PHILLIPS 66
RETIREMENT PLAN

Tosco Pension Plan

This is the summary plan description ("SPD") for the Tosco Pension 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 III of the Phillips 66 Retirement Plan

TOSCO PENSION PLAN

A plan for retirement

The company-provided Tosco Pension Plan helps participants prepare to have an income during retirement years. There is no cost to participate, and participants are already vested in the plan benefit. The 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.

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 pays all costs. Participants cannot contribute.
What is the benefit? *See page 6*	For most participants, the benefit is determined by formulas that take into account: • Final average compensation in 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 earnings increase. **Note:** Alliance Refinery employees have a different formula (see page 40).
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 8*	After a participant has left the company: • Generally, if he has at least 10 years of service with the company, he can start taking his benefit as early as the first of the month on or after his 55th birthday. • He **must** start taking it when he reaches his normal retirement date. **Note:** Alliance Refinery employees can take their benefit earlier (on the first of any month following when employment ends) if desired.
What is the participant's normal retirement date?	For most participants, it is the first day of the month on or after his 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 lifetimes of himself and someone else combined. If he is married, he will need his spouse's consent for some of the options.
This SPD provides general information that applies to heritage Tosco employees. If the participant has a vested benefit under a predecessor employer's plan, he will need to contact that employer at the telephone numbers shown on page 29 for information about that plan or to apply for benefits from that plan. See also "Appendix A — Grandfather provisions" on page 34.	

DO NOT MISS!

- The *Glossary* starting on page 30 for details about some of the terms used in this summary plan description (SPD).
- *Contacts* on page 29 for the Benefits Center's phone numbers, web plus mailing addresses and hours of operation.

A COUPLE OF TECHNICAL THINGS

The official name of this plan is the "Tosco Pension Plan — Title III." It is one part of an overall plan called the "Phillips 66 Retirement Plan." But in this SPD, it is called "Title III" 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 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 2002 and 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 the participant had already accumulated in this plan but stopped earning "credited service" and additional "final average earnings." 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, 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 **the participant** accumulates during his working years with the company. These factors come into play:*

The basic benefit calculation	This is the benefit amount payable to the participant as a single life annuity beginning at his normal retirement date. For most participants, the "normal retirement date" is the first of the month on or after his 65th birthday.
When the participant chooses to receive his benefit	Once the participant has left the company, his retirement benefit can begin as early as the first of the month on or after his 55th birthday (if he has 10 years of service with the company), 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 the participant chooses	There are several options: • A **single life annuity**. • A choice of **joint and survivor annuities**. • A **10-year certain and life annuity** (available only for benefits accrued prior to December 31, 2013). • A **lump-sum payment** (available to Alliance Refinery employees only). 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.*

There are a few exceptions:

- If the participant has service with a predecessor employer, some special provisions may apply that affect the way his benefit is calculated. See *Appendix A — Grandfather provisions* on page 34.
- If he is (or was) an eligible employee at the Alliance Refinery, other rules apply. His benefits are calculated as shown in *Appendix B — Alliance Refinery Cash Balance Formula* on page 40.

DIFFERENT TYPES OF SERVICE

The terms "service," "credited service" and "normal retirement benefit service" are used in this SPD. Here is the basic difference between them:

- **Credited service** is the number of months and years a participant has participated in the plan.
- **Normal retirement benefit service** is the number of years between a participant's hire date and when he reaches age 65, regardless of how long he has worked at the company.
- **Years of service** include all the years the participant has worked for the company, regardless of whether he participated in the plan. This is the service used when determining whether a participant can retire at age 55 with 10 years of service.

Please see the *Glossary* for more information on all three of these terms.

CALCULATING THE BASIC BENEFIT

This is the starting point for figuring the participant's retirement benefit. The best way to explain things is to describe the formula and provide an example. Consider Kevin, a Phillips 66 employee who was age 65 when he retired from the company in 2017.

The basic benefit formula uses four factors:

- Final average compensation;
- Credited service;
- Social Security offset; and
- Prior plan offset (this does not apply to all participants).

Here is how to calculate the benefit ...	And here is Kevin's benefit ...
Step 1: Determine the participant's final average compensation	
This is the **annual** average of the participant's highest 36 consecutive months of compensation out of the last 120 months he worked. (See the *Glossary* for what is included in compensation.)	Kevin's highest 36 months of compensation added up to $128,160 $128,160 ÷ 3 years **= $ 42,720 (his final average compensation)**
Step 2: Determine the participant's years of credited service and normal retirement benefit service	
He generally receives **credited service** for each month in which he actively participates in this plan. (See "credited service" in the *Glossary* for more information.) His **normal retirement benefit service** is the number of years between his hire date and when he reaches age 65.	Kevin retired in 2017 with **35 years of credited service** He also has **35 years of normal retirement benefit service**, which is used in step 5 on the next page
Step 3: Calculate his "gross benefit"*	
Final average compensation **times** 1.6% **times** credited service **equals** the gross benefit	$ 42,720 *(from step 1 above)* **x** 1.6% **x** 35 years *(from step 2 above)* **= $23,923 (Kevin's gross benefit)**
Step 4: The plan estimates his Social Security benefit	
This is the estimated annual Social Security benefit that he would receive at his normal retirement age, regardless of his age when he leaves the company. See the *Glossary* for details.	Kevin's annual Social Security benefit is **$12,000**

(continued)

