

PHILLIPS 66

FORM S-8

(Securities Registration: Employee Benefit Plan)

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Address	3010 BRIARPARK DRIVE HOUSTON, TX 77042
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

**FORM S-8
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

Phillips 66

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-3779385
(I.R.S. Employer
Identification No.)

**600 North Dairy Ashford
Houston, Texas**
(Address of principal executive offices)

77079
(Zip Code)

**Omnibus Stock and Performance Incentive Plan of Phillips 66
Phillips 66 Savings Plan**
(Full title of the plan)

Paula A. Johnson
**Senior Vice President, Legal,
General Counsel and Corporate Secretary**
**600 North Dairy Ashford
Houston, Texas 77079**
(Name and address of agent for service)

(281) 293-6600
(Telephone number, including area code, of agent for service)

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value \$0.01 per share	82,000,000(1)(2)	\$ 34.45 (3)	\$2,824,900,000 (3)	\$ 323,733.54 (3)

- (1) Represents a portion of the shares of Common Stock, par value \$0.01 per share ("Common Stock"), of Phillips 66 (the "Registrant") issuable pursuant to the Omnibus Stock and Performance Incentive Plan of Phillips 66 (the "Omnibus Plan"), and the shares of Common stock issuable pursuant to the Phillips 66 Savings Plan (the "Savings Plan") being registered hereon. The Omnibus Plan and the Savings Plan together are referred to as the "Plans".
- (2) Pursuant to Rule 416 of the Securities Act of 1933 (the "Securities Act"), this Registration Statement also covers such additional shares of Common Stock as may become issuable under the Plans pursuant to the anti-dilution provisions thereof.
- (3) Estimated solely for the purposes of calculating the amount of the registration fee in accordance with Rule 457(c) and 457(h) of the Securities Act on the basis of the average of the high and low sale prices for the shares of the Common Stock as reported on a when-issued basis on The New York Stock Exchange on April 30, 2012.

EXPLANATORY NOTE

This Registration Statement on Form S-8 is being filed for the purpose of registering 42,000,000 shares of common stock, par value \$0.01 per share, of Phillips 66 (the “Common Stock”), to be issued pursuant to the Omnibus Stock and Performance Incentive Plan of Phillips 66 (the “Omnibus Plan”) and 40,000,000 shares of Common Stock to be issued pursuant to the Phillips 66 Savings Plan (the “Savings Plan” and together with the Omnibus Plan, the “Plans”).

PART I INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

Note: The document(s) containing the information concerning the Plans required by Item 1 of Form S-8 and the statement of availability of registrant information, plan information and other information required by Item 2 of Form S-8 will be sent or given to employees as specified by Rule 428 under the Securities Act of 1933, as amended (the “Securities Act”). In accordance with Rule 428 and the requirements of Part I of Form S-8, such documents are not being filed with the Securities and Exchange Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Securities Act. Phillips 66 will maintain a file of such documents in accordance with the provisions of Rule 428. Upon request, Phillips 66 will furnish to the SEC or its staff a copy of any or all of the documents included in such file.

PART II INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed with the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”) by Phillips 66 are incorporated in this Registration Statement by reference and shall be deemed to be a part hereof:

- (a) The Registrant’s Registration Statement on Form 10 (Commission File No. 001-35349) initially filed on November 14, 2011, as amended by Amendment No. 1 filed on January 3, 2012, Amendment No. 2 filed on March 1 2012, and Amendment No. 3 filed on April 5, 2012, including, without limitation, the description of capital stock contained therein; and
- (b) The Registrant’s Current Reports on Form 8-K filed on April 17, 2012 and May 1, 2012.

All documents filed by Phillips 66 with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the filing of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold, or which deregisters all securities then remaining unsold, shall be deemed to be incorporated in this Registration Statement by reference and to be a part hereof from the date of filing of such documents.

Any statement contained in this Registration Statement, in an amendment hereto or in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any subsequently filed amendment to this Registration Statement or in any document that also is incorporated by reference herein modifies or supersedes such statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

The legality of the issuance of the Common Stock being registered has been passed upon for Phillips 66 by Grant F. Adamson, Senior Counsel of Phillips 66. Mr. Adamson is regularly employed by Phillips 66, participates in various employee benefit plans of Phillips 66 under which he may receive shares of Common Stock, restricted stock units or options to purchase shares of Common Stock, and currently beneficially owns less than 1% of the outstanding shares of Common Stock.

Item 6. Indemnification of Directors and Officers.

Delaware law permits a corporation to adopt a provision in its certificate of incorporation eliminating or limiting the personal liability of a director, but not an officer in his or her capacity as such, to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except that such provision shall not limit the liability of a director for (1) any breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) liability under Section 174 of the DGCL for unlawful payment of dividends or stock purchases or redemptions, or (4) any transaction from which the director derived an improper personal benefit. Our amended and restated certificate of incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation on liability is not permitted under the DGCL, as now in effect or as amended.

Under Delaware law, a corporation may indemnify any individual made a party or threatened to be made a party to any type of proceeding, other than an action by or in the right of the corporation, because he or she is or was an officer, director, employee or agent of the corporation or was serving at the request of the corporation as an officer, director, employee or agent of another corporation or entity against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding: (1) if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; or (2) in the case of a criminal proceeding, if he or she had no reasonable cause to believe that his or her conduct was unlawful. A corporation may indemnify any individual made a party or threatened to be made a party to any threatened, pending or completed action or suit brought by or in the right of the corporation because he or she was an officer, director, employee or agent of the corporation, or is or was serving at the request of the corporation as an officer, director, employee or agent of another corporation or other entity, against expenses actually and reasonably incurred in connection with such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; provided that such indemnification will be denied if the individual is found liable to the corporation unless, in such a case, the court determines the person is nonetheless entitled to indemnification for such expenses. A corporation must indemnify a present or former director or officer who successfully defends himself or herself in a proceeding to which he or she was a party because he or she was a director or officer of the corporation against expenses actually and reasonably incurred by him or her. Expenses incurred by an officer or director, or any employees or agents as deemed appropriate by the board of directors, in defending civil or criminal proceedings may be paid by the corporation in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of such director, officer, employee or agent to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. The Delaware law regarding indemnification and expense advancement is not exclusive of any other rights which may be granted by Phillips 66's amended and restated certificate of incorporation or by-laws, a vote of stockholders or disinterested directors, agreement or otherwise.

Under the DGCL, termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that such person is prohibited from being indemnified.

Our amended and restated certificate of incorporation and by-laws provide that, to the fullest extent authorized or permitted by the DGCL, as now in effect or as amended, we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person, or a person of whom he or she is the legal representative, is or was our director or officer, or by reason of the fact that our director or officer is or was serving, at our request, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by us. We will indemnify such persons against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action if such person acted in good faith and in a manner reasonably believed to be in our best interests and, with respect to any criminal proceeding, had no reason to believe their conduct was unlawful. A similar standard will be applicable in the case of derivative actions, except that indemnification will only extend to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and court approval will be required before there can be any indemnification where the person seeking indemnification has been found liable to us. Any amendment of this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

We have also obtained insurance policies that insure our directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacity as directors and officers. The insurance provides coverage, subject to its terms and conditions, if the Company is unable (*e.g.* , due to bankruptcy) or unwilling to indemnify the directors and officers for a covered wrongful act.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation of Phillips 66 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Phillips 66 with the SEC on May 1, 2012).
3.2	Amended and Restated By-Laws of Phillips 66 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by Phillips 66 with the SEC on May 1, 2012).
4.1	Omnibus Stock and Performance Incentive Plan of Phillips 66.
4.2	Phillips 66 Savings Plan.
5.1	Opinion of Counsel as to the legality of securities.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Counsel (included in Exhibit 5.1).
24.1	Powers of Attorney (included in the signature page of this registration statement).

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Signature

Title

/s/ Glenn F. Tilton
Glenn F. Tilton

Director

/s/ Victoria J. Tschinkel
Victoria J. Tschinkel

Director

EXHIBIT INDEX

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**OMNIBUS STOCK AND PERFORMANCE INCENTIVE PLAN
OF PHILLIPS 66**

(As Established Effective May 1, 2012)

RECITALS

Phillips 66 has previously been part of the ConocoPhillips group of companies, but effective with the distribution of Phillips 66 stock to ConocoPhillips shareholders in accordance with the Separation and Distribution Agreement between ConocoPhillips and Phillips 66, Phillips 66 has become a separate publicly traded company on May 1, 2012. In accordance with Section IV of the Employee Matters Agreement, Phillips 66 has assumed certain obligations with regard to equity and performance incentive awards previously made to certain employees and nonemployee directors of ConocoPhillips pursuant to existing plans of ConocoPhillips, including the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, effective May 11, 2011 (together with other stock incentive plans established and maintained by ConocoPhillips or its subsidiaries or predecessors under which compensatory awards were outstanding or under which shares have been reserved but not yet used, such plans being set forth in the definition in Section 3 as the "Prior Plans"). Accordingly, the Plan permits the issuance of Awards in partial or full substitution for certain equity awards that covered share of the common stock of ConocoPhillips granted under the Prior Plans that were outstanding immediately prior to the spin-off of the Company by ConocoPhillips.

Effective May 1, 2012, as approved on April 24, 2012, by ConocoPhillips as the then sole shareholder of Phillips 66, Phillips 66 hereby establishes the Omnibus Stock and Performance Incentive Plan of Phillips 66 (the "Plan").

1. *Plan* . The Omnibus Stock and Performance Incentive Plan of Phillips 66 (the "Plan") is adopted by Phillips 66, a Delaware corporation, to reward certain employees and nonemployee directors of the Company and its Subsidiaries by providing for certain cash benefits and by enabling them to acquire shares of Common Stock of the Company.
2. *Objectives*. The purpose of the Plan is to further the interests of the Company, its Subsidiaries and its shareholders by providing incentives in the form of Awards to employees and directors who can contribute materially to the success and profitability of the Company and its Subsidiaries. Such Awards will recognize and reward outstanding performances and individual contributions and give Participants in the Plan an interest in the Company parallel to that of the shareholders, thus enhancing the proprietary and personal interest of such Participants in the Company's continued success and progress. This Plan will also enable the Company and its Subsidiaries to attract and retain such employees and directors.
3. *Definitions* . As used herein, the terms set forth below shall have the following respective meanings:
 - "Award" means an Employee Award or a Director Award.
 - "Award Agreement" means one or more Employee Award Agreements or Director Award Agreements.
 - "Board" means the Board of Directors of the Company.
 - "Cash Award" means an award denominated in cash.
 - "Change of Control" is defined in Attachment A.
 - "Code" means the Internal Revenue Code of 1986, as amended from time to time.

“Committee” means the Compensation Committee or any committee designated pursuant to Paragraph 7.

“Common Stock” means Phillips 66 common stock, par value \$.01 per share.

“Company” means Phillips 66, a Delaware corporation.

“Compensation Committee” means the Human Resources and Compensation Committee of the Board or any successor committee of the Board that is designated by the Board to administer certain portions of the Plan.

“Director” means an individual serving as a member of the Board.

“Director Award” means the grant of any Nonqualified Stock Option, SAR, Stock Award, Cash Award, or Performance Award, whether granted singly, in combination, or in tandem, to a Participant who is a Nonemployee Director pursuant to such applicable terms, conditions, and limitations as may be established in order to fulfill the objectives of the Plan.

“Director Award Agreement” means one or more agreements between the Company and a Nonemployee Director setting forth the terms, conditions, and limitations applicable to a Director Award.

“Dividend Equivalents” means, with respect to Restricted Stock Units or shares of Restricted Stock that are to be issued at the end of the Restriction Period, an amount equal to all dividends and other distributions (or the economic equivalent thereof) that are payable to shareholders of record during the Restriction Period on a like number of shares of Common Stock.

“Employee” means an employee of the Company or any of its Subsidiaries and an individual who has agreed to become an employee of the Company or any of its Subsidiaries and is expected to become such an employee within the following six months. The term Employee shall also include any other individual (other than a Non-Employee Director) who is entitled to receive an Award under this Plan pursuant to the Employee Matters Agreement (a “ConocoPhillips Participant”).

“Employee Award” means the grant of any Option, SAR, Stock Award, Cash Award, or Performance Award, whether granted singly, in combination, or in tandem, to an Employee pursuant to such applicable terms, conditions, and limitations (including treatment as a Performance Award) as may be established in order to fulfill the objectives of the Plan.

“Employee Award Agreement” means one or more agreements between the Company and an Employee setting forth the terms, conditions, and limitations applicable to an Employee Award.

“Employee Matters Agreement” means the Employee Matters Agreement between ConocoPhillips and the Company, as such agreement may be amended.

“Fair Market Value” of a share of Common Stock means, as of a particular date, (i) (A) if shares of Common Stock are listed on a national securities exchange, the mean between the highest and lowest sales price per share of the Common Stock on the consolidated transaction reporting system for the principal national securities exchange on which shares of Common Stock are listed on that date, or, if there shall have been no such sale so reported on that date, on the last preceding date on which such a sale was so reported, or, at the discretion of the Committee, the price prevailing on the exchange at the relevant time (as determined under procedures established by the Committee), (B) if the Common Stock is not so listed, the mean between the closing bid and asked price on that date, or, if there are no quotations available for

such date, on the last preceding date on which such quotations shall be available, as reported by Pink OTC Markets Inc., or (C) if shares of Common Stock are not publicly traded, the most recent value determined by an independent appraiser appointed by the Company for such purpose in accordance with the requirements of Section 409A of the Code, or (ii) if applicable and taking into account the requirements of Section 409A of the Code, the price per share as determined in accordance with the terms, conditions, and limitations set forth in an Award Agreement, or (iii) if applicable and taking into account the requirements of Section 409A of the Code, the price per share as determined in accordance with the procedures of a third party administrator retained by the Company to administer the Plan and as approved by the Committee.

“Grant Date” means the date an Award is granted to a Participant pursuant to the Plan. The Grant Date for a substituted award is the Grant Date of the original award.

“Grant Price” means the price at which a Participant may exercise his or her right to receive cash or Common Stock, as applicable, under the terms of an Award.

“Incentive Stock Option” means an Option that is intended to comply with the requirements set forth in Section 422 of the Code.

“Nonemployee Director” means an individual serving as a member of the Board who is not an Employee.

“Nonqualified Stock Option” means an Option that is not an Incentive Stock Option.

“Option” means a right to purchase a specified number of shares of Common Stock at a specified Grant Price, which right may be an Incentive Stock Option or a Nonqualified Stock Option.

“Participant” means an Employee or a Director to whom an Award has been granted under this Plan.

“Performance Award” means an award made pursuant to this Plan that is subject to the attainment of one or more Performance Goals.

“Performance Goal” means one or more standards established by the Committee to determine in whole or in part whether a Performance Award shall be earned.

“Prior Plans” means the following plans:

1. 1986 Stock Plan of Phillips Petroleum Company
2. 1990 Stock Plan of Phillips Petroleum Company
3. Annual Incentive Compensation Plan of Phillips Petroleum Company
4. Incentive Compensation Plan of Phillips Petroleum Company
5. Omnibus Securities Plan of Phillips Petroleum Company
6. Phillips Petroleum Company Stock Plan for Non-Employee Directors
7. 2002 Omnibus Securities Plan of Phillips Petroleum Company
8. Burlington Resources Inc. 1993 Stock Incentive Plan
9. Burlington Resources Inc. 1997 Stock Incentive Plan
10. Burlington Resources Inc. 2000 Stock Option Plan for Non-Employee Directors
11. Burlington Resources Inc. 2002 Stock Incentive Plan
12. 1998 Stock and Performance Incentive Plan of ConocoPhillips
13. 1998 Key Employee Stock Performance Plan of ConocoPhillips
14. 2004 Omnibus Stock and Performance Incentive Plan of ConocoPhillips
15. 2009 Omnibus Stock and Performance Incentive Plan of ConocoPhillips
16. 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips

“Qualified Performance Award” means a Performance Award intended to qualify as qualified performance-based compensation under Section 162(m) of the Code, as provided in Section 8(a)(v)(B).

“Restricted Stock” means any shares of Common Stock that are restricted or subject to forfeiture provisions.

“Restricted Stock Unit” means a Stock Unit that is restricted or subject to forfeiture provisions.

“Restriction Period” means a period of time beginning as of the Grant Date of an Award of Restricted Stock or Restricted Stock Units and ending as of the date upon which the Common Stock subject to such Award is no longer restricted or subject to forfeiture provisions.

“Stock Appreciation Right” or “SAR” means a right to receive a payment, in cash or Common Stock, equal to the excess of the Fair Market Value or other specified valuation of a specified number of shares of Common Stock on the date the right is exercised over a specified Grant Price, in each case, as determined by the Committee.

“Stock Award” means an Award in the form of shares of Common Stock or Stock Units, including an award of Restricted Stock or Restricted Stock Units.

“Stock Unit” means a unit evidencing the right to receive in specified circumstances one share of Common Stock or equivalent value (as determined by the Committee).

“Subsidiary” means (i) in the case of a corporation, any corporation of which the Company directly or indirectly owns shares representing 50% or more of the combined voting power of the shares of all classes or series of capital stock of such corporation which have the right to vote generally on matters submitted to a vote of the shareholders of such corporation, (ii) in the case of a partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns 50% or more of the voting, capital, or profits interests (whether in the form of partnership interests, membership interests or otherwise), and (iii) any other corporation, partnership or other entity that is a “subsidiary” of the Company within the meaning of Rule 405 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended.

“Ten Percent Shareholder” means a person owning shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company, any subsidiary corporation (within the meaning of Section 424(f) of the Code), or parent corporation (within the meaning of Section 424(f) of the Code).

4. *Eligibility* .

a. *Employees*. All Employees are eligible for the grant of Employee Awards under this Plan in the discretion of the Committee; provided, however, that ConocoPhillips Participants may only receive Awards under this Plan that are required to be granted pursuant to the terms of the Employee Matters Agreement.

b. *Directors* . Nonemployee Directors are eligible for the grant of Director Awards under this Plan.

5. *Common Stock Available for Awards* . Subject to the provisions of Paragraph 17 hereof, no Award shall be granted if it shall result in the aggregate number of shares of Common Stock issued under the Plan plus the number of shares of Common Stock covered by or subject to Awards then outstanding under this Plan (after giving effect to the grant of the Award in question) to exceed 55,000,000. No more than 40,000,000 shares of Common Stock shall be available for Incentive Stock Options. No more than 40,000,000 shares of Common Stock shall be available for Stock

Awards. All such share limits in this Paragraph are inclusive of any Awards initially granted under Prior Plans that were converted or substituted in connection with the spin-off of the Company by ConocoPhillips in a manner consistent with the terms of the Employee Matters Agreement.

