interest rate for the month prior to the month of the payment calculation date declines by one percentage point or more from the rate in effect for the quarter (e.g., dropping from 6% to 5%), the lower rate is used.</p>
<p>Units of service</p>	<p>For purposes of the Minimum Formula, “units of service” means all the participant’s years of service, except that some years of service may be disregarded if the year:</p> <ul style="list-style-type: none"> • Was forfeited because of a break in service. • Occurred before a participating company (other than Conoco Inc.) either adopted the plan or ceased to exist because of a merger or consolidation with Conoco Inc. or another company eligible to participate in the plan. • Occurred while the participant was eligible to participate in another company-sponsored retirement plan. • Occurred during a strike or walkout in which he participated that lasted more than 60 days.
<p>Vested, vesting</p>	<p>Being entitled to a non-forfeitable benefit from the plan. Generally, five years of service were required in order to be vested.</p>
<p>Years of service</p>	<p>Years of service are used to determine vesting and eligibility for separation, early or incapacity retirement. The participant acquires a year of service when he is credited with 1,000 or more hours of service during a defined 12-consecutive-month period. No years of service are recognized for 12-consecutive-month periods in which he is credited with fewer than 1,000 hours.</p> <p>The defined 12-consecutive-month period begins on:</p> <ul style="list-style-type: none"> • His employment date; • His re-employment date following five consecutive one-year breaks in service; or • The anniversaries of these dates.