Here is how to calculate the benefit ...	And here is Kevin's benefit ...
Step 5: Calculate the Social Security offset**	
Social Security benefit **times** 1.5% **times** normal retirement benefit service *(up to 33⅓ years)* **times** credited service **divided by** normal retirement benefit service **equals** the Social Security offset	$12,000 *(from step 4 on the previous page)* **x** 1.5% **x** 33⅓ years normal ret. benefit service *(35 years' service capped at 33⅓ max.)* **x** 35 years credited service ÷ 35 years normal ret. benefit service **= $ 6,000 (his Social Security offset)**
Step 6: Calculate the basic benefit	
Gross benefit **minus** Social Security offset **minus** prior plan offset (if applicable) **equals** annual retirement benefit	$23,923 *(from step 3 on the previous page)* – $ 6,000 *(from step 5 above)* – $ 0 *(Kevin was not in a prior plan)* **= $17,923** *(Kevin's* ***annual*** *basic benefit)*
divided by 12	His **monthly** basic benefit is **$1,494** *($17,923 ÷ 12)*
equals monthly retirement benefit	If Kevin were to start his benefit on his normal retirement date in the single life annuity form, he would receive **$1,494** per month

* *As shown below, the gross benefit formula is slightly different for the Avon and Ferndale locations. (Different percentages apply for credited service earned at Avon before July 1, 1971 and at Ferndale before January 1, 1971.)*

Location	***Gross benefit formula***
Avon	*Final average compensation x 1.5% x credited service (before 7/1/71)* ***plus*** *Final average compensation x 1.6% x credited service (after 6/30/71)*
Ferndale	*Final average compensation x 1.3% x credited service (before 1/1/71)* ***plus*** *Final average compensation x 1.6% x credited service (after 12/31/70)*

** *The plan subtracts a portion of the participant's estimated Social Security benefit to reflect the fact that his Social Security benefit is partially paid through company contributions.*

For Kevin's monthly basic benefit, note the previous text "on his normal retirement date in the single life annuity form." As described over the next few sections, there are two other factors that affect the retirement benefit:

- The participant's age and service when his benefit begins; and
- How the benefit is paid.

The participant has decisions to make when he leaves the company: Take his benefit at age 55, or wait until later? Take an annuity (monthly payments) for his lifetime only, or for the combined lifetimes of himself and someone else? The following sections will explore how the date the benefit begins and the form in which it is taken 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 make the right decision for themselves and their families. See *Contacts* on page 29 for the Benefits Center phone and web 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 on or after his 55th birthday — provided he had at least 10 years of service when he ended his employment. He must start it by his normal retirement date. For example:

If he was born on ...	He CAN start his benefit on or after* ...	He MUST start it by ...
July 10, 1963	August 1, 2018	August 1, 2028
November 1, 1965	November 1, 2020	November 1, 2030
November 16, 1965	December 1, 2020	December 1, 2030

** If the participant has 10 or more years of service when he leaves the company.*

His benefit may be reduced if it begins before his normal retirement date (see page 9).

Note: The normal retirement date may be slightly different if he was a Phillips Petroleum Company or a Mobil employee.

If the participant is a former Phillips Petroleum Company or Mobil employee	
If his birthday falls ...	**His normal retirement date — and the date he MUST start his benefit — will be ...**
Between the first and 15th day of the month	The first day of the month in which he turns age 65
On the 16th or later day of the month	The first day of the month following his 65th birthday

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. His additional service 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 chooses to start his benefit before his normal retirement date, it may be reduced. There are two reduction methods — early retirement benefit reduction and deferred vested benefit reduction.

- **The early retirement benefit reduction applies if** he stays employed until he is at least age 55.
- **The deferred vested benefit reduction applies if** he leaves the company before his 55th birthday.

Under both methods:

- The plan calculates the participant's basic benefit at his normal retirement date as shown on page 6; and then
- Multiplies that benefit by the applicable percentage shown in the table on page 11 to determine his reduced early retirement benefit.

The two reduction methods are explained below.

Early retirement benefit reduction

The participant is subject to the early retirement benefit reduction if he is at least age 55 and has 10 or more years of service when he leaves the company. Here is how it works:

The early retirement benefit ...	
WILL be reduced if:	**Will NOT be reduced if:**
• The participant has NOT met the 85-Points Rule; **AND** • His benefits begin BEFORE his 60th birthday.	• The participant HAS met the 85-Points Rule; **OR** • His benefits begin ON OR AFTER his 60th birthday (regardless of whether he met the 85-Points Rule).

The benefit reduction percentage is shown in the table on page 11.

What is the 85-Points Rule?

When employment ends, the participant receives:

- One point for each year of his age; and
- One point for each year of service with the company.

Then, add the points together. To meet the 85-Points Rule, the participant must:

- Have 85 or more points;
- Be at least age 55 on his employment end date; and
- Have a minimum of 10 years of service on his employment end date.

For example, the participant meets the 85-Points Rule if he is age 57 and has 30 years of service (87 points total), but he **does not** meet it if he is age 57 and has 15 years of service (72 points total).

THE 85-POINTS RULE AND THE SOCIAL SECURITY OFFSET

There is one other benefit to meeting the 85-Points Rule. If the retirement benefit begins between ages 55 and 60, the Social Security offset used to calculate the participant's basic benefit will be slightly lower. This means his retirement benefit will be slightly higher.

Deferred vested benefit reduction

This reduction method applies if the participant leaves the company **before** his 55th birthday. If that occurs, he has a "deferred vested benefit" in the plan.

Normally, this benefit would be payable when he reaches age 65. However, if he has at least 10 years of service when he leaves the company, he can choose to receive reduced benefits as early as the first of the month on or after his 55th birthday. The benefit reduction percentage is shown in the table on page 11.

How the reductions work

Here are a couple of examples. All three retirees below had earned the same basic $2,000 monthly retirement benefit payable at their normal retirement date. However, all three elected to begin their benefit earlier, so their $2,000 benefit was reduced for the participants who had not met the 85-Points Rule.