The number of shares of Common Stock that are the subject of Awards under this Plan that are forfeited or terminated, expire unexercised, are settled in cash in lieu of Common Stock or in a manner such that all or some of the shares covered by an Award are not issued to a Participant or are exchanged for Awards that do not involve Common Stock, shall again immediately become available for Awards hereunder. If the Grant Price or other purchase price of any Option or other Award granted under the Plan is satisfied by tendering shares of Common Stock to the Company or by forfeiture or cancellation of a portion of the Option or other Award, or if the tax withholding obligation resulting from the settlement of any such Option or other Award is satisfied by tendering or withholding shares of Common Stock or by forfeiture or cancellation of a portion of the Option or other Award, only the number of shares of Common Stock issued net of the shares of Common Stock tendered, withheld, forfeited, or cancelled shall be deemed delivered for purposes of determining usage of shares against the maximum number of shares of Common Stock available for delivery under the Plan or any sublimit set forth above. Shares of Common Stock delivered under the Plan as an Award or in settlement of an Award issued or made (a) upon the assumption, substitution, conversion, or replacement of outstanding awards under a plan or arrangement of an entity acquired in a merger or other acquisition or (b) as a post-transaction grant under such a plan or arrangement of an acquired entity shall not reduce or be counted against the maximum number of shares of Common Stock available for delivery under the Plan, to the extent that the exemption for transactions in connection with mergers and acquisitions from the shareholder approval requirements of the New York Stock Exchange for equity compensation plans applies. The Committee may from time to time adopt and observe such rules and procedures concerning the counting of shares against the Plan maximum or any sublimit as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national stock exchange on which the Common Stock is listed or any applicable regulatory requirement. The Board and the appropriate officers of the Company are authorized to take from time to time whatever actions are necessary, and to file any required documents with governmental authorities, stock exchanges, and transaction reporting systems to ensure that shares of Common Stock are available for issuance pursuant to Awards.

6. *Administration .*

- a. This Plan shall be administered by the Committee, except as otherwise provided herein.
- b. Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations, and guidelines for carrying out this Plan as it may deem necessary or proper. The Committee may, in its discretion, provide for the extension of the exercisability of an Employee Award, accelerate the vesting or exercisability of an Employee Award, eliminate or make less restrictive any restrictions applicable to an Employee Award, waive any restriction or other provision of this Plan (insofar as such provision relates to Employee Awards) or an Employee Award, or otherwise amend or modify an Employee Award in any manner that is either (i) not adverse to the Participant to whom such Employee Award was granted (including in a manner which could result in accelerated or additional tax under Section 409A of the Code) or (ii) consented to by such Participant. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to further the Plan purposes. Any decision of the Committee in the interpretation and administration of this Plan shall lie within its sole and absolute discretion and shall be final, conclusive, and binding on all parties concerned.

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- c. No member of the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Paragraph 7 of this Plan shall be liable for anything done or omitted to be done by him or her, by any member of the Committee, or by any officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.
 - d. Subject to Section 8(a)(v)(B), the Board shall have the same powers, duties, and authority to administer the Plan with respect to Director Awards as the Committee retains with respect to Employee Awards.
7. *Delegation of Authority* . Following the authorization of a pool of cash or shares of Common Stock to be available for Awards, the Board or the Committee may authorize a committee of one or more members of the Board, or one or more officers of the Company, to grant individual Employee Awards from such pool pursuant to such conditions or limitations as the Board or the Committee may establish consistent with Section 157(c) of the Delaware General Corporation Law, if applicable. The Committee may delegate to the Chief Executive Officer and to other employees of the Company its administrative duties under this Plan (excluding its granting authority) pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third party administrator to carry out administrative functions under the Plan.
8. *Employee Awards* .
- a. The Committee shall determine the type or types of Employee Awards to be made under this Plan and shall designate from time to time the Employees who are to be the recipients of such Awards. Each Employee Award may, in the discretion of the Committee, be embodied in an Employee Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Participant to whom the Employee Award is granted and signed for and on behalf of the Company. Employee Awards may consist of those listed in this Paragraph 8(a) and may be granted singly, in combination, or in tandem. Employee Awards may also be granted in combination or in tandem with, in replacement of (subject to the last sentence of Paragraph 15), or as alternatives to, grants or rights under this Plan or any other employee plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. Subject to the immediately following Clauses i. and ii., an Employee Award may provide for the grant or issuance of additional, replacement, or alternative Employee Awards upon the occurrence of specified events, including the exercise of the original Employee Award granted to a Participant. All or part of an Employee Award may be subject to conditions established by the Committee, which may include, but are not limited to, continuous service with the Company and its Subsidiaries, achievement of specific business objectives, items referenced in Clause v. below, and other comparable measurements of performance. Upon the termination of employment by a Participant who is an Employee, any unexercised, deferred, unvested, or unpaid Employee Awards shall be treated as set forth in the applicable Employee Award Agreement or as otherwise specified by the Committee. Notwithstanding the foregoing, any Award that constitutes a “stock right” within the meaning of Section 409A of the Code shall only be granted to Participants with respect to whom the Company is an “eligible issuer of service recipient stock” under Section 409A of the Code.
 - i. *Options*. An Employee Award may be in the form of an Option, which may be an Incentive Stock Option or a Nonqualified Stock Option. The Grant Price of an Option shall be not less than the Fair Market Value of the Common Stock subject to such Option on the Grant Date, provided that in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, the Grant Price shall be no less than 110 percent of the Fair Market Value of the Common Stock subject to such Option on the Grant Date, provided further that with respect to Options granted in connection with the spin-

off of the Company from ConocoPhillips the Grant Price shall be determined in accordance with the Employee Matters Agreement. The term of the Option shall extend no more than 10 years after the Grant Date, provided that in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, the term shall extend no more than five years after the Grant Date. Options may not include provisions that “reload” the Option upon exercise. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any Options awarded to Employees pursuant to this Plan, including the Grant Price, the term of the Options, the number of shares subject to the Option, and the date or dates upon which they become exercisable, shall be determined by the Committee.

- ii. *Stock Appreciation Rights.* An Employee Award may be in the form of an SAR. On the Grant Date, the Grant Price of an SAR shall be not less than the Fair Market Value of the Common Stock subject to such SAR, provided that with respect to SARs granted in connection with the spin-off of the Company from ConocoPhillips the Grant Price shall be determined in accordance with the Employee Matters Agreement. The holder of an SAR granted in tandem with an Option may elect to exercise either the Option or the SAR, but not both. The exercise period for an SAR shall extend no more than 10 years after the Grant Date. SARs may not include provisions that “reload” the SAR upon exercise. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any SARs awarded to Employees pursuant to this Plan, including the Grant Price, the term of any SARs, and the date or dates upon which they become exercisable, shall be determined by the Committee.
- iii. *Stock Awards.* An Employee Award may be in the form of a Stock Award. The terms, conditions and limitations applicable to any Stock Awards granted pursuant to this Plan shall be determined by the Committee, subject to the limitations set forth below. Any Stock Award which is not a Performance Award shall have a minimum Restriction Period of three years from the Grant Date, provided that (i) the Committee may provide for earlier vesting upon a termination of employment by reason of death, disability, layoff, retirement, or Change of Control, and (ii) such three-year minimum Restriction Period shall not apply to a Stock Award that is granted in lieu of salary or bonus.
- iv. *Cash Awards.* An Employee Award may be in the form of a Cash Award. The terms, conditions, and limitations applicable to any Cash Awards granted pursuant to this Plan shall be determined by the Committee.
- v. *Performance Awards.* Without limiting the type or number of Employee Awards that may be made under the other provisions of this Plan, an Employee Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to any Performance Awards granted to Participants pursuant to this Plan shall be determined by the Committee, subject to the limitations set forth below. Any Stock Award granted as an Employee Award which is a Performance Award shall have a minimum Restriction Period of one year from the Grant Date, provided that the Committee may provide for earlier vesting upon a termination of employment by reason of death, disability, or Change of Control, or with respect to Performance Awards that are not Qualified Performance Awards, upon a termination of employment by reason of layoff or retirement. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Participant and/or the portion of an Award that may be exercised.
 - A. *Nonqualified Performance Awards.* Performance Awards granted to Employees that are not intended to be Qualified Performance Awards, or that are Options or SARs, shall be based on achievement of such goals and be subject to such terms, conditions, and restrictions as the Committee or its delegate shall determine.

- B. *Qualified Performance Awards.* Qualified Performance Awards granted to Employees under the Plan shall be paid, vested, or otherwise deliverable solely on account of the attainment of one or more pre-established, objective Performance Goals established by the Compensation Committee prior to the earlier to occur of (x) 90 days after the commencement of the period of service to which the Performance Goal relates and (y) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. A Performance Goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. Such a Performance Goal may be based on one or more business criteria that apply to the Employee, one or more business units, divisions, or sectors of the Company, or the Company as a whole, and if so desired by the Compensation Committee, by comparison with a peer group of companies. A Performance Goal may include one or more of the following: Increased revenue; Net income measures (including but not limited to income after capital costs and income before or after taxes); Stock price measures (including but not limited to growth measures and total shareholder return); Market share; Earnings per share (actual or targeted growth); Earnings before interest, taxes, depreciation, and amortization (“EBITDA”); Economic value added (“EVA[®]”); Cash flow measures (including but not limited to net cash flow and net cash flow before financing activities); Return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors’ capital, and return on average equity); Operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes, and production efficiency); Expense measures (including but not limited to finding and development costs, overhead cost, and general and administrative expense); Margins; Shareholder value; Total shareholder return; Reserve addition; Proceeds from dispositions; Production volumes; Refinery runs; Reserve replacement ratio; Refinery utilizations; Total market value; and corporate value measures which may be objectively determined (including ethics compliance, environmental, and safety).

Unless otherwise stated, such a Performance Goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting Plan provisions applicable to Qualified Performance Awards, it is the intent of the Plan to conform with the standards of Section 162(m) of the Code and Treasury Regulation §1.162-27(e)(2)(i), as to grants to those Employees whose compensation is, or is likely to be, subject to Section 162(m) of the Code, and the Compensation Committee in establishing such goals and interpreting the Plan shall be guided by such provisions. Prior to the payment of any compensation based on the achievement of Performance Goals for Qualified Performance Awards, the Compensation Committee must certify in writing that applicable Performance Goals and any of the material terms thereof were, in fact, satisfied. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any Qualified Performance Awards made pursuant to this Plan shall be determined by the Compensation Committee.

- b. Notwithstanding anything to the contrary contained in this Plan, the following limitations shall apply to any Employee Awards made hereunder:
- i. no Participant may be granted, during any calendar year, Employee Awards consisting of Options or SARs (including Options or SARs that are granted as Performance Awards) that are exercisable for or in respect of more than 5,000,000 shares of Common Stock;

- ii. no Participant may be granted, during any calendar year, Stock Awards (including Stock Awards that are granted as Performance Awards) covering or relating to more than 4,000,000 shares of Common Stock (the limitation set forth in this clause (ii), together with the limitation set forth in clause (i) above, being hereinafter collectively referred to as the “Stock Based Awards Limitations”); and
- iii. no Participant may be paid an Employee Award consisting of cash (including Cash Awards that are granted as Performance Awards) during any calendar year in excess of \$10,000,000.

9. *Director Awards* .

- a. The Board may grant Director Awards to Nonemployee Directors of the Company from time to time in accordance with this Paragraph 9. Director Awards may consist of those listed in this Paragraph 9 and may be granted singly, in combination, or in tandem. Each Director Award may, in the discretion of the Board, be embodied in a Director Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Board in its sole discretion and, if required by the Board, shall be signed by the Participant to whom the Director Award is granted and signed for and on behalf of the Company.
 - i. *Options*. A Director Award may be in the form of an Option; provided that Options granted as Director Awards are not Incentive Stock Options. The Grant Price of an Option shall be not less than the Fair Market Value of the Common Stock subject to such Option on the Grant Date, provided that with respect to Options granted in connection with the spin-off of the Company from ConocoPhillips the Grant Price shall be determined in accordance with the Employee Matters Agreement. In no event shall the term of the Option extend more than 10 years after the Grant Date. Options may not include provisions that “reload” the option upon exercise. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any Options awarded to Participants pursuant to this Paragraph 9, including the Grant Price, the term of the Options, the number of shares subject to the Option and the date or dates upon which they become exercisable, shall be determined by the Board.
 - ii. *Stock Appreciation Rights*. A Director Award may be in the form of an SAR. On the Grant Date, the Grant Price of an SAR shall be not less than the Fair Market Value of the Common Stock subject to such SAR, provided that with respect to SARs granted in connection with the spin-off of the Company from ConocoPhillips the Grant Price shall be determined in accordance with the Employee Matters Agreement. The holder of an SAR granted in tandem with an Option may elect to exercise either the Option or the SAR, but not both. The exercise period for an SAR shall extend no more than 10 years after the Grant Date. SARs may not include provisions that “reload” the SAR upon exercise. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any SARs awarded to Directors pursuant to this Plan, including the Grant Price, the term of any SARs, and the date or dates upon which they become exercisable, shall be determined by the Board.
 - iii. *Stock Awards* . A Director Award may be in the form of a Stock Award. Any terms, conditions, and limitations applicable to any Stock Awards granted to a Nonemployee Director pursuant to this Plan, including but not limited to rights to Dividend Equivalents, shall be determined by the Board.

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- iv. *Performance Awards* . Without limiting the type or number of Director Awards that may be made under the other provisions of this Plan, a Director Award may be in the form of a Performance Award. Any additional terms, conditions, and limitations applicable to any Performance Awards granted to a Nonemployee Director pursuant to this Plan shall be determined by the Board. The Board shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Nonemployee Director.
 - b. Notwithstanding anything to the contrary contained in this Plan the following limitations shall apply to any Director Awards made hereunder:
 - i. no Participant may be granted, during any fiscal year, Director Awards consisting of Options or SARs (including Options or SARs that are granted as Performance Awards) that are exercisable for or in respect of more than 500,000 shares of Common Stock; and
 - ii. no Participant may be granted, during any fiscal year, Director Awards consisting of Stock Awards (including Stock Awards that are granted as Performance Awards) covering or relating to more than 200,000 shares of Common Stock.
 - c. Subject to the Paragraph 15, at the discretion of the Board, Director Awards may be settled by a cash payment in an amount that the Board shall determine in its sole discretion is equal to the fair market value of such Director Awards (which, in the case of Option or SARs, may be the excess, if any, of the Fair Market Value of the Common Stock subject to such Award over Grant Price of such Award).
 - d. Each Nonemployee Director may have the option to elect to receive shares of Common Stock, including Restricted Stock or Restricted Stock Units, as prescribed by the Board, in lieu of all or part of the compensation otherwise payable by the Company to such Nonemployee Director.
 10. *Change of Control*. Notwithstanding any other provisions of the Plan, including Paragraphs 8 and 9 hereof, unless otherwise expressly provided in the applicable Award Agreement, in the event of a Change of Control during a Participant's employment (or service as a Nonemployee Director) with the Company or one of its Subsidiaries, followed by the termination of employment of such Participant (or separation from service of such Nonemployee Director), (i) each Award granted under this Plan to the Participant shall become immediately vested and fully exercisable and any restrictions applicable to the Award shall lapse and (ii) if the Award is an Option or SAR, shall remain exercisable until the expiration of the term of the Award or, if the Participant should die before the expiration of the term of the Award and the Award is an Incentive Stock Option, until the earlier of (a) the expiration of the term of the Incentive Stock Option or (b) two (2) years following the date of the Participant's death; provided, however, that with respect to any Stock Unit or Restricted Stock Unit or other Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, the settlement of such Stock Unit or Restricted Stock Unit or other Award pursuant to this Section 10 shall only occur upon the Change of Control if such Change of Control constitutes a "change in the ownership of the corporation," a "change in effective control of the corporation" or a "change in the ownership of a substantial portion of the assets of the corporation," within the meaning of Section 409A(a)(2)(v) of the Code.
 11. *Non-United States Participants*. The Committee may grant awards to persons outside the United States under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions and, to that end, may establish sub-plans, modified option exercise procedures, and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, any governing statute, or any other applicable law.

12. *Payment of Awards.*

- a. *General.* Payment made to a Participant pursuant to an Award may be made in the form of cash or Common Stock, or a combination thereof, and may include such restrictions as the Committee shall determine, including, in the case of Common Stock, restrictions on transfer and forfeiture provisions. If such payment is made in the form of Restricted Stock, the Committee shall specify whether the underlying shares are to be issued at the beginning or end of the Restriction Period. In the event that shares of Restricted Stock are to be issued at the beginning of the Restriction Period, the certificates evidencing such shares (to the extent that such shares are so evidenced) shall contain appropriate legends and restrictions that describe the terms and conditions of the restrictions applicable thereto.
 - b. *Deferral.* With the approval of the Committee and in a manner which is intended to either (i) comply with Section 409A of the Code or (ii) not cause an Award to become subject to Section 409A of the Code, amounts payable in respect of Awards may be deferred and paid either in the form of installments or as a lump-sum payment. The Committee may permit selected Participants to elect to defer payments of some or all types of Awards or any other compensation otherwise payable by the Company in accordance with procedures or a plan, program, or other arrangement established by the Committee or the Board in a manner which is intended to either (i) comply with Section 409A of the Code or (ii) not cause an Award to become subject to Section 409A of the Code, and may provide that such deferred compensation may be payable in shares of Common Stock. Any deferred payment pursuant to an Award, whether elected by the Participant or specified by the Award Agreement or the terms of the Award or by the Committee, may be forfeited if and to the extent that the Award Agreement or the terms of the Award so provide.
 - c. *Dividends, Earnings, and Interest.* Rights to dividends or Dividend Equivalents may be extended to and made part of any Stock Award, subject to such terms, conditions, and restrictions as the Committee may establish. The Committee may also establish rules and procedures for the crediting of interest or other earnings on deferred cash payments and Dividend Equivalents for Stock Awards.
 - d. *Substitution of Awards.* Subject to Paragraphs 15 and 17, at the discretion of the Committee, a Participant who is an Employee may be offered an election to substitute an Employee Award for another Employee Award or Employee Awards of the same or different type, provided that, without the Participant's consent, such substitution may not be offered in a manner which would result in accelerated or additional tax to the Participant pursuant to Section 409A of the Code.
 - e. *Cash-out of Awards.* Subject to the Paragraph 15, at the discretion of the Committee, an Award may be settled by a cash payment in an amount that the Board shall determine in its sole discretion is equal to the fair market value of such Award (which, in the case of an Option or SAR, may be the excess, if any, of the Fair Market Value of the Common Stock subject to such Award over Grant Price of such Award).
13. *Option Exercise.* The Grant Price shall be paid in full at the time of exercise in cash or, if permitted by the Committee and elected by the optionee, the optionee may purchase such shares by means of tendering Common Stock or surrendering another Award valued at Fair Market Value on the date of exercise, or any combination thereof. The Committee shall determine acceptable methods for Participants who are Employees to tender Common Stock or other Employee Awards. The Committee may provide for procedures to permit the exercise or purchase of such Awards by use of the proceeds to be received from the sale of Common Stock issuable pursuant to an Award. Unless otherwise provided in the applicable Award Agreement, in the event the Committee allows shares of Restricted Stock to be tendered as consideration for the exercise of an Option, a number of the shares issued upon the exercise of the Option, equal to the number of shares of Restricted Stock used as consideration therefor, shall be subject to the same restrictions as the Restricted Stock so

submitted as well as any additional restrictions that may be imposed by the Committee. The Committee may also provide that the option may be exercised by a “net-share settlement” method for exercising outstanding nonqualified stock options, whereby the exercise price thereof and/or any minimum required tax withholding thereon are satisfied by withholding from the delivery of the shares as to which such option is exercised a number of shares having a fair market value equal to the applicable exercise price and/or the amount of any minimum required tax withholding, canceling such withheld number, and delivering the remainder. The Committee may adopt additional rules and procedures regarding the exercise of Options from time to time, provided that such rules and procedures are not inconsistent with the provisions of this Paragraph 13.