	Qualified for this benefit reduction method ...	Met the 85-Points Rule ...	Benefits began at age ...	Monthly benefit was reduced to ...
Tim	Early retirement reduction *(left **after** age 55)*	No	57	$1,600 *($2,000 x **80%**)*
Karen	Early retirement reduction *(left **after** age 55)*	Yes	57	$2,000 *($2,000 x **100%**)**
Joel	Deferred vested reduction *(left **before** age 55)*	N/A	57	$1,133 *($2,000 x **56.67%**)*

** This example does not include any possible benefit to Karen that might come from the limitation of the Social Security offset under the 85-Points Rule.*

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

	Left AFTER age 55		Left BEFORE age 55
	Percentage of benefit payable under the ...		
If benefits begin at age ...	**Early retirement benefit reduction** *If the 85-Points Rule was NOT met*	**Early retirement benefit reduction** *If the 85-Points Rule WAS met*	**Deferred vested benefit reduction**
55	66.67%	100.00%	50.00%
56	73.33%	100.00%	53.33%
57	**80.00%**	**100.00%**	**56.67%**
58	86.67%	100.00%	60.00%
59	93.33%	100.00%	63.33%
60	100.00%	100.00%	66.67%
61	100.00%	100.00%	73.33%
62	100.00%	100.00%	80.00%
63	100.00%	100.00%	86.67%
64	100.00%	100.00%	93.33%
65	100.00%	100.00%	100.00%

Please note that this chart shows full years of age only, but the actual reduction would be calculated in years and months. For example, the early retirement benefit reduction percentage in column 2 is 66.67% if benefits begin at age 55 and 73.33% if they begin at age 56. If benefits begin at age 55½, the percentage would be 70% (halfway between the age 55 and age 56 percentages).

PAYMENT FORM OPTIONS

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

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

If the total value of the benefit is $1,000 or less

If the present lump-sum 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 15 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

A retirement benefit paid to the participant each month is called an "annuity." The 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 consider:

- **If the participant chooses to have his annuity begin before he reaches age 65,** his monthly payment may be lower than if he had waited until age 65.
- **If he chooses a joint and survivor annuity:**
  - His monthly benefit will be lower than if he had chosen a single life annuity. That is because the benefit is being paid over two lifetimes (his and his joint annuitant's) rather than just one. The younger the joint annuitant is (compared to him), the greater the reduction.
  - The ages of both the participant and his joint annuitant are considered 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, a 10-year certain and life annuity*, or a lump sum (Alliance Cash Balance participants). **His spouse must also agree in writing** if the designated beneficiary is someone **other than** his spouse. In each instance, the spouse's consent must be witnessed and certified by a notary public.

** 10-year certain and life annuity is available only for benefits accrued prior to December 31, 2013.*

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%.
- A **10-year certain and life annuity** (reduced monthly payments during his lifetime, with a guarantee that if he dies before 120 payments have been made, his joint annuitant will receive the same benefit until a combined total of 120 payments have been made; this option is available only for benefits accrued prior to December 31, 2013).
- A **lump-sum payment** (available to Alliance Refinery employees only; see *Appendix B — Alliance Refinery Cash Balance Formula* on page 40).

HOW THE PARTICIPANT'S CHOICES AFFECT HIS RETIREMENT BENEFIT

Meet David. 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 couple of scenarios.

Since David is married, his wife must consent to any payment option other than a 50%, 75% or 100% joint and survivor annuity with herself as beneficiary.

<table>
<tr><th colspan="2">If David takes his benefit ...</th></tr>
<tr><td>Right away</td><td>David jumps right into retirement and wants his benefit to start the very next day, January 1, 2019. Since he does not have 85 points and is under age 60, his benefit is subject to an early retirement benefit reduction.

Per the table on page 11, his monthly benefit is reduced to $1,680 as follows:

$1,800 x 93.33% early retirement reduction = $1,680

This is the amount that's payable right away as a single life annuity.

However, David has several choices of annuity.
• His monthly annuity payment will be the full $1,680 if he chooses a single life annuity (payments stop at his death).
• If David chooses a joint and survivor annuity (monthly payments continue to his spouse after his death):
– David'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%).
• David can also choose a 10-year certain and life annuity (reduced monthly payments during David's lifetime, with a guarantee of at least 120 monthly payments; this option applies only to benefits accrued through December 31, 2013, and David must choose another payment form for benefits earned after December 31, 2013).

Regardless of the type of annuity David chooses, his monthly payments will be calculated as of January 1, 2019, and the payments will begin as soon as administratively possible.</td></tr>
<tr><td>On his normal retirement date</td><td>David decides to leave his benefit in the plan until his normal retirement date, which is January 1, 2025.

Everything described above applies EXCEPT:
• David's benefit will not be reduced for early retirement.
• The plan will use David's age (and his spouse's age) as of January 1, 2025 when calculating David's annuity amount.</td></tr>
</table>

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 income tax penalty may also apply, but this amount will not be withheld. Under current law, this 10% federal income tax penalty would not apply if he ends employment with the company during or after the year he reaches age 55.* • State and local income taxes and penalties may also apply. • The participant can avoid some or all 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?

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

Matt's total lump-sum distribution was $40,000. Tax was estimated and withheld at 20%, so the check he received was for $32,000. If he decides to do an indirect rollover within 60 days, he can:

- Just roll over the $32,000 (the $8,000 withheld will be taxed as a plan distribution); or
- Roll over the $32,000, plus $8,000 from his other financial resources. If he does that, he will postpone taxes on the entire $40,000. (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 the participant is married:
  - 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. Contingent beneficiaries can be any person or persons, trust or estate.
  - **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 the participant is single, he can name any person or persons, trust or estate as his primary and contingent beneficiaries.
- If retirement payments have already begun before the Benefits Center receives a valid beneficiary designation, those payments will not change.
- If all his beneficiaries die before he does, or there is no valid designation on file at his death, his beneficiary will be determined based on the following order of priority:
  - His surviving spouse.
  - His surviving children in equal shares.
  - His surviving parents in equal shares.
  - His surviving sisters and brothers in equal shares.
  - His estate.

HOW DOES THE PARTICIPANT APPLY FOR HIS RETIREMENT BENEFIT?

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

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

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?* at right. The participant should also review his leave papers or contact the Benefits Center for more information.

THE PARTICIPANT LEAVES THE COMPANY?

If the participant had 10 years of service when he left the company, he can apply to begin his retirement benefit as early as the first day of the month on or after his 55th birthday. The participant should also review *How does the participant apply for his retirement benefit?* on page 17.

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.

THE PARTICIPANT BECOMES DISABLED?

If the participant becomes totally and permanently disabled, he may be eligible for a disability retirement benefit from the plan. Some special rules apply:

- **If he has 10 years of service,** he is eligible for a disability retirement benefit. While he is disabled, he will continue to accrue service until he begins his retirement benefit.
- **If he does not have 10 years of service,** he is not eligible for a disability retirement benefit. His regular retirement benefit will be calculated as if his employment ended two years after the day he stopped working due to disability.
- If he is eligible for a disability retirement benefit and is receiving benefits under the company-sponsored Long-Term Disability (LTD) Plan, he may delay starting his plan benefits until whichever date is latest:
  - His approved disability leave ends;
  - His LTD benefits end; or
  - He reaches age 65.

When calculating his disability retirement benefit, the following assumptions will apply:

- His years of service will be counted as if he continued to work for the company until the earlier of:
  - The end of his total and permanent disability;
  - His disability retirement benefit date; or
  - His deemed delayed retirement benefit date; and
- His compensation will be assumed to continue at the rate in effect prior to his disability.

The participant's total and permanent disability will be considered to have ended and no further benefits will accrue under the disability retirement benefit provision if he:

- Returns to work;
- Recovers enough to return to work but fails to do so;
- Refuses to undergo medical examinations required by the company; or
- Becomes ineligible for Social Security Disability Benefits.

The participant should contact the Benefits Center for more information.

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 and points under the 85-Points Rule** 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 when he was last an active employee and 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. • This election must be made in writing before the commencement of monthly benefits (single life pre-retirement survivor's annuity). The lump-sum survivor's benefit will be calculated as of the following dates: – The participant's date of death (if he is age 55 or older and has at least 10 years of service at the time of his death); or – The earliest date he could have started his plan benefit. • If elected, the lump-sum payment will be made as soon as practical following the survivor's election or the earliest date the participant could have started his plan benefit, if applicable. • The benefit is available for deferred commencement 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. • If the participant has at least 10 years of service at the time of his death, his spouse may begin payments as early as his age 55, or defer payments as late as his age 65.

The participant may name contingent beneficiaries. If his spouse dies first (or disclaims the survivor's benefit), the participant's contingent beneficiaries are eligible for a single lump-sum payment.

If the participant is single

He may name a beneficiary who would 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 chosen 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 a 10-year certain and life annuity and 120 monthly payments have not been made, payments will continue to his joint annuitant until a total of 120 payments have been made to the participant and joint annuitant combined. No further benefits are payable.

CLAIMS AND APPEALS

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

HOW DOES THE PARTICIPANT FILE A CLAIM?

If benefits are denied and the participant believes he has a claim against the plan, he should mail or deliver a statement **in writing** to the Plan Benefits Administrator (see page 28) 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 Tosco Pension Plan that is required by the Employee Retirement Income Security Act of 1974 (ERISA).

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

PENSION BENEFIT GUARANTY CORPORATION

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

The PBGC guarantee generally covers:

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

The PBGC guarantee generally does not cover:

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

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

FOR MORE INFORMATION

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

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

AGENT FOR SERVICE OF LEGAL PROCESS

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

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

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

WHEN THE PLAN CHANGES OR ENDS

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

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

Funding based restrictions on plan benefits

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

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

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

ASSIGNMENT OF BENEFITS

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

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

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

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

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

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

PAYMENTS TO A MINOR OR LEGALLY INCOMPETENT PERSON

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

IF THE PARTICIPANT CANNOT BE LOCATED

If the participant cannot be located on the latest date upon which his retirement benefit must start, his benefit is forfeited and used to reduce the cost of the plan to the company. If he is later located, his benefit will be restored and payment will be made, retroactive to the applicable date. (See *When can the participant begin receiving his retirement benefit?* on page 8.)

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 the trustee, investment manager and investment advisor as approved by the Investment Committee. • Requiring the trustee to allow audits and submit reports on its activities. • Keeping records relating to plan benefits and assets. • Delegating powers or duties to other persons and companies as appropriate.

CONTACTS

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

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

Predecessor employers	
If a participant has a vested benefit under one of these predecessor employer's plans, he will need to call the corresponding number for information about that plan or to apply for benefits from that plan. *See "Appendix A — Grandfather provisions" on page 34 for more information about these plans.*	• BP Amoco: (800) 890-4100 • Equiva: (877) 255-2363 • Exxon: (800) 262-2363 • Mobil: (800) 682-2847 • Phillips: (800) 965-4421 • Shell Oil: (800) 307-4355 • Unocal: (888) 825-5247

GLOSSARY

Basic benefit	The benefit payable at age 65 calculated in accordance with this plan, without considering if the participant is vested or eligible to elect a benefit under this plan.
Break in service	If employment ends, and the participant is later rehired after 12 or more months of absence, he normally has what is called a break in service.
Cash Balance Account (Alliance Cash Balance)	The account established and maintained in accordance with the provisions of the Alliance Refinery Cash Balance Formula section of this SPD. Such accounts are only nominal accounts which are used to determine the amount of retirement benefits payable under the Cash Balance Formula. The participant does not have an actual individual account or a claim to any particular assets of the plan.
Cash Balance Account value (Alliance Cash Balance)	The value as of the determination date of the outstanding balance in the participant's cash balance account. This is the total of the pay credits and interest credits credited to his account in each month before the determination date.
Committee(s)	The Benefits and Investment Committees, which are the governing bodies of the plan administration and investments.
Compensation	Compensation includes the participant's base pay and any regularly scheduled overtime. Generally, other types of pay such as bonuses, overtime, reimbursement, fees, strike pay, severance payments or retainers are not included. The Internal Revenue Code limits the amount of annual compensation that may be used to determine the participant's benefit.
Credited service	The service that is used to calculate the participant's plan benefit. This may differ from his years of service used to determine eligibility or vesting. • His credited service is the number of years and months of service he has worked for the company while eligible to actively participate in this plan. Credited service is counted: – From the first day of the month coinciding with or immediately following his first day of work. – To the last day of the month in which his employment ends. • If he was a participant in the Tosco Pension Plan as of May 1, 2012, then he will receive credit for his prior service with ConocoPhillips. • If he was a participant in the British Petroleum, Exxon, Mobil, Phillips, Shell/Equiva or Unocal Plans, his credited service will be the sum of: – The period of service recognized by his predecessor employer. – His eligible service from the date of the acquisition.
Delayed retirement date	If the participant works past his normal retirement date, it is the first of the month coinciding with or immediately following his employment end date.
Disability retirement	If the participant becomes totally and permanently disabled and has completed 10 years of service, he may be eligible to receive a disability retirement benefit.
Early retirement	If the participant is at least age 55 and has 10 or more years of service when his employment ends, he is eligible for an early retirement benefit.