An optionee desiring to pay the Grant Price of an Option by tendering Common Stock using the method of attestation may, subject to any such conditions and in compliance with any such procedures as the Committee may adopt, do so by attesting to the ownership of Common Stock of the requisite value in which case the Company shall issue or otherwise deliver to the optionee upon such exercise a number of shares of Common Stock subject to the Option equal to the result obtained, rounded down to the nearest whole share, by dividing (a) the excess of the aggregate Fair Market Value of the shares of Common Stock subject to the Option for which the Option (or portion thereof) is being exercised over the Grant Price payable in respect of such exercise by (b) the Fair Market Value per share of Common Stock subject to the Option, and the optionee may retain the shares of Common Stock the ownership of which is attested.

14. *Taxes.* The Company or its designated third party administrator shall have the right to deduct applicable taxes from any Employee Award payment and withhold, at the time of delivery or vesting of cash or shares of Common Stock under this Plan, an appropriate amount of cash or number of shares of Common Stock or a combination thereof for payment of taxes or other amounts required by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes. The Committee may also permit withholding to be satisfied by the transfer to the Company of shares of Common Stock theretofore owned by the holder of the Employee Award with respect to which withholding is required. If shares of Common Stock are used to satisfy tax withholding, such shares shall be valued based on the Fair Market Value when the tax withholding is required to be made. The Committee may provide for loans, to the extent not otherwise prohibited by law (including, without limitation, the Sarbanes-Oxley Act of 2002), on either a short term or demand basis, from the Company to a Participant who is an Employee to permit the payment of taxes required by law.
15. *Amendment, Modification, Suspension, or Termination of the Plan.* The Board may amend, modify, suspend, or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the shareholders of the Company to the extent such approval is required by applicable legal requirements or the applicable requirements of the securities exchange on which the Company’s Common Stock is listed. Notwithstanding anything herein to the contrary, without the prior approval of the Company’s shareholders, Options or SARs issued under the Plan (i) will not be repriced, replaced, or regranted through cancellation or by decreasing the Grant Price of a previously granted Option or SAR except as expressly provided by the adjustment provisions of Paragraph 17, and (ii) as to which the Fair Market Value of the Common Stock subject thereto is less than or equal to the Grant Price thereof may not be substituted for pursuant to Paragraph 12 (d) or cashed out pursuant to Paragraph 9(c) or Paragraph 12(e).
16. *Assignability.* Unless otherwise determined by the Committee and provided in an Award Agreement or the terms of an Award, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will, by beneficiary designation, or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code, or the regulations thereunder. In the event that a beneficiary designation conflicts with an

assignment by will or the laws of descent and distribution, the beneficiary designation will prevail. The Committee may prescribe and include in applicable Award Agreements or the terms of the Award other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Paragraph 16 shall be null and void.

17. *Adjustments* .

- a. The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the existing Common Stock), or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.
- b. In the event of any subdivision or consolidation of outstanding shares of Common Stock, declaration of a dividend payable in shares of Common Stock or other stock split, then (i) the number and kind of shares of Common Stock or other securities reserved under this Plan and the number of shares of Common Stock available for issuance pursuant to specific types of Awards as described in Paragraph 5, (ii) the number and kind of shares of Common Stock or other securities covered by outstanding Awards, (iii) the Grant Price or other price in respect of such Awards, (iv) the appropriate Fair Market Value and other price determinations for such Awards, and (v) the Stock Based Awards Limitations shall each be proportionately adjusted by the Board as the Board deems appropriate, in its sole discretion, to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Company, any consolidation or merger of the Company with another corporation or entity, the adoption by the Company of any plan of exchange affecting Common Stock or any distribution to holders of Common Stock of securities or property (including cash dividends that the Board determines are not in the ordinary course of business but excluding normal cash dividends or dividends payable in Common Stock), the Board shall make such adjustments as it determines, in its sole discretion, appropriate to (x) the number and kind of shares of Common Stock or other securities reserved under this Plan and the number of shares of Common Stock available for issuance pursuant to specific types of Awards as described in Paragraph 5 and (y)(i) the number and kind of shares of Common Stock or other securities covered by Awards, (ii) the Grant Price or other price in respect of such Awards, (iii) the appropriate Fair Market Value and other price determinations for such Awards, and (iv) the Stock Based Awards Limitations to reflect such transaction. In the event of a corporate merger, consolidation, acquisition of assets or stock, separation, reorganization, or liquidation, the Board shall be authorized (x) to assume under the Plan previously issued compensatory awards, or to substitute new Awards for previously issued compensatory awards, including Awards, as part of such adjustment; (y) to cancel Awards that are Options or SARs and give the Participants who are the holders of such Awards notice and opportunity to exercise for 15 days prior to such cancellation; or (z) to cancel any such Awards and to deliver to the Participants cash in an amount that the Board shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or SARs shall be the excess, if any, of the Fair Market Value of Common Stock on such date over the Grant Price of such Award.
- c. Notwithstanding the foregoing: (i) any adjustments made pursuant to Section 17 to Awards that are considered “deferred compensation” within the meaning of Section 409A of the Code shall be made in a manner which is intended to not result in accelerated or additional tax to a Participant pursuant to Section 409A of the Code; (ii) any adjustments made pursuant to Section 17 to Awards that are not considered “deferred compensation” subject to Section 409A of the Code shall be made in such a manner intended to ensure that after such adjustment, the Awards either (A) continue not to be subject to Section 409A of the Code or (B) do not result in accelerated or additional tax to a Participant pursuant to Section 409A of the Code; and (iii)

in any event, neither the Committee nor the Board shall have the authority to make any adjustments pursuant to Section 17 to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the Grant Date to be subject thereto as of the Grant Date.

18. *Restrictions.* No Common Stock or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. Certificates evidencing shares of Common Stock delivered under this Plan (to the extent that such shares are so evidenced) may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Common Stock is then listed or to which it is admitted for quotation and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.
19. *Unfunded Plan.* This Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants under this Plan, any such accounts shall be used merely as a bookkeeping convenience, including bookkeeping accounts established by a third party administrator retained by the Company to administer the Plan. The Company shall not be required to segregate any assets for purposes of this Plan or Awards hereunder, nor shall the Company, the Board or the Committee be deemed to be a trustee of any benefit to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to an Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Agreement or the terms of the Award, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.
20. *Right to Employment.* Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or its Subsidiaries to terminate any Participant's employment or other service relationship at any time, or confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or its Subsidiaries.
21. *Successors.* All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.
22. *Governing Law.* This Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by mandatory provisions of the Code or the securities laws of the United States, shall be governed by and construed in accordance with the laws of the State of Delaware.
23. *Section 409A.* It is the intention of the Company that Awards granted under the Plan either (i) shall not be "nonqualified deferred compensation" subject to Section 409A of the Code, or (ii) shall meet the requirements of Section 409A of the Code such that no Participant shall be subject to accelerated or additional tax pursuant to Section 409A of the Code in respect thereof, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. Notwithstanding any other provision of the Plan to the contrary, any payments (whether in cash, shares of Common Stock, or other property) with respect to any Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code, to be made upon a Participant's termination of employment shall be made no earlier than (A) the first day of the seventh month following the Participant's "separation from service" (within the meaning of Section 409A of the Code) and (B) the Participant's death if at the time of such termination of employment the Participant is a "specified employee," within the meaning of Section 409A of the Code (as determined by the Company in accordance with its uniform policy with respect to all arrangements subject to Section 409A of the Code).

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24. *Effectiveness and Term.* The Plan was approved by the sole shareholder of the Company on April 27, 2012, and the effectiveness of the Plan shall be subject to the completion of the spin-off of the Company from ConocoPhillips. No Award shall be made under the Plan ten years or more after such approval.

Attachment “A”

“Change of Control”

The following definitions apply to the Change of Control provision in Paragraph 10 of the foregoing Plan.

“Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect at the time of determination.

“Associate” shall mean, with reference to any Person, (a) any corporation, firm, partnership, association, unincorporated organization, or other entity (other than the Company or a subsidiary of the Company) of which such Person is an officer or general partner (or officer or general partner of a general partner) or is, directly or indirectly, the Beneficial Owner of 10% or more of any class of equity securities, (b) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

“Beneficial Owner” shall mean, with reference to any securities, any Person if:

- a. such Person or any of such Person’s Affiliates and Associates, directly or indirectly, is the “beneficial owner” of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act, as in effect at the time of determination) such securities or otherwise has the right to vote or dispose of such securities;
- b. such Person or any of such Person’s Affiliates and Associates, directly or indirectly, has the right or obligation to acquire such securities (whether such right or obligation is exercisable or effective immediately or only after the passage of time or the occurrence of an event) pursuant to any agreement, arrangement, or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, other rights, warrants, or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to “beneficially own,” (i) securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for purchase or exchange or (ii) securities issuable upon exercise of Exempt Rights; or
- c. such Person or any of such Person’s Affiliates or Associates (i) has any agreement, arrangement or understanding (whether or not in writing) with any other Person (or any Affiliate or Associate thereof) that beneficially owns such securities for the purpose of acquiring, holding, voting (except as set forth in the proviso to subsection (a) of this definition) or disposing of such securities or (ii) is a member of a group (as that term is used in Rule 13d-5(b) of the General Rules and Regulations under the Exchange Act) that includes any other Person that beneficially owns such securities;

provided, however, that nothing in this definition shall cause a Person engaged in business as an underwriter of securities to be the Beneficial Owner of, or to “beneficially own,” any securities acquired through such Person’s participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition. For purposes hereof, “voting” a security shall include voting, granting a proxy, consenting or making a request or demand relating to corporate action (including, without limitation, a demand for a shareholder list, to call a shareholder meeting, or to inspect corporate books and records), or otherwise giving an authorization (within the meaning of Section 14(a) of the Exchange Act) in respect of such security.

The terms “beneficially own” and “beneficially owning” shall have meanings that are correlative to this definition of the term “Beneficial Owner.”

“Board” shall have the meaning set forth in the foregoing Plan.

“Change of Control” shall mean any of the following occurring on or after May 1, 2012:

- a. any Person (other than an Exempt Person) shall become the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of the Company then outstanding; provided, however, that no Change of Control shall be deemed to occur for purposes of this subsection (a) if such Person shall become a Beneficial Owner of 20% or more of the shares of Common Stock or 20% or more of the combined voting power of the Voting Stock of the Company solely as a result of (i) an Exempt Transaction or (ii) an acquisition by a Person pursuant to a reorganization, merger, or consolidation, if, following such reorganization, merger, or consolidation, the conditions described in clauses (i), (ii), and (iii) of subsection (c) of this definition are satisfied;
- b. individuals who, as of May 1, 2012, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to May 1, 2012 whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, further, that there shall be excluded, for this purpose, any such individual whose initial assumption of office occurs as a result of any actual or threatened Election Contest that is subject to the provisions of Rule 14a-11 of the General Rules and Regulations under the Exchange Act;
- c. the Company shall consummate a reorganization, merger, or consolidation, in each case, unless, following such reorganization, merger, or consolidation, (i) 50% or more of the then outstanding shares of common stock of the corporation, or common equity securities of an entity other than a corporation, resulting from such reorganization, merger, or consolidation and the combined voting power of the then outstanding Voting Stock of such corporation or other entity are beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the Beneficial Owners of the outstanding Common Stock immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, or consolidation, of the outstanding Common Stock, (ii) no Person (excluding any Exempt Person or any Person beneficially owning, immediately prior to such reorganization, merger, or consolidation, directly or indirectly, 20% or more of the Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of the Company then outstanding) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation, or common equity securities of an entity other than a corporation, resulting from such reorganization, merger, or consolidation or the combined voting power of the then outstanding Voting Stock of such corporation or other entity, and (iii) at least a majority of the members of the board of directors of the corporation, or the body which is most analogous to the board of directors of a corporation if not a corporation, resulting from such reorganization, merger, or consolidation were members of the Incumbent Board at the time of the initial agreement or initial action by the Board providing for such reorganization, merger, or consolidation; or
- d. (i) the shareholders of the Company shall approve a complete liquidation or dissolution of the Company unless such liquidation or dissolution is approved as part of a plan of liquidation and dissolution involving a sale or disposition of all or substantially all of the assets of the Company to a corporation with respect to which, following such sale or other disposition, all of the requirements of clauses (ii)(A), (B), and (C) of this subsection (d) are satisfied, or (ii) the Company shall consummate the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation or other entity, with respect to which, following such sale or other disposition, (A) 50% or more of the then outstanding shares of

common stock of such corporation, or common equity securities of an entity other than a corporation, and the combined voting power of the Voting Stock of such corporation or other entity is then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the Beneficial Owners of the outstanding Common Stock immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the outstanding Common Stock, (B) no Person (excluding any Exempt Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Common Stock then outstanding or 20% or more of the combined voting power of the Voting Stock of the Company then outstanding) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of such corporation, or common equity securities of an entity other than a corporation, and the combined voting power of the then outstanding Voting Stock of such corporation or other entity, and (C) at least a majority of the members of the board of directors of such corporation, or the body which is most analogous to the board of directors of a corporation if not a corporation, were members of the Incumbent Board at the time of the initial agreement or initial action of the Board providing for such sale or other disposition of assets of the Company.

“Common Stock” shall have the meaning set forth in the foregoing Plan.

“Company” shall have the meaning set forth in the foregoing Plan.

“Election Contest” shall mean a solicitation of proxies of the kind described in Rule 14a-12(c) under the Exchange Act.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Exempt Person” shall mean any of the Company, any subsidiary of the Company, any employee benefit plan of the Company or any subsidiary of the Company, and any Person organized, appointed or established by the Company for or pursuant to the terms of any such plan.

“Exempt Rights” shall mean any rights to purchase shares of Common Stock or other Voting Stock of the Company if at the time of the issuance thereof such rights are not separable from such Common Stock or other Voting Stock (*i.e.*, are not transferable otherwise than in connection with a transfer of the underlying Common Stock or other Voting Stock), except upon the occurrence of a contingency, whether such rights exist as of May 1, 2012 or are thereafter issued by the Company as a dividend on shares of Common Stock or other Voting Securities or otherwise.

“Exempt Transaction” shall mean an increase in the percentage of the outstanding shares of Common Stock or the percentage of the combined voting power of the outstanding Voting Stock of the Company beneficially owned by any Person solely as a result of a reduction in the number of shares of Common Stock then outstanding due to the repurchase of Common Stock or Voting Stock by the Company, unless and until such time as (a) such Person or any Affiliate or Associate of such Person shall purchase or otherwise become the Beneficial Owner of additional shares of Common Stock constituting 1% or more of the then outstanding shares of Common Stock or additional Voting Stock representing 1% or more of the combined voting power of the then outstanding Voting Stock, or (b) any other Person (or Persons) who is (or collectively are) the Beneficial Owner of shares of Common Stock constituting 1% or more of the then outstanding shares of Common Stock or Voting Stock representing 1% or more of the combined voting power of the then outstanding Voting Stock shall become an Affiliate or Associate of such Person.

“Person” shall mean any individual, firm, corporation, partnership, association, trust, unincorporated organization, or other entity.

“Voting Stock” shall mean, (i) with respect to a corporation, all securities of such corporation of any class or series that are entitled to vote generally in the election of, or to appoint by contract, directors of such corporation (excluding any class or series that would be entitled so to vote by reason of the occurrence of any contingency, so long as such contingency has not occurred) and (ii) with respect to an entity which is not a corporation, all securities of any class or series that are entitled to vote generally in the election of, or to appoint by contract, members of the body which is most analogous to the board of directors of a corporation.

Phillips 66 Savings Plan

Effective May 1, 2012

Phillips 66 Savings Plan

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Phillips 66 Savings Plan

PREAMBLE

THE PURPOSES OF THIS PLAN ARE TO ENCOURAGE AND SUPPORT EMPLOYEE SAVINGS BY OFFERING A SYSTEMATIC SAVINGS AND INVESTMENT PROGRAM WHICH ALLOWS EMPLOYEES THE FLEXIBILITY TO ATTAIN INTERMEDIATE FINANCIAL GOALS AND/OR LONG RANGE FINANCIAL SECURITY AND TO ENCOURAGE AND DEVELOP EMPLOYEE INTEREST AND INVOLVEMENT IN THE COMPANY BY OWNERSHIP OF PHILLIPS 66 STOCK.

The Phillips 66 Savings Plan (“Plan”) was created by spinning off assets and liabilities from the ConocoPhillips Savings Plan (“COP Plan”) when Phillips 66 was spun off from ConocoPhillips effective May 1, 2011. The intent of the Plan is to preserve the benefits accrued under the COP Plan and to continue those benefits in substantially the same form for those employees transferred from ConocoPhillips to Phillips 66 effective May 1, 2012. Accordingly, the provisions of the COP Plan have been substantially replicated in this Plan.