(continued)

Early retirement benefit	If the participant qualifies for early retirement, he may begin receiving his benefit payments on the first of any month between age 55 and age 65.
Eighty-five points (85 points)	The participant is considered to have 85 points if, at the time his employment ends, he is at least age 55 with 10 or more years of service, and the sum of his age and service on his employment end date equals or exceeds 85. For example, if he is age 55 with 30 years of service or age 57 with 28 years of service when his employment ends, he would have 85 points.
Eligible pay (Alliance Cash Balance)	Generally, the participant's base pay plus regularly scheduled overtime.
ERISA	Employee Retirement Income Security Act of 1974, as amended.
Final average compensation	The average of the highest 36 consecutive months of compensation in the participant's last 120 months of employment.
Interest credits (Alliance Cash Balance)	The monthly interest amounts credited to the participant's cash balance account. Each interest credit equals the interest rate applied to his cash balance account value as of the last day of the preceding month, up to and including the last day of the month before: • His normal retirement date, delayed retirement date, early retirement date, disability retirement date or vested retirement date, as applicable; or • In the case of a lump-sum payment, the first day of the month during which his cash balance account value is paid.
Interest rate (Alliance Cash Balance)	For plan years beginning on or after January 1, 2012, the higher of (i) the 30-year Treasury Securities rate for the fourth month prior to each calendar quarter, or (ii) 1.48%.
Life annuity	A series of monthly payments that begins on the participant's annuity starting date and ends on the first of the month coinciding with or before his death. The annuity start date is the first day of the first month in which his benefit is paid as an annuity or any other form.
Normal retirement age	The participant's 65th birthday.
Normal retirement benefit service	The number of years from the date the participant starts working at the company to his normal retirement date, regardless of when his employment ends.
Normal retirement date	The first day of the calendar month coinciding with or immediately following the participant's 65th birthday. However, if he is a Phillips or Mobil employee whose 65th birthday falls between the second and 15th day of the month inclusive, his normal retirement date is the first day of the month in which his 65th birthday occurs.
Pay credits (Alliance Cash Balance)	The monthly amounts credited to the participant's cash balance account. Each pay credit equals a specified percentage of his eligible pay.

(continued)

Phillips employee	Anyone who became an eligible employee due to the acquisition of Tidewater assets from Phillips Petroleum Company by Tosco Corporation in 1976.
Phillips Plan	The "Retirement Income Plan of Phillips Petroleum Company and Subsidiary and Affiliated Companies," that was in effect on April 1, 1976.
Predecessor employer	Any company whose employees transferred to ConocoPhillips or Tosco and were granted service for their employment with that employer.
Service	Generally, service is earned while the participant is actively working for the company. However, he also may earn service in other ways: • For time spent in military service during a period in which his rights as a veteran are protected by law — as long as he returns to active work within the protected period. • While on an authorized leave of absence shorter than 24 months. • During a break in service less than 12 months. • For recognized service with a predecessor employer (such as Tosco Corporation, Phillips Petroleum Company, Exxon, British Petroleum, Unocal, etc.). • For any other period of time required to be counted by applicable federal law.
Social Security offset	A part of the participant's estimated Social Security benefit that is used as an offset in his basic benefit calculation because it has been partially paid through company contributions. The reduction in his benefit is called his Social Security offset. • If he retires before age 65, the Social Security benefit used for his offset is an estimate of what he would have received from Social Security as a benefit at age 65, assuming his earnings stayed the same from the year of his employment end date to his age 65. His Social Security benefit is based on his credited service and on an assumption about the compensation earned over his working career prior to his employment end date. • If he retires at age 65 or later, the estimated Social Security benefit payable on his employment end date is used to determine his offset. • His estimated Social Security benefit is determined by the law in effect the year his employment with the company ends. ***Using the participant's actual earnings history*** Normally, the plan estimates his past wages to determine his Social Security benefit. However, if he wants, he can have his actual Social Security wage history be used in the calculation instead. To do this he must provide his actual wage history: • No more than 90 days after his employment ends, or • After the Social Security Administration provides it to him, as long as he requested it within 90 days after his employment ends.

(continued)

Social Security offset *(continued)*	***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), the participant should 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***.
Totally and permanently disabled or **total and permanent disability**	This term applies if the participant is totally, continuously and permanently prevented by a physical or mental condition from performing his normal duties for the company, and: • The committee determines, based on medical documentation provided to the committee, that he meets the disability standard; or • He is eligible for disability benefits under the federal Social Security Act.
Vesting, vested	Vesting means ownership of the participant's benefit. He becomes vested in — or owns — his benefit based on his service with the company and any predecessor employer. Once he is vested, his benefit always belongs to him, even if he is no longer working for the company. All participants in this plan are fully vested. Generally, he became fully vested in his benefit when he completed five years of service. Effective January 1, 2008, vesting in the Alliance Cash Balance plan was reduced to three years of service. For vesting purposes, the participant's service began on his first day of work for the company or a predecessor employer.

APPENDIX A — GRANDFATHER PROVISIONS

As a result of business acquisitions over the years, the company has entered into various agreements with employers that sponsored pension plans for employees who now participate in Title III. These employers are called predecessor employers.

The participant's Title III calculation may be affected if any of the following apply:

- He worked for a predecessor employer;
- He was a participant in the terminated Tosco Corporation Pension Plan (not to be confused with Title III described in this document); or
- He has ever received a 5% of base pay contribution to the Tosco Capital Accumulation Plan (CAP) in lieu of pension coverage.

The "grandfather provisions" in this section summarize these effects. They are listed by predecessor employer (and employment category, where relevant).

TITLE III PARTICIPANTS WHO RECEIVED 5% CONTRIBUTION IN LIEU OF PENSION (CILP)

If, during some period of his employment, the participant received a 5% of base pay contribution to the Tosco Capital Accumulation Plan (CAP) to make up for having no pension coverage, his Title III basic benefit will be reduced by the monthly life annuity equivalent to the estimated value at age 65 of his accumulated CILP.

FORMER PARTICIPANTS IN THE TOSCO CORPORATION PENSION PLAN

If the participant received a distribution (in an annuity or as a rollover to the CAP) from the Tosco Corporation Pension Plan when that plan terminated on August 1, 1985, the following special factors affect his Title III benefit calculation:

- His credited service will include all benefit service covered by the Tosco Corporation Pension Plan.
- His Title III basic benefit will be reduced by the monthly life annuity upon which his prior distribution was based.

BAKERSFIELD UNION PENSION PLAN

If the employee participated in the Bakersfield Union Pension Plan, the following special factors affect his Title III benefit calculation:

- His credited service will include only service following his transfer to covered status under Title III.
- His Bakersfield service will count toward his 85-points determination.
- His Title III basic benefit will be increased by the monthly annuity he had earned under the Bakersfield Union Plan as of his credited service date.

EXXONMOBIL PENSION PLAN (UNION)

If the participant was a union-represented employee with ExxonMobil and became an employee of Tosco at the Brooklyn, Holtsville or Inwood terminals as of March 1, 2000, the following special factors affect his Title III benefit calculation:

- His service and credited service for Title III will include service with ExxonMobil, Exxon Corporation or Mobil Oil Corporation.
- He became eligible for Title III on March 1, 2000 if he had one year of service and had reached age 21. If he had not fulfilled those requirements as of March 1, 2000, he became eligible to participate in Title III on the first day of the month coinciding with or following the date that he met those requirements, provided he chose to remain in Title III instead of Title II — the ConocoPhillips Cash Balance Account.
- If he is eligible to receive a benefit from the ExxonMobil Pension Plan or Retirement Plan of Mobil, his Title III benefit will be reduced by the Social Security offset as defined in this SPD and also reduced by the life annuity amount that is equal to his vested benefit payable at age 65 (as accrued on March 1, 2000) through the ExxonMobil Pension Plan or Retirement Plan of Mobil.

EXXONMOBIL PENSION PLAN (EMPLOYEES ELIGIBLE FOR PENSION EQUITY RETIREMENT CONTRIBUTIONS)

The following method will be used to calculate the participant's accrued benefit if he was a participant in the ExxonMobil Pension Plan or the Retirement Plan of Mobil (as of March 1, 2000) and was eligible for Pension Equity Retirement Contributions (PERC).

DETERMINING THE PARTICIPANT'S TITLE III BENEFIT

The Title III gross benefit calculation — which is based on the participant's normal, early, delayed, disability or vested retirement date (whichever is applicable) — will be the same as what would have been payable to him under the terms of the ExxonMobil Pension Plan or the Retirement Plan of Mobil had he remained an employee of ExxonMobil and continued to be a participant in that plan. His credited service will include service under the ExxonMobil Pension Plan or the Retirement Plan of Mobil (as in effect on March 1, 2000).

His Title III gross benefit amount will be reduced by:

(1) The amount of his accrued benefit under the Exxon Mobil Pension Plan or the Retirement Plan of Mobil expressed in the form of a life annuity starting on his normal, early, delayed, disability or vested retirement date (whichever is applicable).

Plus

(2) His PERC Offset — The amount that would be payable in the form of a converted life annuity determined on the basis of total PERC contributions made as of his normal, early, delayed, disability or vested retirement date (whichever is applicable) — plus PERC earnings that would have accumulated on those contributions at the rate of 8% per year from the date the contributions were made through his normal, early, delayed, disability or vested retirement date (whichever is applicable),

Divided by

The actuarial present value (determined as of his normal, early, delayed, disability or vested retirement date — whichever is applicable) of a life annuity of $1.00 per year (payable on a monthly basis). Actuarial present value will be computed using the 1971 GAM Mortality Table for males and an annual interest rate of 7.5%.

SHELL OIL/EQUIVA PENSION PLAN

If the participant was employed by Shell Oil Company or Equiva and became an employee at the Wood River Refinery within six months before or after June 1, 2000, his service and credited service for Title III will include service starting on the first day of the month following his hire date with Shell Oil or Equiva.

- His participation in Title III began on the later of June 1, 2000 or his hire date with the company, provided he had one year of service and had reached age 21 on that date.
- If not, he became eligible for Title III on the first day of the month coinciding with or following the date he met those requirements, provided that was before January 1, 2002.

If he was **not** an employee of Shell or Equiva and was hired at the Wood River Refinery after June 1, 2000 and prior to January 1, 2002, he became eligible to participate in Title III on the first day of the month coinciding with or following the date he had one year of service and was age 21. The following predecessor plan offset provisions do not apply to him.

If he was a participant in a predecessor Shell or Equiva Plan, his normal retirement benefit amount will be the greater of 1 or 2 below.