ARTICLE I—DEFINITIONS

1. Acquisition Loan shall mean a loan to the Plan, the proceeds of which will be used by the Trust Fund to finance the acquisition of Company Stock, or to repay or refinance, to the extent permitted by Code Section 4975, a prior Acquisition Loan which loan may constitute an extension of credit to the Plan by a person who is a “disqualified person”, as defined in Section 4975(e)(2) of the Code, or a “party in interest”, as defined in Section 3(14) of ERISA, or a loan to the Plan which is guaranteed by a “disqualified person” or “party in interest”, provided such loan or loans satisfy all of the requirements of an exempt loan described in Code Section 4975(d)(3) and Section 408(b)(3) of ERISA and any regulation issued thereunder. Reference to a specific Acquisition Loan (including, where appropriate, any Acquisition Loan arising by virtue of the refinancing of any Acquisition Loan) shall be made by identifying the loan in the chronological order the loan was made such that the first Acquisition Loan shall be identified as “Acquisition Loan One”.
2. Affiliated Group shall mean Phillips 66 and its subsidiaries and affiliates in which it owns five percent or more equity interest.
3. After-Tax Account shall mean the portion of a Participant’s account that includes the Participant’s interest in the Trust Fund attributable to the Participant’s After-Tax Deposits in both the Thrift Feature and the Stock Savings Feature.
4. After-Tax Deposits shall mean Deposits made to either the Thrift Feature or Stock Savings Feature as defined in this Article in accordance with Code Section 401(m) and, for the Stock Savings Feature, all After-Tax Deposits resulting from the Employee exceeding the Code Section 402(g) limit.
5. Allocation Account shall mean a subaccount of the Trust Fund which contains (a) Financed Shares from Acquisition Loan Two Suspense Account which are released from the Suspense Account pending allocation to the accounts of Participants and Beneficiaries; (b) Contributions other than those used to pay an Acquisition Loan; and (c) Shares of Company Stock purchased with the Company Contributions described in (b) above, pending allocation to the accounts of Participants. A separate Allocation Account shall be established for each Acquisition Loan and related Suspense Account.
6. Allocation Date shall mean each June 30 and December 31.
7. Allocation Period shall mean each consecutive six Plan Month period ending on each June 30 and December 31, except that the June 2012 Allocation Period shall mean the three Plan Month period ending on June 30, 2012.
8. Annual Addition shall mean the sum of all Contributions, Deposits, forfeitures and amounts described in Code Sections 415(1)(1) and 419A(d)(2) allocated to a Participant’s account for the Plan Year. Where the release of Shares of Company Stock in the Stock Savings Feature is under the “special” rule as described in Article VI, the Annual Addition per Share is determined by dividing the number of Financed Shares released and allocated to Participants as a Semiannual Allocation or Supplemental Allocation during the current Plan Year into the total Contribution used for payments on the Acquisition Loan associated with the release for the period beginning with the last principal payment date in the preceding Plan Year through the last principal payment date in the current Plan Year.

Where the release is under the “general” rule described in Article VI, the Annual Addition per Share is determined by dividing the number of Financed Shares released and allocated to Participants as a Semiannual Allocation or Supplemental Allocation in the current Plan Year into the total Contribution used for payments on the Acquisition Loan associated with the release for the Plan Year. The Annual Addition for Shares of Company Stock other than Financed Shares allocated from the Allocation Account shall be (i) for Shares purchased with Contributions, the purchase price of such Shares, or (ii) for Shares contributed as Contributions, the fair market value of such Shares as of the date of such Contribution. For this purpose, fair market value shall be determined using the procedure described under Section 2.B. of Article VIII. There is no Annual Addition for Financed Shares allocated to Participants’ and Beneficiaries’ accounts to replace dividends on Company Stock held in Participants’ and Beneficiaries’ accounts that is retained by the Trustees holding the assets attributable to the Stock Savings Feature for repayment of an Acquisition Loan.

In the event of a sale of Financed Shares held in the Suspense Account, followed by allocation of the proceeds of such sale, each Participant’s Annual Addition shall include an amount of such allocation as required by Code Section 415.

9. Before-Tax Account shall mean the portion of a Participant’s account that includes the Participant’s interest in the Trust Fund attributable to the Participant’s Before-Tax Deposits in both the Thrift Feature and the Stock Savings Feature.
10. Before-Tax Deposits shall mean Deposits made to either the Thrift Feature or the Stock Savings Feature by the Company for the Participant, by payroll reduction, pursuant to an elective deferral under a CODA.
11. Beneficiary shall mean a natural person, or other legal entity, designated to receive any benefit under the Plan in the event of a Participant’s, alternate payee’s or Beneficiary’s death pursuant to Article XII.
12. Borrower shall mean any person who has a loan.
13. Catch-up Deposits shall mean the Deposits to the Thrift Feature described in Section 4 of Article III.
14. CODA shall mean a cash or deferred arrangement under Section 401(k) of the Code.
15. Code shall mean the Internal Revenue Code of 1986, as amended from time to time, including the amendments made by Title II of ERISA.
16. Committee shall mean the Committee, more fully described in Article XIX.
17. Company shall mean any entity that is a member of the Employer, has adopted this Plan and joined in the Trust Agreements as provided in Article XVII.
18. Company Stock shall mean Shares of common stock, \$0.01 par value, issued by Phillips 66, which shall constitute “employer securities” as defined under Code Sections 409(l) and 4975(e)(8).
19. Company Stock Fund shall mean an Investment Fund that contains all Shares of Company Stock held by the Trust Fund other than those held in the Leveraged Stock Fund, Suspense Account(s) and Allocation Account(s).

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20. ConocoPhillips Stock shall mean shares of ConocoPhillips stock.
 21. ConocoPhillips Stock Fund shall mean an Investment Fund that contains ConocoPhillips Stock held by the Trust Fund.
 22. ConocoPhillips Leveraged Stock Fund shall mean an Investment Fund consisting of allocated ConocoPhillips Financed Shares and other ConocoPhillips Shares acquired by the Plan as Company Contributions and earnings before August 5, 1989.
 23. Contribution shall mean cash or Shares of Company Stock paid by a Company into the Trust Fund or shares of Company Stock purchased with an Acquisition Loan in accordance with Article IV, except that “Contribution” shall not include Before-Tax or Roth 401 (k) Deposits paid by a Company or dividends on Financed Shares that are retained for repayment of an Acquisition Loan. Contributions shall also mean Shares of ConocoPhillips Stock, ConocoPhillips Leveraged Stock and DuPont Stock previously paid by the Company into the Trust Fund.
 24. Conoco Thrift Plan shall mean the Thrift Plan for Employees of Conoco Inc.
 25. Deposit shall mean Before-Tax Deposits, Roth 401(k) Deposits or After-Tax Deposits paid by or for an Employee into the Trust Fund other than loan repayments.
 26. Dividend Replacement Allocation shall mean an allocation from the Allocation Account of Shares of Company Stock to accounts of Participants and Beneficiaries to replace dividends that have been retained by the Plan for repayment of an Acquisition Loan, pursuant to the terms of Section 7.A.(5) of Article VI.
 27. DuPont Stock shall mean shares of DuPont (E.I. du Pont de Nemours and Company, a Delaware corporation) stock.
 28. DuPont Stock Fund shall mean an Investment Fund that contains DuPont Stock held by the Trust Fund.
 29. Employee shall mean a person reflected as active on a Company’s direct U.S. dollar payroll system; provided, however, such term shall not include (i) any leased employee within the meaning of Code Section 414(n), (ii) a member of a recognized or certified collective bargaining unit, unless coverage under the Plan is included under the collective bargaining agreement, or (iii) any person not on a direct U.S. dollar payroll, who is providing services whether or not determined at any time to be an independent contractor or common law employee. For purposes of this Section, “leased employee” shall mean any person who is not an employee of the Employer but who provides services to the Employer where (1) the services are provided under an agreement between the Employer and a leasing organization, (2) the person has performed such services for the Employer on a substantially full-time basis for a period of at least one year, and (3) the services are performed under the primary direction or control of the recipient.
 30. Employer shall mean a Company or any other entity which is a member of the controlled group, as defined in Code Section 414(b),(c) or (o) of which Phillips 66 Company is a member, except that for purposes of Section 3 of Article IV, the term controlled group shall have the meaning set forth in Code Section 415(h).
 31. Employment Date shall mean the date on which an Employee completes one Hour of Service.

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32. ERISA shall mean Public Law 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time, with which this Plan is intended to comply.
33. ESOP shall mean the portion of the Plan that is described in Section 7 of Article VI. The ESOP shall constitute an employee stock ownership plan within the meaning of Code Section 4975(e)(7) and shall constitute a stock bonus plan under Code Section 401(a).
34. Financed Shares shall mean Shares of Company Stock acquired by the Trustees holding the assets attributable to the Stock Savings Feature for the Trust Fund with the proceeds of an Acquisition Loan. Reference to Financed Shares acquired with the proceeds of a specific Acquisition Loan shall be identified by reference to the chronological order in which the Acquisition Loan was made such that Financed Shares acquired with the proceeds of the first Acquisition Loan shall be identified as "Financed Shares One".
35. Highly Compensated Employee shall mean an employee of the Employer who (1) at any time during the current Plan Year or the Plan Year immediately preceding the current Plan Year was a five percent owner of the Employer, or (2) in the Plan Year immediately preceding the current Plan Year received more than \$110,000 in compensation (adjusted pursuant to Code Section 415(d)) and, (3) was in the top 20% of all employees ranked on the basis of compensation.
36. Hour(s) of Service shall mean each hour for which an Employee is compensated or entitled to compensation for the performance of duties and includes each such hour for which back pay, irrespective of mitigation of damages, has been awarded or agreed to by the Company. An hour of service also includes each hour for which an Employee is compensated or entitled to compensation on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), jury duty, military duty or Company approved leave of absence as well as hours of time required to be taken into account by reason of sections 414(b) and 414(c) of the Code. Hours shall be credited to the computation period during which the duties are performed or to which the payment relates and, in the case of a period where no duties are performed, shall be credited on the basis of the number of regularly scheduled working hours during the period. All hours shall be calculated and credited in conformance with sections 2530.200B-2(b) and (c) of Department of Labor regulations which are incorporated herein by reference.
37. Investment Fund shall mean any one of the funds comprising the Trust Fund, but shall not include any Suspense Accounts or Allocation Accounts.
38. Leveraged Stock Fund shall mean an Investment Fund consisting of allocated Financed Shares and other Shares acquired by the Plan as Company Contributions and earnings before August 5, 1989.
39. One-Year Break-in-Service shall mean any 12 consecutive month period commencing upon an:
- A. Employment Date, or anniversary thereof, or

B. Reemployment Date, or anniversary thereof, during which an Employee does not complete 500 Hours of Service.

An Employee who is absent from work for reasons of the individual's pregnancy, birth or adoption of a child, or for purposes of caring for the child immediately following its birth or adoption, will be deemed to have completed up to a maximum of 501 Hours of Service during the period of 12 consecutive months commencing on the individual's most recent Employment Date, Reemployment Date, or anniversary thereof (whichever is applicable), commencing on the first date of such absence, unless such Employee has already earned more than 500 Hours of Service during such period of employment, then such Employee shall receive credit for up to a maximum of 501 Hours of Service in the subsequent 12-consecutive-month period for the purpose of preventing a One-Year Break-in-Service.

Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with section 414(u) of the Code.

40. Participant shall mean any person who has an interest in the Trust Fund as a result of one or more of his Deposits or as a result of the transfer of funds from another plan to this Plan; provided, however, such term shall not include a person who has become entitled to an interest in the Plan as the result of the determination that a domestic relations order is qualified under ERISA and the Code.
41. Participant Transaction Price or PTP shall mean the price per Share of Company Stock, ConocoPhillips Stock and DuPont Stock for Participant stock transactions as adjusted by the Trustees under its established procedures for recognition of trading impact that applies to transactions into or out of the Company, ConocoPhillips and DuPont Stock Funds and the Leveraged Stock Fund and ConocoPhillips Leveraged Stock Fund as described in Section 3 of Article VIII.
42. Pay shall mean the sum of the following items paid or deemed under the Company's payroll system to be paid for each pay period prior to the date the Employee's termination status with the Employer is reflected on the Company payroll system:
- A. Wages or salary attributable to the regularly scheduled workweek of the Employee, including regularly scheduled overtime; provided, further, that with respect to months in which wages were received on an hourly basis for an employee classified as an Intermittent Employee on the Company's records, "Pay" for such Employee shall be the sum of the wages received by such Employee for each month; provided however, that any single-sum cash payment in lieu of an increase in the regular earnings of an Employee shall not be included unless expressly included under the other terms of the Plan;
 - B. Unscheduled or temporarily scheduled overtime;
 - C. Shift differentials; premium pay for holidays actually worked; call-out pay; holiday pay; vacation pay (i.e., pay for vacation paid while an active employee of the Employer, not "termination vacation pay" as used in the Employer's pay practices); and payments for unavoidable absences, including but not limited to sickness or injury, special duty, special assignment, shore allowance or shore relief (all as defined in the Company's standard policies and/or payroll procedures);

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- D. Payments made for temporary upgrades in job classification which are applicable to work assignments within the facility in which the Employee is employed;
 - E. Back pay, irrespective of mitigation of damages, which has been either awarded or agreed to by the Employer, to the extent that the award or agreement specifies that back benefits are also to be granted; provided however, that back pay awards shall be treated as Pay in the periods to which such awards relate; and
 - F. Remuneration described in the above Paragraphs of this Section, which is received by an Employee under a direct U.S. dollar payroll of a member of the Employer that is not a Company, shall be deemed to be Pay.

Notwithstanding the foregoing, "Pay" shall not include Alaskan allowance and temporary or regular North Slope allowance, or any amount which is received as remuneration pursuant to an Employer's standard procedures for compensating non-bargaining unit employees who work extended schedules and/or "out of classification" jobs during strikes. "Pay" shall include and shall be adjusted by any amount that is paid, reported, or used as an offset under Company policies and payroll procedures for Worker's Compensation and state disability programs, but not for Military Pay.

"Pay" for a Year shall be limited to not more than \$250,000 as adjusted by Code Section 401(a)(17)(B). "Pay" shall be determined without regard to elective wage or salary reduction pursuant to Code Sections 401(k) or 125, or income exclusion pursuant to Code Section 132(f).

- 43. Plan shall mean the Phillips 66 Savings Plan.
- 44. Plan Month shall mean a calendar month.
- 45. Plan Sponsor shall mean Phillips 66 Company.
- 46. Plan Year shall mean a calendar year.
- 47. Reemployment Date shall mean the date following five One-Year Breaks-in-Service on which a previously employed person is reemployed and completes an Hour of Service.
- 48. Roth 401(k) Account shall mean the portion of a Participant's account that includes the Participant's interest in the Trust Fund attributable to the Participant's Roth 401(k) Deposits in both the Thrift Feature and the Stock Savings Feature.
- 49. Roth 401(k) Deposits shall mean Deposits made to either the Thrift Feature or the Stock Savings Feature by the Participant as Roth elective deferrals that are made in lieu of Before-Tax Deposits and that are includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made the elective deferral.

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50. Semiannual Allocation shall mean an allocation of Company Stock to the Stock Savings Feature accounts of Participants and Beneficiaries made as of each Allocation Date, based on their having made Deposits to the Stock Savings Feature during the Allocation Period, as more fully described in Section 2.D. of Article IV.
51. Share shall mean a separately denominated portion of ownership in any other Investment Fund in the Trust.
52. Stock Savings Feature shall mean the Leveraged Stock Fund, unallocated Financed Shares in all Suspense Accounts, all Shares in Allocation Accounts, Shares in the Company Stock Fund attributable to Deposits that are entitled to the Semiannual Allocations and Supplemental Allocations, and Shares allocated pursuant to the Semiannual Allocations and Supplemental Allocations.
53. Subsidiary shall mean any corporation that is a member of the Employer excluding Phillips 66.
54. Supplemental Allocation shall mean an allocation as of the last day of a Plan Year of Shares of Company Stock to accounts of Participants and Beneficiaries of all Shares remaining in the Allocation Account after the December Semiannual Allocation has been made, as more fully described in Section 2.F. of Article IV.
55. Suspense Account shall mean an account established for unallocated Financed Shares pursuant to Section 7 of Article VI. A separate Suspense Account shall be established for each Acquisition Loan and reference to a specific Suspense Account shall be made by identifying the chronological order in which the Acquisition Loan to which the specific Suspense Account relates was made such that the Suspense Account which relates to the first Acquisition Loan shall be identified as "Suspense Account One". A Suspense Account shall constitute part of the ESOP.
56. Termination (or Terminated) From Employment shall mean termination of employment from the Employer.
57. Thrift Feature shall mean all assets in the Plan other than those in the Stock Savings Feature.
58. Total Disability, Totally Disabled or Totally Disabled Participant shall mean the condition of a Participant who is:
- A. certified, on a form and in the manner prescribed by the Plan Benefits Administrator, (by a physician who is licensed as a Medical Doctor (M.D.) or a Doctor of Osteopathy (D.O.)), to be totally and permanently disabled by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, to the extent that he is unable to engage in any substantial gainful activity of the type he was engaged in prior to the disability; or
 - B. determined by the Social Security Administration to be totally and permanently disabled. The participant must provide written proof of this determination.
59. Trust Agreements shall mean the trust agreements provided for in Section 1 of Article VI, and "Trustees" shall mean the trustees thereunder.

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60. Trust Fund shall mean all Investment Funds held by the Trustees including those into which Deposits or Contributions shall be paid pursuant to the Plan, and the assets of all Suspense Accounts and Allocation Accounts.
 61. Valuation Date shall generally mean each day the New York Stock Exchange is open for business.

ARTICLE II—ELIGIBILITY

1. General.

Except as otherwise expressly prohibited by this Plan, an Employee shall be eligible to make Deposits to the Stock Savings Feature and/or the Thrift Feature of the Plan in any period in which he is an Employee.

2. Normal Retirement Age.

An Employee's right to make Deposits to the Plan shall continue if such Employee continues to work past normal retirement age of 65.

3. Eligibility for Semiannual Allocation.

A person is eligible to receive a Semiannual Allocation to his Stock Savings Feature on a Semiannual Allocation Date pursuant to Section 2.D. of Article IV if he has made Deposits to the Stock Savings Feature during the Allocation Period or who is an alternate payee under a qualified domestic relations order and is eligible for a portion of a Semiannual Allocation contingent on the Participant's eligibility to receive a Semiannual Allocation.

4. Eligibility for Dividend Replacement Allocation.

A person who has an account in the Leveraged Stock Fund of the Stock Savings Feature as of a Valuation Date coincident with or next following a dividend record date is eligible to receive a Dividend Replacement Allocation pursuant to Section 2.C. of Article IV.

5. Eligibility for Supplemental Allocation.

A person who is eligible to receive a Supplemental Allocation on the last Allocation Date of a Plan Year pursuant to Section 2.F. of Article IV is a person who has made Deposits to the Stock Savings Feature during the Plan Year or who is an alternate payee under a qualified domestic relations order and is eligible for a portion of a Supplemental Allocation contingent on the Participant's eligibility to receive a Supplemental Allocation.

ARTICLE III—PARTICIPATION AND EMPLOYEE DEPOSITS

1. Participation and Enrollment.
 - A. Voluntary Participation. Participation in the Plan by Employees is voluntary.
 - B. Payment of Deposits. Amounts representing Deposits shall be deducted from payrolls, or paid otherwise, in the manner prescribed by the Plan Benefits Administrator and shall be paid into the Trust Fund as soon as administratively practicable by the Company. These deductions will be considered Deposits when deducted from Pay. Separate accounts in the Thrift Feature and/or Stock Savings Feature will be maintained for the Deposits of each Participant.
 - C. Enrollment. Each eligible Employee may elect to begin, change or stop making Deposits to the Thrift Feature or the Stock Savings Feature at any time in the manner prescribed by the Plan Benefits Administrator. Changes to the Deposit percentages will become effective as soon as administratively practicable following the successful election of the change. An election to participate or to change a Deposit percentage will not be effective until after expiration of any applicable period of suspension. A Deposit election by an Employee that may be adjusted by the Plan Benefits Administrator, shall remain in effect until changed by the Employee, or adjusted by the Plan Benefits Administrator.
2. Thrift Feature Deposit Rates.
 - A. Thrift Feature Maximum Deposit Rate. Subject to Section 5 of this Article, a maximum Deposit percentage of up to 75 percent of Pay and a minimum of 1%, may be elected in the Thrift Feature by an Employee in any desired combination of Before-Tax Deposit, After-Tax Deposit and Roth 401(k) Deposit percentages.
3. Stock Savings Feature Deposit Rate.