1. Use the formula 1.6% x final average compensation x credited service reduced by the Social Security offset as defined in this SPD — and reduced further by a. or b. below (whichever applies to him):
   a. If he could reach 70 points under the Shell/Equiva Plans and was age 50 or older with 20 years of service as of June 1, 2000, if granted one additional year of service and age, his normal retirement benefit will be reduced by the sum of (i) plus (ii):
      (i) The amount equal to his vested benefit in the form of a single life annuity at age 65 accrued as of June 1, 2000 under the 80-points formula under the Shell Pension Plan.
      (ii) Whichever one of the following applies to him:
         – If he could reach 80 points and age 50 or older if granted one additional year of service and age under the Shell/Equiva plans as of June 1, 2000, the amount of his vested Shell Transition Benefit, as defined in the Equiva Pension Plan, payable as a single life annuity at age 65 accrued as of June 1, 2000 under the Equiva Pension Plan, calculated on the basis of service with Equiva; or
         – If he could not reach 80 points and age 50 or older if granted one additional year of service and age under the Shell/Equiva plans as of June 1, 2000, the amount of his vested cash balance benefit payable at age 65 accrued under the Equiva Pension Plan as of June 1, 2000, expressed in the form of a single life annuity commencing on his normal retirement date.
   b. If he could not reach 70 points under the Shell/Equiva Plans and age 50 or older with 20 years of service as of June 1, 2000 if granted one additional year of service and age, his benefit will be reduced as follows:
      – His normal retirement benefit will be reduced by the sum of (i) plus (ii):
         (i) The amount of his vested Shell Pension Plan benefit payable in the form of a single life annuity at age 65 under the 80-points formula.
         (ii) The amount of his vested Equiva Pension Plan cash balance benefit payable at age 65 as of June 1, 2000, expressed in the form of a single life annuity commencing on his normal retirement date.

– His early retirement benefit will be reduced by the sum of (i) plus (ii) plus (iii):

(i) The early commencement rules as stated on page 9.

(ii) The amount of his vested benefit under the Shell Pension Plan payable at age 65 under the 80-points formula reduced by the early retirement factors of the Shell Pension Plan in the table below.

(iii) The amount of his vested cash balance benefit payable at age 65 under the Equiva Pension Plan in the form of a single life annuity starting on his normal retirement date reduced by the early retirement factors of the Equiva Pension Plan in the table below.

Shell and Equiva Factors

Age	Shell	Equiva
55	33.6%	41.3%
56	37.1%	44.8%
57	41.1%	48.7%
58	45.5%	52.9%
59	50.6%	57.7%
60	56.3%	62.9%
61	62.9%	68.8%
62	70.3%	75.3%
63	78.9%	82.6%
64	88.7%	90.8%
65	100.0%	100.0%

2. 1.6% of his final average compensation x credited service commencing on June 1, 2000 (or on his hire date if after June 1, 2000), reduced by the Social Security offset as stated in this SPD but using a hire date of June 1, 2000 (or his actual hire date, if later), for credited service.

CHEMICAL PLANT (UNION)

If the employee participated in the Tosco Corporation Pension Plan for Union Employees Formerly Employed by Monsanto Chemical Corporation, the following special factors affect his Title III benefit calculation:

- His credited service will include only service following his transfer to covered status under Title III.
- In addition to his Title III benefit, he will receive a benefit from the Tosco Corporation Pension Plan for Union Employees Formerly Employed By Monsanto Chemical Corporation.

MONSANTO COMPANY (SALARIED)

If the participant is eligible to receive a benefit from the Monsanto Company Salaried Employees' Pension Plan (Monsanto Plan), the following special factors affect his Title III benefit calculation:

- His credited service will include all benefit service covered by the Monsanto Plan.
- His Monsanto service will count toward his 85-points determination.
- The accrual rate applicable to his credited service prior to July 1, 1971 will be 1.6%.
- His Title III basic benefit will be reduced by the age 65 monthly life annuity he had earned under the Monsanto Plan as of December 28, 1982.
- His normal retirement service for the Social Security offset will be based on his Monsanto date of hire.

DIABLO SERVICE CORPORATION

If the participant was employed by Diablo Service Corporation, his credited service will include only service rendered after the later of January 1, 1978 or the date he became employed by Tosco.

TIDEWATER OIL COMPANY

If the participant was employed by Tidewater Oil Company, his credited service will include only benefit service recognized by the Phillips Plan. His Title III benefit will be calculated using his plan date under the Phillips Plan, then offset by the amount of his pension benefit under the Phillips Plan (which already takes into consideration the benefit he will receive from his Tidewater service).

His combined benefit from all three sources is 100% of the amount he would have received under Title III if he had started work with the company the year he earned his first year of credited service under the Phillips Plan.

PHILLIPS PETROLEUM COMPANY

If the participant is eligible to receive a benefit from the Phillips Plan, the following special factors affect his Title III benefit calculation:

- His credited service will be based on his plan date as provided by the Phillips Plan. In many cases, this will mean that he receives credit for all years of benefit service as a Phillips employee except his first year of employment, since that year is not covered under the Phillips Plan. There are other situations in which his plan date may be different. For example, he may have elected not to participate in a contributory plan sponsored by either Phillips or Tidewater Oil Company, or he may have elected to receive a "cash out" benefit from the Tidewater Oil Company plan. For specific information about his plan date, the participant should contact the Benefits Center. His service from his plan date will count towards his 85-points determination.
- His Title III benefit will be reduced by the Phillips Plan benefit (referred to as the Phillips offset). If he elects early retirement, his Phillips offset will be reduced under the reduction formula provided under the Phillips Plan.

EXXON CORPORATION PENSION PLAN

If the participant is a former Exxon employee who transferred employment to Tosco in connection with Tosco Corporation's 1993 purchase of the Bayway Refining Company, and he is eligible to receive a benefit from the Exxon Corporation Pension Plan, his Title III benefit will be reduced by the monthly life annuity equivalent to the vested age-65 five-year certain and life annuity (the age-65 life annuity) provided to him under the Exxon Plan (referred to as the Exxon Offset).