Subject to Section 5 of this Article, an Employee may elect to make an After-Tax Deposit, a Before-Tax Deposit or a Roth 401(k) Deposit of 1 percent of Pay to the Stock Saving Feature.
4. Employee Catch-up Deposits.

Subject to the rules in this Section, and in accordance with Code Section 414(v), an Employee who has attained or will attain age 50 during the applicable Plan Year, will be allowed to elect Catch-up Deposits to be deducted as Before-Tax Deposits, Roth 401(k) Deposits or a combination of both up to the applicable dollar limit for such Plan Year in the manner prescribed by the Plan Benefits Administrator.
5. Limitation of Deposits.
 - A. Code Section 402(g) Limitation. Notwithstanding anything contained in this Plan to the contrary, a Participant's Before-Tax and Roth 401(k) Deposits and elective deferrals under this Plan and all other plans maintained by the Employer are limited to the amount allowed by Code Section 402(g) for the calendar year. An Employee's Before-Tax Deposits and/or Roth 401(k) Deposits will automatically be converted to After-Tax Deposits when his total Before-Tax and Roth 401(k)

Deposits in this Plan and all other CODAs of the Employer for the year exceeds the amount allowed by Code Section 402(g). Any excess Roth 401(k) and/or Before-Tax Deposits shall be reduced first by recharacterizing Before Tax Deposits to After-Tax Deposits in the Thrift Feature, and then in all other plans of the Employer that are qualified under Code Section 401(k); and then by recharacterizing Roth 401(k) Deposits to After-Tax Deposits in the Thrift Feature, and then all other plans of the Employer that are qualified under Code Section 401(k); and then by recharacterizing Before Tax Deposits to After-Tax Deposits in the Stock Savings Feature, and then by recharacterizing Roth 401(k) Deposits to After-Tax Deposits in the Stock Savings Feature. All recharacterizations shall be done by no later than 2 1/2 months after the close of the Plan Year. Any remaining excess Before-Tax Deposits and/or Roth 401(k) Deposits, together with applicable earnings, will be refunded to the Participant from this Plan. Before-Tax or Roth 401(k) Deposits will resume in the Thrift Feature and the Stock Savings Feature at the beginning of the following year if not changed by the Employee before that time. The Before-Tax and/or Roth 401(k) Deposit and applicable earnings amounts will be reported separately on the Participant's W-2 Form. To the extent administratively practicable, if a Participant has participated in a plan of another employer during the Plan Year, the Participant may request a distribution of Before-Tax or Roth 401(k) Deposits or a recharacterization of Before-Tax or Roth 401(k) Deposits to After-Tax Deposits of the amount exceeding such 402(g) limit in a manner prescribed by the Plan Benefits Administrator.

B. 401(k) Anti-Discrimination Test.

- (1) Before-Tax Deposits and Roth 401(k) Deposits made by Highly Compensated Employees during a Plan Year, aggregated for both the Thrift Feature and the Stock Savings Feature, shall comply with limitations under Code Section 401(k) and regulations promulgated thereunder. For each Plan Year, the Employer shall maintain records sufficient to demonstrate satisfaction of one of the following tests:
 - (a) The average annual Before-Tax and Roth 401(k) Deposit percentage for all eligible Highly Compensated Employees shall not exceed 125 percent of the average annual Before-Tax and Roth 401(k) Deposit percentage for all other eligible Employees for the current Plan Year; or
 - (b) The average annual Before-Tax and Roth 401(k) Deposit percentage for all eligible Highly Compensated Employees shall not exceed 200 percent of the average annual Before-Tax and Roth 401(k) Deposit percentage for all other eligible Employees for the current Plan Year and the excess of the average annual Before-Tax and Roth 401(k) Deposit percentage for all eligible Highly Compensated Employees over that of all other eligible Employees for the current Plan Year shall not be more than two percentage points.

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- (2) The average annual Before-Tax and Roth 401(k) Deposit percentage for a specified group of Employees for a Plan Year shall be the average of the ratios (calculated separately for each Employee in such group) of the amount of each Participant's Before-Tax and Roth 401(k) Deposits for such Plan Year to his Code Section 414(s) compensation for the portion of such Plan Year that he is an eligible Employee. Such averages shall be determined separately for Employees represented by collective bargaining units and for non-represented Employees.
 - (3) To assure compliance with these limitations, any Before-Tax and Roth 401(k) Deposit percentage specified by a non-represented Employee, who is a Highly Compensated Employee with a Variable Benefit Base Rate (as defined in the Company's standard payroll procedures) greater than \$9,166.66 (adjusted in the same manner as the \$110,000 amount in Code Section 414(q) for the prior year) shall be subject to the Plan Benefits Administrator's approval and adjustment; provided, however, the percentages for all non-represented Highly Compensated Employees shall be reduced where the limitation under Code Section 401(m) requires a reduction in the combined Before-Tax, Roth 401(k) and After-Tax rate to less than 1.25 percent for non-represented Highly Compensated Employees. Further, the percentages of all Highly Compensated Employees represented by collective bargaining units shall be subject to such adjustment. Such percentage may be so reduced by the Plan Benefits Administrator before it becomes effective, and may also be so reduced at any time by the Plan Benefit Administrator without prior notice, including the recharacterization of Before-Tax or Roth 401(k) Deposit percentages to After-Tax Deposit percentages prior to the close of the Plan Year in which the limitation was exceeded. To the extent of any such reduction of the portion of a Participant's Deposit percentage allotted to his Before-Tax or Roth 401(k) Accounts, there shall be a corresponding increase in the portion of his Deposit percentage allotted to his After-Tax Account, which is subject to further adjustments as described in Paragraph C of this Section.
 - (4) If the tests described in Subparagraph (1) of this Paragraph are exceeded at the end of any Plan Year, the amount of excess Before-Tax or Roth 401(k) Deposits for a Highly Compensated Employee will be determined in the following manner. First, determine how much the actual deferral ratio as defined in Code Section 401(k)(ADR) of the Highly Compensated Employee with the highest ADR would have to be reduced to satisfy the actual deferral percentage test as defined in Code Section 401(k)(ADP) or cause such ratio to equal the ADR of the Highly Compensated Employee with the next highest ratio. Second, this process is repeated until the ADP test would be satisfied. The amount of excess Before-Tax or Roth 401(k) Deposits is equal to the sum of these hypothetical reductions multiplied, in each case, by the Highly Compensated Employee's Pay. The Plan Benefits Administrator also may apply these tests during the Plan Year and reduce Before-Tax or Roth 401(k) Deposits before the end of the Plan Year in any equitable and nondiscriminatory manner.

The amount of excess Before-Tax or Roth 401(k) Deposits (with income allocable thereto) to be distributed will be determined using the "dollar leveling method" under Code section 401(k)(8)(C) starting with the Highly Compensated Employee with the greatest dollar amount of Before-Tax or Roth 401(k) Deposits and other contributions treated as Before-Tax Deposits for the Plan Year until all excess Before-Tax or Roth 401(k) Deposits have been distributed. Any Contributions made with respect to Before-Tax or Roth 401(k) Deposits that are returned to a Participant under this Section will be used to reduce future Contributions and will not be allocated to the account of the Participant receiving the refund of the excess Before-Tax or Roth 401(k) Deposits.

- (5) The income allocable to the excess Before-Tax or Roth 401(k) Deposits is equal to the sum of the allocable gain or loss for the Plan Year.
- (6) In determining the limitations to Before-Tax or Roth 401(k) Deposit percentages, the Plan Benefits Administrator shall aggregate participation in the Thrift Feature and the Stock Savings Feature with other Before-Tax or Roth 401(k) Deposits to plans of the Employer qualified under Code Section 401(k) to the extent either permitted and elected or required under the Code. The Before-Tax or Roth 401(k) Deposit percentages under the Thrift Feature and all other CODAs of the Employer shall be limited to the extent necessary before any limitation shall be made in Before-Tax or Roth 401(k) Deposits to the Stock Savings Feature.

C. 401(m) Anti-Discrimination Test.

- (1) After-Tax Deposits aggregated for both the Thrift Feature and the Stock Savings Feature and Contributions made by or on behalf of Highly Compensated Employees must comply with limitations under Code Section 401(m) and the regulations promulgated thereunder. For each Plan Year, the Employer shall maintain records sufficient to demonstrate satisfaction of one of the following tests:
 - (a) The average annual After-Tax Deposit and Contribution percentage for all eligible Highly Compensated Employees who are not represented by a collective bargaining unit shall not exceed 125 percent of the average annual After-Tax Deposit and Contribution percentage for all other non-represented eligible Employees for the current Plan Year; or
 - (b) The average annual After-Tax Deposit and Contribution percentage for all eligible Highly Compensated Employees who are not represented by a collective bargaining unit shall not exceed 200 percent of the average annual After-Tax Deposit and Contribution percentage for all other non-represented eligible Employees for the current Plan Year, and the excess of the average annual After-Tax Deposit and Contribution percentage for all such eligible Highly Compensated Employees over that of all such other eligible Employees for the current Plan Year shall not be more than two percentage points.

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- (2) The average annual After-Tax Deposit and Contribution percentage for a specified group of Employees for a Plan Year shall be the average of the ratios (calculated separately for each Employee in such group) of the sum of each Participant's After-Tax Deposits (including any Before-Tax or Roth 401(k) Deposits which have been recharacterized as After-Tax Deposits) and Contributions for such Plan Year to his Code Section 414(s) compensation for the portion of such Plan Year that he is an eligible Employee.
 - (3) To assure compliance with these limitations, any After-Tax Deposit percentage specified by a non-represented Employee, who is a Highly Compensated Employee with a Variable Benefit Base Rate (as defined in the Company's standard payroll procedures) greater than \$9,166.66 (adjusted in the same manner as the \$110,000 amount in Code Section 414(q) for the prior year) shall be subject to the Plan Benefits Administrator's approval and adjustment.
 - (4) If the tests described in Subparagraph (1) of this Paragraph are exceeded at the end of any Plan Year, the Administrator will determine the excess After-Tax Deposits and Contributions in the following manner. First, determine how much the actual contribution ratio as defined in Code Section 401(m)(ACR) of the Highly compensated Employee with the highest ACR would have to be reduced to satisfy the actual contribution percentage test as defined in Code Section 401(m)(ACP) or cause such ratio to equal the ACR of the Highly Compensated Employee with the next highest ratio. Second, this process is repeated until the ACP test would be satisfied. The amount of excess After-Tax Deposits and Contributions is equal to the sum of these hypothetical reductions multiplied, in each case, by the Highly Compensated Employee's Pay. The Plan Benefits Administrator also may apply these tests during the Plan Year and reduce After-Tax Deposits and Contributions before the end of the Plan Year in any equitable and nondiscriminatory manner.

The distribution (or forfeiture, if applicable) of excess After-Tax Deposits and Contributions (with income allocable thereto) shall be made on the basis of the respective amounts attributable to each Highly Compensated Employee. The Highly Compensated Employees subject to actual distribution or forfeiture are determined using the "dollar leveling method" under Code section 401(m)(6)(C) starting with the Highly Compensated Employee with the greatest dollar amount of After-Tax Deposits and Contributions for the Plan Year and continuing until the amount of the excess After-Tax Deposits and Contributions has been distributed. Any excess After-Tax Deposits and Contributions will be returned within 12 months after the end of the Plan Year for which it was made if the amount was vested or forfeited and applied to reduce future Contributions if it was not vested.

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- (5) The income allocable to the excess After-Tax Deposits and to any forfeited Contributions is equal to the sum of the allocable gain or loss for the Plan Year.
 - (6) In determining compliance with Code Section 401(m) the Deposits and Contributions made to other plans of the Employer shall be aggregated with this Plan to the extent either permitted and elected or required under the Code.

6. Make-Up Deposits for Employees Returning From Military Service.

Notwithstanding any provision of this Plan to the contrary, Deposits, Contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

If on a military leave of absence the following options are available to continue Plan participation:

- A. While continuing to receive Pay an Employee may continue Deposits through payroll deduction.
- B. An Employee may suspend Deposits. Missed Deposits may be made up upon return to work through payroll deductions based on Pay within the time period prescribed in Code Section 414(u). Company Contributions will be applied to make-up Deposits.

ARTICLE IV—COMPANY CONTRIBUTIONS

1. Thrift Feature Company Contributions.
 - A. Amount of Company Contributions. Subject to Section 5 of Article XI, the Companies shall, at the same time that Deposits to the Thrift Feature for which these Contributions apply are paid into the applicable Investment Fund, pay or cause to be paid to the Trustees, as a Contribution to the Thrift Feature, an amount equal to 100 percent of the first 1.25% of Deposits made by or for Participants to the Thrift Feature.
 - B. Allocation of Contributions Among Participants. Each Contribution shall be allocated among the separate accounts of Participants with respect to whose Deposits such Contribution is made as provided in Section 3.B. of Article VI.
 - C. Designation as a Profit Sharing Plan and CODA. The Thrift Feature shall constitute a profit sharing plan under Code Section 401(a) with a CODA and with respect to assets held in the Company Stock Fund shall constitute a stock bonus plan under Code Section 401(a) and an employee stock ownership plan under Code Section 4975(e)(7).
 - D. Application of Forfeited Contributions. Any Contributions to the Thrift Feature that are paid by a Company in excess of the amounts which should have been so paid pursuant to the Plan, together with any earnings thereon, shall be applied against future Contributions, or used subject to Article XVI, for expenses of administration of the Plan.
2. Stock Savings Feature Company Contributions.
 - A. Designation as a Stock Bonus Plan and CODA and ESOP. The Stock Savings Feature shall constitute a part of a stock bonus plan under Code Section 401(a) with a CODA and a part of an employee stock ownership plan under Code Section 4975(e)(7).
 - B. Amount of Company Contributions.
 - (1) The Company shall pay or cause to be paid in cash or Shares of Company Stock to the Stock Savings Feature any amount necessary to bring the sum of Shares of Company Stock allocated as Semiannual Allocations to the totals set forth in Paragraph D (1) below:
 - (2) The Company may pay Contributions or cause Contributions to be paid to the Stock Savings Feature in addition to those Contributions described in the other provisions of this Paragraph. The Trustees holding the assets attributable to the Stock Savings Feature shall invest such Contributions in Company Stock pursuant to the provisions of Article VI. Such Contributions and Contributions made pursuant to Subparagraph (1) above, shall be placed in Allocation Account Two by the Trustees holding the assets attributable to the Stock Savings Feature.

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- (3) Any Contributions paid by the Company in error in excess of the amounts which should have been so paid pursuant to this Article, together with any earnings thereon, shall be forfeited and used, subject to Article XVI, to restore missed allocations and for expenses of administration of the Plan.
- C. Reserved
- D. Semiannual Allocation. As of each Allocation Date, the Trustees holding the assets attributable to the Stock Savings Feature shall allocate from an Allocation Account to each eligible Participant's account in the Company Stock Fund, his portion of Shares of Company Stock. A person is eligible to receive an allocation if he has made Deposits to the Stock Savings Feature during the Allocation Period, or is an alternate payee under a qualified domestic relations order and is eligible for a portion of an allocation contingent on the Participant's eligibility to receive an allocation.
- (1) The number of Shares of Company Stock to be allocated as Semiannual Allocations as of each Allocation Date shall be determined by the Plan Benefits Administrator, based a target allocation ratio of 8:1.
- (2) Each Participant's proportionate share of each Semiannual Allocation shall be an amount, expressed in Shares, equal to the total number of Shares of Company Stock to be allocated from the Allocation Account on the Allocation Date, multiplied by a fraction:
- (a) The numerator of which is the sum of the Participant's Deposits to the Stock Savings Feature during the Allocation Period ending on the Allocation Date; and
- (b) The denominator of which is the sum of all Deposits made to the Stock Savings Feature during the Allocation Period ending on the Allocation Date.
- E. Average Pay Factor. On the last day of each Plan Month the total number of Employees who made Deposits to the Stock Savings Feature during the Plan Month which is two months preceding the current Plan Month will be compared to the total number of Employees who made Deposits to the Stock Savings Feature during the immediately preceding Plan Month. In the event that the number of Employees making such Deposits has changed by 10 percent or more, then the total number of Shares of Company Stock to be allocated per each 100 Employees as a Semiannual Allocation, beginning with the Allocation Date coincident with or next following the current Plan Month and for each Allocation Date thereafter, will be adjusted by multiplying such number of Shares by the Average Pay Factor (rounded up to the next whole Share at each Allocation Date). The Average Pay Factor shall be a fraction, the numerator of which shall be the average Pay of Employees who made Deposits to the Stock Savings Feature in the immediately preceding Plan Month, and the denominator of which shall be (i) in the event that the change in the number of Employees making such Deposits is a decrease of 10 percent or more, the average Pay of Employees who made Deposits in the Plan Month three months prior to the then current Plan Month, or (ii) in the event that the change in the number of Employees making such Deposits is an increase of 10 percent or more, the average Pay of Employees who made such Deposits in the Plan Month two months prior to the current Plan Month.

Thereafter, the adjusted number of Shares of Company Stock to be allocated to each 100 Employees as Semiannual Allocations pursuant to Paragraph D of this Section so determined by application of the Average Pay Factor, shall be substituted in place of the number of Shares per 100 Employees set forth in Paragraph D of this Section, and shall be subject to further adjustments pursuant to this Paragraph from time to time.

- F. Supplemental Allocation . As of each December Allocation Date of each Plan Year, the Plan Benefits Administrator shall allocate from an Allocation Account a proportionate share of all remaining Financed Shares in such account to each eligible Participant's account in the Leveraged Stock Fund.

Each Participant's proportionate share of each Supplemental Allocation shall be an amount, expressed in Shares, equal to the total number of Shares of Company Stock to be allocated, multiplied by a fraction:

- (1) The numerator of which is the sum of the Participant's Deposits made to the Stock Savings Feature during the Plan Year; and
- (2) The denominator of which is the sum of all Deposits made to the Stock Savings Feature during the Plan Year.

3. 415 Limitations .

- A. Notwithstanding anything contained in this Plan to the contrary, the Annual Addition of a Participant in this Plan for any calendar year when aggregated as required by Code Section 415(f), with annual additions under any other qualified defined contribution plan maintained, or deemed to be maintained, by the Employer in which such Participant may have participated during such calendar year ("aggregated annual additions"), shall not exceed the lesser of;
- (1) \$50,000 (as adjusted by Code Section 415(d)); or
 - (2) 100 percent of such Participant's compensation paid by the Employer for such year; provided, however, that the above limitation may be adjusted, as allowed by Code Section 415 and the regulations thereunder, with respect to a Participant who may also be participating or have participated in an employee stock ownership plan maintained by the Employer. A Participant's "compensation" as used in this Section shall mean such Participant's compensation for such calendar year as defined in Code Section 415(c)(3) and Treasury Regulation Section 1.415(c)-2(d)(4), plus amounts that would have been received and includable in gross income but for an election under Code Sections 125(a), 132(f)(4), or 402(e)(3).
- B. In the event it is subsequently determined that, as a result of a reasonable administrative error, a Participant has made Deposits or the Company has made Contributions relating thereto which are not permitted by reason of the limitations described in this Section, such Participant's participation will be adjusted. If the

Participant participates in the Thrift Feature his Deposits shall be returned to him. Then, if further reductions are necessary, such Participant's Deposits in the Stock Savings Feature shall be returned to him and the Contributions attributable to all such returned Deposits shall be forfeited. In the event of any distribution of excess Deposits or forfeiture of Contributions under this Section, the amount distributed or forfeited shall include any earnings or losses attributable to the Plan Year in which the excess occurred.

4. Top Heavy Limitations .

A. Definitions . For purposes of this Section the terms described below shall have the following meanings:

- (1) "Aggregate Account Balances" shall mean, as of the Determination Date, the sum of Participants' account balances under the Plan, adjusted for any Company Contributions due as of the Determination Date, and increased by any in-service distributions with respect to a Participant made during the five-year period, or any post termination distributions with respect to a Participant made during the one year period ending on the Determination Date; provided, that if this Plan is one of a Required or Permissive Aggregation Group, it shall include account balances under all defined contribution plans in such Group and the present value of the cumulative accrued benefits under all defined benefit plans in such Group (determined under the provision of such plan(s)), but the term shall not include rollover contributions described in Code Section 416(g)(4)(A), or accrued benefits or accounts described in Code Section 416(g)(4)(B) or accrued benefits or accounts for a person who performed no service for the Employer during the one-year period ending on the Determination Date.
- (2) "Compensation" shall mean, for purposes of determining status as a Key Employee, the person's compensation as defined in Code Section 414(q)(7).
- (3) "Determination Date", for purposes of determining if a plan is Top-Heavy for a Plan Year, means the last day of the preceding Plan Year, except in the case of the first Plan Year it shall mean the last day of such first Plan Year.
- (4) "Key Employee" shall mean any employee (including a deceased employee) who, at any time during the Plan Year containing the Determination Date is:
 - (a) An officer of the Employer having annual Compensation greater than \$165,000 as adjusted pursuant to Code Section 416(i)(1)(A) for any such Plan Year (with a maximum of 50 officers taken into account or, if less, the greater of three or ten percent of the employees);
 - (b) Any five percent owner of the Employer; or
 - (c) Any one percent owner having annual Compensation from the Employer of more than \$150,000.

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- (5) “Non-Key Employee” means any employee who is not a Key Employee.
 - (6) “Permissive Aggregation Group” shall mean all plans in the Required Aggregation Group and any other qualified plan(s) of the Employer elected to be treated as part of the Permissive Aggregation Group, but only if such group of plans in the aggregate would satisfy the requirements of Code Sections 401(a)(4) and 410.
 - (7) “Required Aggregation Group” means, for purposes of determining if a plan of the Employer is Top-Heavy for a particular Plan Year, each qualified plan of the Employer in which a Key Employee is a Participant for the Plan Year containing the Determination Date and each other plan, if any, which, during that period, enables the aforementioned plan(s) to meet the requirements of Code Sections 401(a)(4) or 410.
 - (8) “Top-Heavy” means, with respect to any Plan Year, the Plan, or each plan within the aggregation groups described above in (6) or (7) of this Paragraph, as applicable, which satisfies the Top-Heavy determination test described in Section 4.B. of this Article as of the Determination Date.
 - (9) “Super Top-Heavy” means, with respect to a Plan Year, the Plan or each plan in the applicable aggregation group which satisfies the Super Top-Heavy determination test described in Section 4.C. of this Article as of the Determination Date.
- B. Top-Heavy Determination . The Plan shall be considered to be Top-Heavy for a Plan Year if, as of the Determination Date, either:
- (1) the Aggregate Account Balances of Key Employees exceed 60 percent of the Aggregate Account Balances for all employees, or
 - (2) the Plan is part of a Required or Permissive Aggregation Group and the sum of Aggregate Account Balances of Key Employees under all plans in the group (including the present value of cumulative accrued benefits under applicable defined benefit plans) exceeds 60 percent of a similar sum for all employees.
- Provided, however, that the Plan shall not be considered Top-Heavy if the Plan Administrator elects to treat the Plan as part of a Permissive Aggregation Group and such group is determined not to be a Top-Heavy group under the 60 percent test described above.
- C. Super Top-Heavy Determination . The Plan shall be considered to be Super Top-Heavy for a Plan Year if the Plan would be considered Top-Heavy under the tests described in Section 4.B. of this Article if the applicable test were applied by substituting “90 percent” for “60 percent” each place it appears.
- D. Top-Heavy Requirements . For any Plan Year in which the Plan is Top-Heavy, then, notwithstanding any other provision of the Plan to the contrary, the following provisions will apply:

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- (1) Each Non-Key Employee shall be entitled to benefits equal to at least three percent of the Compensation of each such Non-Key Employee, to the extent required by Code Section 416(c)(2)(B); provided, however, to the extent such defined contribution minimum benefit is provided first from any other Qualified Plan of the Employer, it shall not be provided under this Plan;
 - (2) Compensation of each employee which is taken into account to determine benefits shall be limited to the amount in effect under Code Section 414(q)(7).

ARTICLE V—SUSPENSION

1. Automatic Suspensions.

An Employee's Deposits shall be suspended:

- A. To the extent necessitated by the provisions of Section 3 of Article IV, relating to the limitations imposed by Code Section 415.
- B. During the period a Participant is a member of an excluded unit or group as described in Section 5 of Article XVIII.
- C. During any period that an Employee does not receive Pay.

2. Suspensions Due to Hardship Withdrawal.

In the event of a Participant's hardship withdrawal pursuant to Section 1.B. of Article X., all Deposits and Contributions with respect to such Participant to this Plan, and similar deposits and contributions to all other defined contribution plans or non-qualified plans of deferred compensation maintained by the Employer, shall be suspended for a period of six months beginning as soon as administratively practicable following the hardship withdrawal.

3. No Make-up of Deposits After Suspensions.

Deposits not made due to a suspension, except for Employees on Military Leave pursuant to Section 6 of Article III, shall not be made at a later date.

4. Resumption of Deposits After Suspension.

- A. At the expiration of a Participant's suspension of Deposits, his Deposits to the Stock Savings Feature shall resume automatically, if he is then an eligible Employee.
- B. At the expiration of a Participant's suspension of Deposits, his Deposits to the Thrift Feature shall resume with the allocation to Investment Funds and percentage of his Pay designated in his last election made prior to the expiration of the suspension of his Deposits, subject to adjustment by the Plan Benefits Administrator in the manner described in Section 5 of Article III.

ARTICLE VI—THE TRUST FUND AND THE TRUSTEES

1. Trust Agreements.

The Plan Sponsor shall enter into Trust Agreements with corporate trustees selected by the Plan Sponsor. Such Trust Agreements shall provide for the administration of the Trust Fund by the Trustees, or by successor Trustees. A Subsidiary may become a party to the Trust Agreements as provided in Article XVII (relating to Subsidiaries). The Committee may create subfunds or subaccounts in the Trust Fund for administrative purposes. The Trust Fund shall consist of a Thrift Feature account and a Stock Savings Feature account for the purposes described in this Article. The Plan Sponsor may designate a separate Trustee for one or more Investment Funds.

2. Investment Funds.

A. The Trust Fund shall consist of the Company Stock Fund, the Leveraged Stock Fund, the ConocoPhillips Stock Fund, the ConocoPhillips Leveraged Stock Fund, the DuPont Stock Fund and such other Investment Funds as may be selected by the Chief Financial Officer of Phillips 66, in his sole discretion, from time to time; provided, however, that at all times the Trust Fund shall include at least one each of the following three types of Investment Funds:

- (1) a money market mutual fund;
- (2) a S&P 500 index mutual fund; and
- (3) a bond market index mutual fund.

Such Investment Funds may include investments in group trusts or collective investment trusts or other pooled investment vehicles, which provide for the pooling of assets of plans described in Section 401(a) and exempt from tax under Section 501(a) of the Code or any comparable provisions of any future legislation that amends, supplements or supersedes those Sections, and the assets of certain governmental plans as provided in Section 401(a)(24) of the Code, provided that such group trusts or other collective investment trusts or other pooled investment vehicles are exempt from tax under the Code or regulations or rulings issued by the Internal Revenue Service; and the provisions of the document or documents governing any such group trust or other collective investment trust or other pooled investment vehicle, as amended from time to time, shall govern any investment of assets of this Plan made therein and, to the extent of such investment, are hereby (and each of them itself hereby is) incorporated herein by reference and made a part of this Plan.

The Company Stock Fund and the Leveraged Stock fund shall be invested in Shares of Company Stock as determined by the Trustee holding the assets attributable to the Stock Savings Feature.

The ConocoPhillips Stock Fund and the ConocoPhillips Leveraged Stock Fund shall be invested in Shares of ConocoPhillips Stock.

The DuPont Stock Fund shall be invested in Shares of DuPont Stock.

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- B. The Trust Fund shall also include, in addition to and segregated from any other Investment Fund, any amounts forfeited by Participants, to the extent such forfeitures are not applied to future Contributions or Plan administration expenses .
- C. The Trust Fund shall also include one or more Suspense Accounts and Allocation Accounts as described in Section 7 of this Article.
3. Investment of Deposits and Contributions — Thrift Feature .
- A. Deposits—Thrift Feature . All Deposits made to the Thrift Feature shall be paid to the Trustees as soon as administratively practicable, and shall be invested by the Trustees directly in the Investment Fund(s) designated by the Participant. If an Employee does not have a current Investment Fund Allocation in the Thrift Feature, his Deposits will be invested in a qualified default investment alternative as designated by the Plan Benefits Administrator.
- B. Contributions—Thrift Feature . All Contributions to be paid to the Trustees with respect to Deposits made under the Thrift Feature shall be paid as soon as administratively practicable after associated Deposits are deducted, and shall be invested by the Trustees proportionately in the Investment Funds designated by the Participant for his Deposits made under the Thrift Feature.
4. Investment of Participant Loan Repayments — Thrift Feature .
- Loan repayments shall be paid to the Trustees as soon as administratively practicable and shall be invested by the Trustees as provided in Section 7 of Article XXI.
5. Investment of Deposits — Stock Savings Feature .
- All Deposits made to the Stock Savings Feature shall be paid to the Trustees holding the assets attributable to the Stock Savings Feature as soon as administratively practicable, and shall be invested by such Trustees directly into the Company Stock Fund using the Participant Transaction Price.
6. Investment of Contributions — Stock Savings Feature .
- All Contributions to the Stock Savings Feature shall be paid to the Trustees holding the assets attributable to the Stock Savings Feature and shall be either invested as soon as administratively practicable in Company Stock in the Allocation Account or in short term investments in the Suspense Account pending repayment of an Acquisition Loan in accordance with the directions by the Committee.

7. Employee Stock Ownership Plan (ESOP).

A. The Leveraged Stock Fund shall constitute part of the ESOP and shall consist primarily of Company Stock purchased by the Trustees holding the assets attributable to the Stock Savings Feature in accordance with this Paragraph and allocated to eligible Participants in accordance with Section 2 of Article IV.

- (1) From time to time the Committee may direct the Trustees holding the assets attributable to the Stock Savings Feature to incur Acquisition Loans for the Stock Savings Feature of the Plan. Any such Acquisition Loan shall bear a reasonable rate of interest and shall not be payable on demand except in the event of default to the extent permitted by Code Section 4975(d)(3) and Section 408(b)(3) of ERISA and any regulations promulgated thereunder. An Acquisition Loan shall be without recourse against the Plan and Trust Fund. Repayment of any Acquisition Loan may be secured by a collateral pledge or other encumbrance of Financed Shares, provided that any such pledge or other encumbrance does not violate ERISA, the Code, regulations promulgated by the Federal Reserve Board or any other applicable law or regulation. No other assets of the Trust Fund may be pledged or otherwise encumbered as collateral for an Acquisition Loan. Any pledge or other encumbrance of Financed Shares must provide for the release of Financed Shares so pledged or encumbered in accordance with this Section. Except as provided by Section 6 of Article XI or as otherwise required by applicable law, no security acquired with the proceeds of an Acquisition Loan may be subject to a put, call, or other option, or to a buy-sell or other arrangement while held by or when distributed by the Plan.

Each Acquisition Loan shall be for a definite period of time. Any collateral given for such loan shall be limited to “qualifying employer securities” as defined in Code Section 409(1) purchased with the proceeds of such loan or a prior exempt Acquisition Loan. Any assets transferred in satisfaction of such loan shall not exceed the amount of default, and in the case of transfer to a disqualified person as defined in Code Section 4975(e)(2), any assets transferred to satisfy default shall not exceed the payment schedule of such loan. Each Acquisition Loan shall be primarily for the benefit of Participants and Beneficiaries.

- (2) No person entitled to payment under an Acquisition Loan shall have any right to assets of the Plan or Trust Fund other than:
- (a) Financed Shares given as collateral for the loan and remaining subject to pledge or other encumbrance;
 - (b) Contributions (other than employer securities) that are made to the Plan to meet its obligations under the loan;
 - (c) Earnings attributable to such collateral and the investment of such Contributions; and
 - (d) Other assets permitted to be used for such purpose under ERISA and the Code.

The payments made with respect to an Acquisition Loan during a Plan Year shall not exceed an amount equal to the sum of Contributions to the Stock Savings Feature and Trust Fund earnings, including dividends, on such Contributions (not to exceed the earnings described in Subparagraph (5) of this Paragraph) during or prior to the Plan Year less such payments under this Plan in prior years. The Plan Benefits Administrator shall account for such Contributions to the Stock Savings Feature and earnings separately in the Plan's books of account until an Acquisition Loan is repaid.

- (3) As directed by the Committee, the Trustees holding the assets attributable to the Stock Savings Feature shall, within a reasonable time after receipt of the proceeds of an Acquisition Loan, apply the loan proceeds to acquire Company Stock from either shareholders or Phillips 66, or to repay an Acquisition Loan.
- (4) The Trustees holding the assets attributable to the Stock Savings Feature shall maintain Financed Shares purchased with an Acquisition Loan in a Suspense Account. A Suspense Account shall be deemed an asset of the Plan and shall constitute part of the ESOP. The Plan Benefits Administrator shall release Financed Shares as needed for allocation pursuant to Section 2 of Article IV. As of the December Allocation Date, the Plan Benefits Administrator shall release the balance of Financed Shares that must be released from the Suspense Account during the Plan Year. The number of Shares to be released shall be determined by the Plan Benefits Administrator in accordance with the "special" rule described in this Subparagraph if it can be lawfully applied. If it cannot be lawfully applied, the "general" rule in this Subparagraph shall be followed. Financed Shares shall be transferred to the Allocation Account pending allocation of Shares to the Participants' accounts which represent the Participants' interest in assets withdrawn from the Suspense Account. An Allocation Account shall be deemed an asset of the Plan and shall constitute a part of the ESOP.
 - (a) General Rule : The general rule is based upon the payment of principal and interest on the Acquisition Loan. For each Plan Year during the duration of the Acquisition Loan, the Plan Benefits Administrator shall release from the Suspense Account a number of Shares equal to the total number of Shares held in the Suspense Account immediately prior to the release, multiplied by a fraction:
 - (i) The numerator of the fraction is the amount of principal and interest paid for the Plan Year; and
 - (ii) The denominator of the fraction is the sum of the numerator plus the principal and interest to be paid for all future Plan Years.
 - (b) Special Rule : The special rule is based solely on principal payments, as follows:

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- (i) For each Plan Year during the duration of the Acquisition Loan, the Plan Benefits Administrator shall release from the Suspense Account a number of Shares equal to the total number of such Shares held in the Suspense Account immediately prior to the release, multiplied by a fraction:
 - (a) The numerator of the fraction is the amount of principal paid for the Plan Year; and
 - (b) The denominator of the fraction is the sum of the numerator plus the principal to be paid for all future Plan Years.
 - (ii) The Committee may only apply the special rule if the Acquisition Loan provides for annual payments of principal and interest at a cumulative rate which is not less rapid at any time than level annual payments of such amounts for ten years, and the interest included in any payment is disregarded only to the extent that it would be determined to be interest under standard loan amortization tables.
 - (c) The special rule shall not be applicable from the time that, by reason of a renewal, extension or refinancing, the sum of the expired duration of the Acquisition Loan, the renewal period, the extension period and the duration of a new Acquisition Loan exceeds ten years.
 - (d) In determining the number of Shares to be released for any Plan Year under either the general rule or the special rule:
 - (i) The number of future years under the Acquisition Loan must be definitely ascertainable and must be determined without taking into account any possible extensions or renewal periods;
 - (ii) If the Acquisition Loan provides for a variable interest rate, the interest to be paid for all future Plan Years must be computed by using the interest rate applicable as of the end of the Plan Year for which the determination is being made;
 - (iii) If Financed Shares held in a Suspense Account include more than one class of Shares, the number of Shares of each class to be released for a Plan Year from the Suspense Account must be determined by applying the applicable fraction provided for under the general rule or the special rule to each such class; and
 - (iv) To the extent that proceeds of an Acquisition Loan are used to repay an existing Acquisition Loan, such repayment shall not cause Financed Shares to be released from the Suspense Account.

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- (5) The Committee shall instruct the Trustees holding the assets attributable to the Stock Savings Feature to apply the following sources for payments on Acquisition Loans to satisfy Plan obligations under such Acquisition Loans as follows:
- (a) Sources for payment on Acquisition Loan Two are:
 - (i) Contributions pursuant to Section 2.B.(1) of Article IV and earnings thereon; and
 - (ii) Dividends on Shares in the Leveraged Stock Fund.
 - (b) Upon the Committee's receipt of (i) a written request from the Company that the Committee instruct the Trustees holding the assets attributable to the Stock Savings Feature to give a notice of prepayment of an Acquisition Loan, and (ii) written confirmation from the Company that the Company consents to the making of the requested prepayment, the Committee shall instruct such Trustees to give the requested notice of, and to make, the prepayment of the Acquisition Loan in the amount specified by the Company.
- B. The ESOP shall also include unallocated Financed Shares in all Suspense Accounts, all Shares in Allocation Accounts, and Shares in the Company Stock Fund.
- C. The ESOP shall also include Shares purchased with dividends on all Shares of Company Stock.
- D. The ESOP shall also include all assets other than Shares of Company Stock held in all Suspense Accounts and Allocation Accounts.