For annuity starting dates after January 1, 2006, his Title III benefit will be reduced by the age-65 life annuity provided to him under the Exxon plan reduced by the applicable Exxon early receipt factors in effect as of April 8, 1993, based upon his age on his Tosco Pension Plan annuity starting date.

The benefit for a participant whose annuity starting date was prior to January 1, 2006 was adjusted prospectively for payments payable on or after January 1, 2006 to reflect the benefit amount as described in the paragraph above.

BRITISH PETROLEUM PENSION PLAN

If the participant is a former British Petroleum employee who transferred employment to Tosco in connection with the December 28, 1993 purchase of the Ferndale Refinery and is eligible to receive a benefit from the British Petroleum Pension Plan, his Title III benefit will be reduced by the monthly life annuity equivalent to the vested age-65 life annuity (the age-65 life annuity) provided to him under the BP Plan (referred to as the BP Offset). The age-65 amount is used regardless of when he retires.

UNOCAL PENSION PLAN

If the participant is a former Unocal employee who transferred employment to the company in connection with Tosco's acquisition of the 76 Products Group in April 1997, and he is eligible to receive a benefit from the Unocal Pension Plan, his Title III benefit will be reduced by the monthly life annuity equivalent to the vested age-65 life annuity (the age-65 life annuity) provided to him under the Unocal Plan (referred to as the Unocal Offset).

For annuity starting dates after January 1, 2006, his Title III benefit will be reduced by the Unocal age-65 life annuity reduced by either the applicable Unocal early receipt factors in effect as of April 1, 1997 or the applicable Tosco Pension Plan early receipt factors, (whichever provides the better benefit), based upon his age on his Tosco Pension Plan annuity starting date.

The benefit for a participant whose annuity starting date was prior to January 1, 2006 was adjusted prospectively for payments payable on or after January 1, 2006 to reflect the benefit amount as described in the paragraph above.

APPENDIX B — ALLIANCE REFINERY CASH BALANCE FORMULA

This section applies to Alliance Refinery employees (and former employees) only.

For all intents and purposes, the plan provisions described in this SPD apply to current and former eligible employees at the Alliance Refinery — unless specifically stated differently in this section. **The participant's benefits through the plan will be calculated according to the alternative formula described in this section.**

WHO IS ELIGIBLE

The participant is eligible for the cash balance formula of the plan if he was an eligible employee at the Alliance Refinery on December 31, 2001 and elected to remain in the Alliance Refinery Cash Balance Formula. He may have a frozen accrued benefit in the formula if he elected to move to the Cash Balance Account (Title II of the Phillips 66 Retirement Plan).

CREDITED SERVICE

If he was employed by BP Amoco Corporation and became an employee at the Alliance Refinery within six months before or after September 1, 2000, his service and credited service will include all service credited under the BP Amoco Retirement Accumulation Plan (as in effect on September 1, 2000) starting on the first day of the month following his hire date with BP Amoco Corporation.

If he became an employee of Tosco at the Alliance Refinery on or after September 1, 2000 and prior to January 1, 2002 and does not satisfy the eligibility requirements in the previous paragraph, his service and credited service will start on the first day of the month following his hire date with Tosco.

HOW THE CASH BALANCE ACCOUNT WORKS

A cash balance account is maintained for the participant in accordance with the provisions of the Alliance Refinery Cash Balance Formula. As described on the next page, his cash balance account grows from the application of two different kinds of credits: pay credits and interest credits.

The cash balance account is not like a bank account, in which the participant deposits and accumulates money. It is a nominal (in name only) account, which means that instead of accumulating money, it accumulates credits. When the participant receives his benefit from the cash balance account, the value of the credits in his account is used to determine the amount of money he will have for his retirement. That is what is meant by the terms "account" or "account value."

Pay credits

Pay credits will be equal to a percentage of the participant's monthly eligible pay based on the following formulas:

If he was employed by BP Amoco Corporation and became an employee of Tosco at the Alliance Refinery within six months of September 1, 2000			
His years of service *OR* his age (whichever provides the higher percentage of eligible pay)		Credit as a percentage of eligible pay up to ¼ of the Social Security wage base	Credit as a percentage of eligible pay above ¼ of the Social Security wage base
Years of service	Age		
Under 10	Under 40	4%	7%
10 – 19	40 – 49	5%	9%
20 – 37*	50+	6%	11%

** When determining pay credits, service in excess of 37 years will not be used.*

If he was hired on or after September 1, 2000		
Years of service	Credit as a percentage of eligible pay up to ¼ of the Social Security wage base	Credit as a percentage of eligible pay above ¼ of the Social Security wage base
Under 10	4%	7%
10 – 19	5%	9%
20 – 35*	6%	11%

** When determining pay credits, service in excess of 35 years will not be used.*

Eligible pay means his base pay plus regularly scheduled overtime pay, subject to the Internal Revenue Code's annual dollar limit as adjusted.

Interest credits

Interest credits are interest amounts credited monthly to the participant's cash balance account. They are calculated by applying the plan's assigned interest rate to his cash balance account value as of the last day of the previous month. See the *Glossary* for an explanation of how the interest rate is determined.

Forms of benefit payment

The available forms of payment of the participant's cash balance account are the same as the forms of payment described earlier in this SPD. However, in addition to those forms of payment, the participant can choose (with his spouse's consent, if he is married) to receive his benefit as a single lump-sum cash payment. He may elect to have payments from the plan begin on the first day of any month after his employment ends, but no later than the date his pension would otherwise be required to commence under the terms of the plan.

If he dies before the date that his cash balance account becomes payable, his spouse (if he is married upon his death) can choose to receive his benefit (if any) as either a monthly annuity or a single lump-sum payment. If he is not married, or if he designated a different beneficiary, the benefit will be paid to that person as a single lump-sum payment.