8. Income on Fund Assets.

Interest, dividends and other income on the assets of each Investment Fund (except dividends on Company Stock to the extent such dividends are either retained in the Leveraged Stock Fund for repayment of an Acquisition Loan or paid out from the Company Stock Fund to Participants and Beneficiaries as a Dividend Pass-Through, and dividends on the Leveraged Stock Fund, the ConocoPhillips Stock, the ConocoPhillips Leveraged Stock and DuPont Stock) shall be paid into such Investment Fund and invested in the manner prescribed for such Investment Fund by the provisions of this Plan and the Trust Agreements. Pending such investment the Trustees may invest such interest, dividends and other income in the Vanguard Prime Money Market Fund, managed by the Vanguard Group, Inc. Dividends on the Leveraged Stock Fund will be reinvested in the Company Stock Fund. Dividends on the ConocoPhillips Stock, ConocoPhillips Leveraged Stock and DuPont Stock will be reinvested in the same manner as the Participant's other current investment allocations. If no investment allocation exists, dividends on the ConocoPhillips Stock, ConocoPhillips Leveraged Stock and DuPont Stock will be reinvested in a qualified default investment alternative as designated by the Plan Benefits Administrator.

9. Trust Fund for the Benefit of Participants.

The Trustees shall hold the Trust Fund and the corpus or income may not be diverted to or used for other than the exclusive benefit of the Participants or Beneficiaries subject to the provisions of the Plan.

10. Purchase or Sale of Company Stock.

When the Trustees are authorized to purchase or sell Company Stock, except in the case of an Acquisition Loan, the Trustees may do so on the open market or elsewhere as it may deem appropriate, including purchases from or sales to Phillips 66 or any of its affiliates or subsidiaries. Subject to Section 3 of Article VIII, if such Shares are purchased or sold other than on the open market, the purchase price must be no more than the highest quotation and the sale price no less than the lowest quotation for such securities on the New York Stock Exchange for the date of such purchase or sale, adjusted for brokerage fees, commissions, and other handling charges.

11. Sale of Securities.

The Trustees may exercise or sell any options, rights or warrants that entitle the Trustees to subscribe to or purchase securities. If any sales are made other than on a national securities exchange, the price shall be no less than the closing quotation for such options, rights or warrants on the New York Stock Exchange on the date of such sale, adjusted for brokerage fees, commissions and other handling charges.

12. Form of Securities.

Subject to regulations of state and federal governments, the Trustees may hold all stocks, bonds and other securities in the Trust Fund in such name or names or in such form as it may deem appropriate.

13. Trustees' Powers.

The Trustees may administer the powers conferred upon it under the provisions of the Plan and related Trust Agreements and documents according to its own discretion unless and until the Committee directs otherwise.

14. DuPont, ConocoPhillips, and ConocoPhillips Leveraged Stock Funds.

No investments may be made into these fund in the form of future Deposits, Contributions, dividends, income or fund transfers. The Trustees will value any Shares sold using the Participant Transaction Price pursuant to Section 3 of Article VIII. All other Shares will be valued as provided in Section 2 of Article VIII.

ARTICLE VII—INVESTMENT DIRECTIONS

1. Investment Allocation Directions.

- A. Each Participant making Deposits to the Thrift Feature shall, in the manner prescribed by the Plan Benefits Administrator, direct the total of his Deposits to the Thrift Feature and the associated Contributions to be paid entirely into any one of the open Investment Funds, or in more than one Investment Fund in increments of one percent.
- B. A Participant's direction designating Investment Funds for his Deposits to the Thrift Feature shall apply in the same manner as to Before-Tax Deposits, Roth 401(k) Deposits and After-Tax Deposits.
- C. Allocation of a Participant's future Deposits to the Thrift Feature and associated Contributions to be paid into any Investment Fund may be changed at any time in the manner prescribed by the Plan Benefits Administrator. Changes will become effective as soon as administratively practicable following the successful election of the change.
- D. All Deposits to the Thrift Feature shall be paid to the Trustees as soon as administratively practicable, and shall be invested by the Trustees directly in the Participant's designated Investment Fund(s).
- E. All Deposits to the Stock Savings Feature shall be paid to the Trustees holding the assets attributable to the Stock Savings Feature as soon as administratively practicable, and shall be invested by such Trustees directly in the Participant's Company Stock Fund account.

2. Exchange Rules.

A Participant or Beneficiary may, subject to restrictions on exchanges as determined by the Plan Benefits Administrator, make unlimited exchanges (transfers) of any dollar amount, whole percentages or Shares of his account in an Investment Fund to or from any Investment Fund.

3. Additional Exchange Rules.

The value of any interest attributable to Company Stock, ConocoPhillips Stock and DuPont Stock exchanges pursuant to Section 2 of this Article shall be determined at the Participant Transaction Price determined by the Trustees as of the Valuation Date on which the exchange is processed. Exchange requests received by Vanguard before 1 p.m. Central time for Company Stock, ConocoPhillips Stock and DuPont Stock and 3 p.m. Central time for other investments on any Valuation Date will be made as of that Valuation Date. These deadlines will be adjusted accordingly to reflect market closings. Exchange requests received after this time will be processed as of the next following Valuation Date. More than one exchange may be made out of the same Fund on any given Valuation Date. However, monies cannot be exchanged back into the same Investment Fund on the same Valuation Date they were exchanged out.

4. Redemption Fees.

Exchanges from certain funds may be subject to redemption fees if designated holding periods requirements are not satisfied. The redemption fee holding period begins on the date an exchange is made into that fund.

ARTICLE VIII—THE SHARE SYSTEM AND VALUATION OF THE TRUST FUND

1. Shares and Share Values.
 - A. The interest of each Participant and Beneficiary in each Investment Fund shall be represented by Shares allocated to him.
 - B. Subject to Section 3 of this Article, each Investment Fund's Share price, called its net asset value (NAV) is calculated each Valuation Date after the close of regular trading on the New York Stock Exchange, generally 4 p.m., Eastern time.
 - C. On each date that Deposits, dividends receivable or Contributions are paid or credited into an Investment Fund, the Share value immediately prior to such additions shall be determined as provided in Sections 2 and 3 of this Article. Each Participant or Beneficiary shall then be credited with additional Shares in each applicable Investment Fund representing any additional Deposits, dividends credited to such Investment Fund, earnings on assets in such Investment Fund, and any Contributions made to his account.
 - D. The number of such Shares so credited shall be calculated by dividing the Share value into the sum of the additional Deposits, dividends credited to such Investment Fund, or Contributions paid into such Investment Fund on behalf of such Participant or Beneficiary, and the total number of Shares outstanding with respect to such Investment Fund shall be increased accordingly.
 - E. The Shares in the Investment Funds shall be kept in accounts that shall separate Shares attributable to each Participant's Deposits and Contributions to the Thrift Feature, and Deposits and Contributions to the Stock Savings Feature.
 - F. The Trustees may re-establish the value of Shares from time to time and shall adjust the number of Shares in each account accordingly such that the value of the account will not be affected.
2. Computation of Share Values for Determination of Participant Account at the end of each Valuation Date.
 - A. Mutual Funds. Except for the Company Stock Fund, Leveraged Stock Fund, ConocoPhillips Stock Fund, ConocoPhillips Leveraged Stock Fund and the, DuPont Stock Fund the value of a Share as of a Valuation Date for each Investment Fund that is invested in a mutual fund shall be the NAV of such mutual fund for that Valuation Date.
 - B. Separately Managed Funds. The unit value of units of participation purchased in separately managed funds shall be based on the accrued value, which shall include principal value plus accrued interest, of all investment vehicles within the fund divided by the total outstanding units within the fund for that Valuation Date. The unit value of units of participation shall include all costs and charges used to establish the unit value of the units of participation. The cost to a Participant's Account of units of participation purchased pursuant to the separately managed funds and the proceeds credited to the Participant's Account upon the sale of units of participation in the separately managed funds shall be based on the unit value for that Valuation Date.

C. Company Stock Funds. The Trustees shall value or obtain the value of each stock fund as of each Valuation Date.

The Shares within the Company Stock Fund, Leveraged Stock Fund, ConocoPhillips Stock Fund, ConocoPhillips Leveraged Stock Fund, and DuPont Stock Fund shall be valued at the end of each Valuation Date as follows:

- (1) On the basis of the latest recorded trade price for such security on the New York Stock Exchange, or if there has been no such recorded trade price, then on the basis of the mean of the latest recorded bid and asked price on such Exchange on such Valuation Date. If there have been no such recorded trade or bid and asked price on such Valuation Date, then on the basis of the latest recorded trade price for such security on such Exchange on the next Valuation Date, or the mean of the latest bid and asked price on the next Valuation Date, or the mean of the latest bid and asked price for such security on such Exchange during such period, whichever is the later;
- (2) In such situation when there is no such recorded trade price or bid/ask price, regardless of the price used for valuation, the stock fund will be frozen to participant activity until stock trading resumes on the market; and
- (3) For the purposes of this Section, recorded trade price and bid/ask price shall be those appearing on the records of the New York Stock Exchange. The term “business day” shall mean a day when the New York Stock Exchange and the Trustees are open for business.

3. Computation of Share Values for Company Stock, ConocoPhillips Stock or DuPont Stock Transactions.

A. When making Company Stock, ConocoPhillips Stock or DuPont Stock transactions, the Trustees shall offset Contributions, investment exchanges in and out of the applicable fund, and distributions on a daily basis. Transactions will be made among Participants of the applicable fund before executing any stock trades in the market in order to minimize the number of Shares that must be sold or purchased. Any Shares purchased or sold for that day are then valued using the PTP. The PTP shall be calculated using the following two components on the Valuation Date of the transaction.

Component A: The weighted average price of the actual Shares of Company Stock, ConocoPhillips Stock or DuPont Stock traded for the Plan on that Valuation Date including commissions paid, which increases the cash amount paid on purchases and reduces proceeds received on sales.

Component B: The trading impact of the purchase or sale of additional Shares of Company Stock, ConocoPhillips Stock or DuPont Stock for the Plan to complete the prior day’s activity. This adjustment will not exceed \$.125 per Share on any Valuation Date, and any impact greater than \$.125 per Share will be carried forward to subsequent Valuation Dates.

Therefore, by way of example, if the weighted average price of Component A is \$51.00 and the maximum trading impact adjustment of Component B is \$.125, the PTP for the current Valuation Date would be \$51.125.

The daily PTP for the Leveraged Stock Fund and the Company Stock Fund may not be equal due to separate trading within each fund. In addition, the daily PTP for the ConocoPhillips Stock Fund and the ConocoPhillips Leveraged Stock Fund may not be equal due to separate trading within each fund.

- B. Participants and Beneficiaries whose accounts have no activity for the Valuation Date or who are making a withdrawal of Shares of Company Stock, ConocoPhillips Stock or DuPont Stock, will have their Shares of Company Stock, ConocoPhillips Stock or DuPont Stock valued at the closing price for Company Stock, ConocoPhillips Stock or DuPont Stock valued at the closing price for Company Stock, ConocoPhillips Stock or DuPont Stock for that Valuation Date on the New York Stock Exchange.

4. Shares Are Without Priority or Preference.

Each Share of each Investment Fund shall represent a proportionate equal beneficial interest, and none shall have priority or preference over any other Share of the same Investment Fund. No payments to or distributions from any Investment Fund shall be permitted except as of a Valuation Date and on the basis of the Share Value determined as prescribed in Sections 2 and 3 of this Article.

ARTICLE IX—VESTING OF PARTICIPANT’S INTERESTS

Each Participant’s interest in the Trust Fund shall be vested at all times in him, or when appropriate, in his Beneficiary, subject to the lost Participant and Beneficiary provisions in Section 5 of Article XI.

ARTICLE X—WITHDRAWALS

1. Before-Tax and Roth 401(k) Withdrawals .

Withdrawals from a Participant's Before-Tax or Roth 401(k) Account shall be subject to the provisions of this Section.

A. A Participant who is a salary grade level 18 or below may, at any time, make a withdrawal of all or a part of his Before-Tax or Roth 401(k) Account upon the occurrence of any of the following events:

- (1) His attainment of age 59 ¹/₂;
- (2) His death;
- (3) The determination that he is Totally Disabled;
- (4) His Termination From Employment; or
- (5) The date of the termination of the Plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan) provided however, this termination event shall be treated as an event permitting a withdrawal only when the withdrawal consists of the Participant's entire interest in the Plan.

B. Notwithstanding any other provisions of Section 1 of this Article governing and restricting withdrawals by a Participant of the Participant's interest in the Trust Fund, a Participant may make a withdrawal from his Before-Tax or Roth 401 (k) Account and After-Tax Account in the event of the Participant's hardship. A withdrawal under this Paragraph will be on account of hardship if the withdrawal is necessary in light of specified financial needs of the Participant. A hardship withdrawal under this Paragraph will be made only in the form of cash.

- (1) A withdrawal will be deemed to be necessary to satisfy a specified financial need of a Participant if all of the following requirements are satisfied:
 - (a) The amount withdrawn from the Participant's Before-Tax or Roth 401(k) Account shall not exceed his Before-Tax or Roth 401(k) Deposits;
 - (b) The withdrawal for hardship shall not exceed the amount necessary to meet the Participant's specified financial need; however, the Participant may elect to increase the taxable amount of a distribution that would be made on account of hardship to provide funds necessary to pay any federal, state or local income taxes or penalties which may result from the distribution;
 - (c) The amount necessary to meet the specified financial need is not available from distributions or loans currently available under all plans maintained by the Employer, including this Plan;
 - (d) A Participant's Deposits to this Plan and any other defined contribution plan or non-qualified plan of deferred compensation maintained by the Employer will be suspended for a period of six months beginning as soon as administratively practicable following the withdrawal; and

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- (e) The Participant must have a current pass through dividend election in place under Section 5 of this Article and under all other plans of the Employer in which such elections can be made.
- (2) A withdrawal will be deemed to be made on account of a specified financial need of the Participant if the withdrawal is for:
- (a) Costs directly related to the purchase (excluding mortgage payments) of the Participant's principal residence;
 - (b) Payments necessary to prevent the eviction of a Participant from his principal residence or to prevent the foreclosure on the mortgage of his principal residence;
 - (c) Expenses for nonreimbursable medical care described in Code Section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjustable gross income) previously incurred by the Participant, the Participant's spouse, or any dependents of the Participant, or necessary for these persons to obtain such medical care. Expenses not previously incurred must be documented by: (i) the service provider's written statement including the fees for the services to be performed; and (ii) a copy of the "predetermination of benefits" form showing the portion of such fee that would not be reimbursable as of the date of the form, from each health coverage of the Participant;
 - (d) Payment of tuition and related educational fees for the next 12 months of post-secondary education for a Participant or the Participant's dependent;
 - (e) Payments for burial or funeral expenses for a Participant's deceased parent, spouse, children or dependents; or
 - (f) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

Notwithstanding the foregoing, a withdrawal shall not be made on the basis of a hardship pursuant to this Section, under circumstances not constituting a hardship under Code Section 401(k) and regulations promulgated thereunder. A person shall be considered to be the Participant's dependent if the Participant certifies that he or she reasonably expects to be entitled to claim that person as a dependent for federal personal income tax purposes for a tax year occurring in whole or in part during the Plan Year in which the certification of hardship is made.

2. After-Tax Withdrawals and QNECs.

A Participant or Beneficiary may, at any time, withdraw from the Trust Fund all or a part of his After-Tax Account. Provided however, a withdrawal of Qualified Nonelective Contributions (QNECs) transferred to the Plan from the Tosco Corporation Capital Accumulation Plan (CAP) at the close of the Trustees' business December 31, 2002, cannot be made until the occurrence of one of the events in Section 1.A of this Article.

3. Contribution Withdrawals.

A Participant may withdraw all or a part of the portion of his account attributable to Contributions.

4. Other Withdrawal Rules.

- A. The Plan Benefits Administrator must receive withdrawal directions within the time and manner and at such place as designated by the Plan Benefits Administrator.
- B. A Participant's or Beneficiary's withdrawal request shall specify as to whether the withdrawal is to be made from the After-Tax Account, Before-Tax Account, or Roth 401(k) Account, and the amount to be withdrawn, if any, from each account. The withdrawal request may also specify the Investment Fund(s) from which the withdrawal is to be made, and the amount to be withdrawn must be specified as either a fixed amount or maximum (100 percent) withdrawal from each Investment Fund from which a withdrawal is requested.
- C. A Participant or Beneficiary may withdraw from the Trust Fund any part or all of his interest attributable to his Before-Tax Account or Roth 401(k) (if permitted by Section 1 of this Article) or to his After-Tax Account. For the purpose of determining the amount of his interest attributable to his Before-Tax or After-Tax Accounts, the Plan Benefits Administrator shall account for such Deposits separately in each Investment Fund.
- D. For the purpose of any withdrawal under this Article, determinations of values shall be made as of the Valuation Date on which the withdrawal is processed. No interest or earnings will be paid between the Valuation Date on which the withdrawal is processed and the receipt of the proceeds by the Participant.

5. Dividend Pass Through Election.

A person who has an account in the Plan may make an election to receive dividends paid by Phillips 66 to the Trust on the Company Stock attributable to the portion of his account in the Company Stock Fund and the Leveraged Stock Fund. An election to receive dividends under this Paragraph will remain in effect until revoked. Any election or revocation of the election to receive dividends must be made not later than three business days prior to the dividend payment date to be effective for such dividend. Dividend pass through payments will be made as soon as administratively practicable following the dividend payment date.

ARTICLE XI—PAYMENTS AND DISTRIBUTIONS

1. Mandatory Payment or Distribution.

Except as otherwise provided in this Article, the Trustees shall pay or distribute through one or more entities designated by the Committee:

- A. To a Participant or Beneficiary, his entire interest in all the Investment Funds, upon the happening of any one of the following events:
 - (1) With respect to a Participant who has Terminated From Employment, as of any Valuation Date determined by the Plan Benefits Administrator that his account balance is \$1,000 or less, unless he has an outstanding loan which is not in default;
 - (2) With respect to a Beneficiary, as of any Valuation Date determined by the Plan Benefits Administrator that his account balance is \$1,000 or less unless he has an outstanding loan which is not in default or has another account under this Plan with an account balance of greater than \$1,000;
 - (3) Upon termination of the Plan as described in Section 1.A.(5) of Article X, provided however that any distributions shall be in conformity with the applicable laws and regulations pertaining to distributions upon plan termination; orDistributions under Subparagraphs (1) and (2) of this Paragraph shall be made as soon as administratively practicable following the referenced Valuation Date and shall be made only if the entire interest of the Participant or Beneficiary is less \$1,000 or less on the date of distribution.
- B. To a Participant or Beneficiary, part or all of his interest at his request pursuant to Article X.
- C. To a Beneficiary, upon the person's death through which such Beneficiary becomes entitled to an interest in the Plan, unless his account is deferred pursuant to Section 4 of this Article.
- D. To a Participant, any excess elective deferrals, excess Before-Tax or Roth 401(k) Deposits or excess After-Tax Deposits under the provisions of Article III.

2. Timing of Payment or Distribution.

Unless otherwise provided in Article XXI, payments or distributions from the Trust Fund shall be directed by the Plan Benefits Administrator and shall be made or shall commence only as of the Valuation Date next following the expiration of any notice period specified therefore or, if no notice period is specified, then as soon as administratively practicable as of a Valuation Date following receipt by the Plan Benefits Administrator of notification of the event requiring such distribution, or the request for such payment, whichever is applicable.

3. Forms of Distribution.

The forms of distribution under this Plan are as follows:

A. Single-Sum Distribution Option.

Any Participant or Beneficiary may elect, in the manner prescribed by the Plan Benefits Administrator, a single-sum payment of part or all of his account.

(1) A single-sum payment may be in the form of:

(a) Cash. Cash is available from all Investment Funds. Cash payments will be made by check.

(b) Stock. Distribution from the Company Stock Fund, ConocoPhillips Stock Fund, ConocoPhillips Leveraged Stock Fund, the DuPont Stock Fund and the Leveraged Stock Fund shall be made in whole Shares of Company Stock, ConocoPhillips Stock and DuPont Stock plus any cash adjustments; provided, however, that such payments or distributions shall be paid wholly or partially in cash upon directions by the person entitled thereto in the manner prescribed by the Plan Benefits Administrator.

Provided however, a hardship withdrawal under Section 1.B. of Article X will be in the form of cash only.

(2) "Eligible Rollover Distribution" shall mean the amount of any single-sum payment or a fixed dollar installment payment pursuant to Paragraph B of this Section made to a Participant, a Participant's surviving spousal Beneficiary, or a spousal alternate payee (other than the part of such payment that is a required minimum distribution under Code Section 401(a)(9) or a deemed distribution under Section 8 of Article XXI). A hardship withdrawal made under Section 1.B. of Article X, shall not be an Eligible Rollover Distribution. A Participant, Participant's surviving spousal Beneficiary or a spousal alternate payee may, in the manner prescribed by the Plan Benefits Administrator, designate a percentage of the Eligible Rollover Distribution to be paid to an individual retirement arrangement (IRA) or to another employer's plan, to the extent allowed by the Code, with the remainder of the payment to be paid directly to such person. As a condition of eligibility for payment other than solely to such Participant, Participant's surviving spousal Beneficiary, or spousal alternate payee, such person must furnish to the Plan Benefits Administrator the name of the trustee or custodian of the IRA or the name of the plan to which such percentage is to be paid, and represent that the recipient IRA or plan is eligible to receive and will accept an Eligible Rollover Distribution. If such Participant, spousal beneficiary, or spousal alternate payee fails to designate a percentage of the Eligible Rollover Distribution to be paid to an IRA or other plan or fails to provide any of the other information required by the Plan Benefits Administrator, payment shall be made solely to such person. An election of stock or cash from the Company Stock Fund, the Leveraged Stock Fund, ConocoPhillips Stock Fund, ConocoPhillips

Leveraged Stock Fund, and DuPont Stock Fund made in accordance with Subparagraph (1) will be applied to the extent possible to maximize the Company Stock, ConocoPhillips Stock or DuPont Stock paid to the IRA or other plan. A direct rollover of funds from a Roth 401(k) Account shall only be made to another Roth 401(k) account under an applicable retirement plan or to a Roth IRA as permitted by the Code. A nonspouse beneficiary may elect a direct rollover of funds from the Plan to an inherited IRA pursuant to Code Section 402(c)(11).

- (3) No less than 30 days and no more than 180 days prior to the date of distribution under this Section, a Participant or Beneficiary shall be provided the notice required by Code Section 402(f). However, such person may elect to waive the 30-day minimum period, after having been provided the opportunity to consider, for a period of at least 30 days, whether to commence or defer distribution.

B. Installment Payment Options .

- (1) A Participant who has Terminated From Employment or a Participant's surviving spouse Beneficiary or an alternate payee may elect any one of the following forms of periodic payments:
- (a) Life Expectancy . A life expectancy installment is a series of payments based on single life expectancy of the recipient or the combined life expectancies of the recipient and his designated Beneficiary. The amount to be distributed shall be calculated by multiplying recipient's life expectancy and/or the joint life expectancies of the recipient and his Beneficiary (based on tables set forth in the regulations under Code Section 401(a)(9) for single or joint life expectancy) by the frequency elected and then dividing the account balance, at the time the payment is calculated, by the number of payments remaining in the life expectancy first designated for this distribution option. Life expectancy installments will begin as soon as administratively practicable following the recipient's election and will continue until revoked, the recipient reaches age $70 \frac{1}{2}$, the account is reduced to zero or the final payment is made based on the original life expectancy.
 - (b) Fixed Dollar . A fixed dollar installment is a series of payments based on a designated fixed dollar annual amount selected by the recipient. Fixed dollar installments will begin as soon as administratively practicable following the recipient's election and will continue until revoked, the account is reduced to zero or the recipient reaches age $70 \frac{1}{2}$ and required minimum distribution installments commence.
 - (c) Required Minimum Distribution . A required minimum distribution is a series of payments beginning only on the recipient's required beginning date set forth in Section 4 of this Article based on the recipient's life expectancy or the combined life expectancies of the

recipient and his Beneficiary using life expectancy tables required by the regulations under Code Section 401(a)(9). The installments shall begin on the required beginning date at which time the recipient will receive two payments, the amount that is required for the year in which age 70 ¹/₂ was attained and the current year's payment. Required minimum distribution installments will continue each year thereafter until a single-sum distribution is elected or the account is reduced to zero.

- (d) Former Tosco Corporation Capital Accumulation Plan Participants. A Participant or a surviving spouse Beneficiary who has elected a fixed percent periodic payment under Tosco Corporation Capital Accumulation Plan prior to the transfer of accounts of that plan into this Plan as of December 31, 2002 shall continue to receive such periodic payments under that election; provided, however, that this payment option may not be elected under this Plan.
 - (e) Former Conoco Thrift Plan Participants. A Participant or a surviving spouse Beneficiary who has elected a periodic payment option under the Conoco Thrift Plan prior to the transfer of accounts of that plan into this Plan as of October 3, 2003, which election is not offered under this Plan, shall continue to receive such periodic payments; provided, however, that these payment options may not be elected or reelected under this Plan.
- (2) Additional rules regarding installment payments.
- (a) The annual amount calculated for installment payments may be paid at the recipient's election on a monthly, quarterly, semiannual or annual basis and any such election may be changed anytime.
 - (b) An individual who, prior to his required beginning date elected a life expectancy or fixed dollar installment, will be required, in accordance with Code Section 401(a)(9) and the regulations thereunder, upon reaching his required beginning date, to receive additional annual amounts unless the current installment is equal to or more than the minimum required distribution.
 - (c) Distribution of installment payments will be made from the recipient's account in accordance with the Investment Fund sequence specified by the recipient, except that, if the recipient does not specify the sequence of Investment Funds to be distributed, the distribution will be made from the recipient's account on a pro-rata basis from all Investment Funds. Distribution will be made in cash from all Investment Funds except the Leveraged Stock Fund, ConocoPhillips Stock Fund, ConocoPhillips Leveraged Stock Fund, DuPont Stock Fund and the Company Stock Fund, which funds may be distributed in cash, ConocoPhillips Stock, DuPont Stock or Company Stock at the recipient's election.

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- (d) An election made under Subparagraph (1) of this Paragraph may be revoked at any time.
 - (e) A recipient who is receiving installment payments at the time of rehire by the Employer may continue to receive installment payments. However, Deposits and Contributions made after rehire and related earnings are subject to the restrictions that apply to current Employees will not be considered in calculation of the installment payments and must be accounted for separately.

4. Deferral of Distribution Until A Required Beginning Date .

- A. Upon a Participant's Termination from Employment, Total Disability, establishment of an account for an alternate payee pursuant to Section 1 of this Article, or the death of a Participant or Beneficiary, such Participant, alternate payee or Beneficiary shall, absent a withdrawal request, be deemed to have deferred receipt of a distribution from the Plan to the applicable required beginning date indicated in Paragraph B of this Section, termination of the Plan or other mandatory distributions set forth in Section 1 of this Article.
- B. Distribution of accounts under the Plan may be deferred until one of the following required beginning dates in accordance with Code Section 401(a)(9) and the regulations thereunder:
 - (1) For a former Employee, April 1 of the year following the year the Employee reaches age $70\frac{1}{2}$;
 - (2) For the surviving spouse Beneficiary of a Participant, the later of December 31 of the year the Participant would have reached age $70\frac{1}{2}$ or December 31st of the year following the year the Participant died;
 - (3) For all other Beneficiaries, December 31 of the year containing the fifth anniversary of the death of the Participant or the Participant's surviving spouse Beneficiary;
 - (4) For an alternate payee, the Valuation Date that distribution is required to be made to the Participant from whom the alternate payee's interest is derived under a qualified domestic relations order;
 - (5) For an active Employee age $70\frac{1}{2}$ or older, April 1 of the year following the year of Termination From Employment; or
 - (6) For the Beneficiary of an alternate payee as soon as administratively practicable following the alternate payee's death.

Former Employees and Beneficiaries who are surviving spouses of Participants may elect to receive required minimum distribution installments pursuant to Section 3.B.(1)(c) of this Article or single-sum distributions on their required beginning date. Other Beneficiaries and alternate payees must receive mandatory distribution in a single-sum on their required beginning date.

If a recipient is receiving required minimum distribution installments at the time of his death, his Beneficiary must continue to receive annual distributions.

5. Lost Participant or Beneficiary .

If after making reasonable efforts, the Plan Benefits Administrator is unable to locate a Participant or Beneficiary to whom a distribution is to be made, the Plan benefits of such person shall be forfeited and may, at the option of the Company, either be (i) applied against future Contributions, or (ii) used, subject to Article XVI, for expenses of administration of the Plan. If the Participant or Beneficiary to whom such distribution was to be made later makes a claim for the interest that was so forfeited, the Plan Benefits Administrator shall verify that the claimant is the Participant or Beneficiary to whom the distribution was originally to have been made. After such verification, the value of the Plan benefits so forfeited shall be determined as of the Valuation Date next following the date the Plan Benefits Administrator approves the claim, as if no forfeiture had occurred. The Company shall transfer cash, Shares of Company Stock, or a combination thereof, necessary for such distribution to be made by the Trustees as of such Valuation Date.

6. Put Option .

- A. Company Stock acquired with the proceeds of an Acquisition Loan will be subject to a put option if such Company Stock is not publicly traded when distributed or if it is subject to a trading limitation when distributed. The put option will be exercisable only by a Participant or by a person (including an estate or its distributees) to whom such Company Stock passes by reason of a Participant's death. Under the put option, the Company offers to purchase the Company Stock from the Participant.
- B. A put option will be exercisable at least during a 15-month period that begins on the date the Company Stock subject to the put option is distributed by the Plan. In the case of Company Stock that is publicly traded without restriction when distributed but ceases to be so traded within 15 months after distribution, the requirements of Treasury Regulation Section 54.4975-7(b)(11)(ii) shall apply.
- C. A put option is exercised by the holder notifying the Company in writing that the put option is being exercised in accordance with procedures specified by the Committee.
- D. The price at which a put option will be exercisable is the value of the security, as determined under Article VIII.
- E. In the event of exercise of a put option pursuant to this Section, the Company shall pay the stockholder installments that satisfy the regulations under Code Section 4975, or at the Company's discretion, in a single lump sum.
- F. The Plan shall not be obligated at any time to purchase Company Stock under a put option exercisable under this Section. Furthermore, the Plan shall not otherwise obligate itself to acquire securities from a particular security holder at an indefinite time determined upon the happening of an event such as the death of the holder.

ARTICLE XII—BENEFICIARIES AND GUARDIANS

1. Beneficiary Designation.

A. Payment to Beneficiary.

Subject to Paragraph B of this Section, upon the death of a Participant or Beneficiary prior to the Valuation Date upon which complete distribution of his entire account under the Plan occurs, the remaining full balance of his account shall be payable to his designated Beneficiary, pursuant to the terms of Article XI.

B. Designation or Change of Beneficiary.

Subject to the requirements of this Paragraph, the Participant or Beneficiary (who is a natural person) shall have the right to designate the Beneficiary to receive the death benefits to which he is entitled hereunder, and to change any such designation in the manner prescribed by the Plan Benefits Administrator. Except as provided in Paragraph D, the last written beneficiary designation approved by the Plan Benefits Administrator shall be controlling over any prior designation and over any testamentary or other disposition. A Beneficiary may be a natural person or other legal entity, such as a trust, estate, or corporation. Beneficiary designations that specify conditions that must be met for the designation to be effective shall not be acceptable under the Plan unless reviewed and approved by the Plan Benefits Administrator; provided however, that a designation specifying the condition that a Beneficiary be in existence as of the date of death of the Participant or Beneficiary, shall be acceptable if otherwise meeting the requirements of the Plan. Except as provided in this Paragraph, a Participant or Beneficiary (who is a natural person) may change his designation of a Beneficiary without the consent of any Beneficiary he has previously designated.

Each Participant or Beneficiary (who is a natural person) may designate a primary Beneficiary or Beneficiaries, and a contingent Beneficiary or Beneficiaries to receive distributions due upon the person's death. The contingent Beneficiary or Beneficiaries will become entitled to receive distributions only if all primary Beneficiaries have predeceased the Participant or Beneficiary.

Each such designation shall be evidenced on a form that has been approved and filed with the Plan Benefits Administrator, signed by the Participant or Beneficiary making the designation (who is a natural person), and containing such information as is required by the Plan Benefits Administrator. Such information shall include:

- (1) For a married Participant who wishes to designate a non-spouse Beneficiary an irrevocable written consent from the current spouse, witnessed by a notary public (or a Plan representative as determined by the Plan Benefits Administrator), acknowledging the effect of the designation, provided further, such designation shall name a specific Beneficiary including any class of Beneficiaries or any contingent Beneficiaries, which shall not be changed without the consent of the spouse. Such election shall be effective only with respect to the spouse consenting to the election. The Participant may revoke the designation of a non-spouse Beneficiary without the consent of the spouse at any time prior to the commencement of benefits; or

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- (2) For a non-married Participant—a written certification, that he is not married on the date of his designation; provided, however that such designation shall become void and of no effect upon the marriage of the Participant.

Notwithstanding the foregoing, a married Participant's surviving spouse at the date of death, shall be entitled to the death benefit, unless such surviving spouse shall have consented to a non-spouse Beneficiary pursuant to the provisions of Subparagraph (1).

A Beneficiary designation shall take effect upon receipt in good order and approval by the Plan Benefits Administrator, but without prejudice to the Plan, Company, Trustees, Plan Benefits Administrator, Committee or any fiduciary on account of any payment made before receipt and approval thereof.

C. Absence of Beneficiary Designation .

If no effective Beneficiary designation is on file with the Plan Benefits Administrator at the time payment of the death benefit is to be made, then:

- (1) For a Participant: his surviving spouse, surviving natural or legally adopted children in equal shares, or the estate of the Participant, in that order of priority, shall be conclusively deemed to be the Beneficiary designated to receive such benefits; or
- (2) For a Beneficiary: the estate of the Beneficiary shall be conclusively deemed to be the Beneficiary designated to receive such benefit.

Any payment to such Beneficiary shall constitute a full release and discharge to the Plan, the Company, the Committee, the Trustees, the Plan Benefits Administrator and any fiduciary.

D. Beneficiary Designation-Effect of Divorce .

If a decree of divorce, legal dissolution or annulment of marriage is entered after a Participant or Beneficiary has designated his spouse as a Beneficiary and the Participant or Beneficiary dies prior to redesignating, modifying or changing such designation with respect to such former spouse as provided by the Plan, then such designation, in favor of such former spouse shall be automatically revoked and become ineffective on and after the date the marriage ends; provided the Plan Benefits Administrator has received notice of such decree of divorce, legal dissolution or annulment of marriage. The automatic revocation of the former spouse's designation shall cause the account to be distributed as if such spouse had predeceased the Participant or Beneficiary.

Subject to Section 12 of Article XIX, in the event benefits are distributed to the former spouse as a named Beneficiary subsequent to divorce from the Participant or Beneficiary, but prior to (1) the Participant or Beneficiary redesignating the former spouse as a Beneficiary, and (2) the Company, Committee, Trustees or any fiduciary being on notice of such divorce, such distribution shall be, without prejudice to Phillips 66, the Company, Committee, Trustees or Plan fiduciaries. These provisions shall not apply to any benefits that have not been distributed if the decree of divorce, legal dissolution or annulment is vacated.

E. Alternate payees shall have the same rights as Beneficiaries under this Section.

2. Minors and Those Declared Incompetent.

Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the Plan Benefits Administrator receives written notice, in a form and manner acceptable to him, that the person is incompetent or a minor. In the event that a payment is due under the Plan to a person who is either a minor or legally declared incompetent, the Plan Benefits Administrator, upon receipt of acceptable evidence of appointment and continuing qualification, may authorize payment to be made to a conservator, guardian, custodian under a Uniform Transfers to Minors Act or other individual legally charged with the management of the estate of the minor or legally incompetent person. In the absence of such a duly appointed representative, the Plan Benefits Administrator may, in his sole discretion, authorize payment to be made to any other person or entity reasonably determined to be responsible for the estate of the person to whom the benefits are due. Any amount paid under this Section will completely discharge the Plan, Phillips 66, the Company, the Committee, the Trustees, the Plan Benefits Administrator or any fiduciary of any liability on account of the payment so made.

3. Tax Qualified Disclaimers.

In the event that a Beneficiary signs and delivers to the Plan Benefits Administrator a written disclaimer of Plan benefits which satisfies the Code's requirements to be tax qualified, and such benefits, but for the disclaimer, would otherwise pass to such person as a result of the death of a Participant or Beneficiary, the person executing such disclaimer of benefits shall be deemed to have failed to survive the deceased Participant or Beneficiary from whom he otherwise would have taken. For such disclaimer to be considered effective for purposes of the Plan, the disclaimer must be received by the Plan Benefits Administrator prior to the earlier of the date which is nine months after the death of the Participant or Beneficiary, or the date on which such person has requested any Plan transaction involving such Plan benefits. In the event that Plan benefits are distributed to the Beneficiary pursuant to the other terms of the Plan and prior to the receipt of such disclaimer, such distribution shall completely release and relieve the Plan, Phillips 66, the Company, the Trustees, the Committee, the Plan Benefits Administrator or any other Plan fiduciary on account of and to the extent of any payment made before receipt of the disclaimer.

4. Trust and Trustees.

In the event that a trust, a testamentary trust or a trustee of a trust is designated as a Beneficiary, then upon the death of the Participant or Beneficiary, the designated Beneficiary trust, or the trust under which the designated Beneficiary trustee is named shall be presumed to be a valid trust properly established and authorized under the law for the purpose of managing and receiving payments as a Beneficiary under the Plan, and neither the Plan nor any of its fiduciaries shall have any obligation to determine otherwise. Any amount paid under this Paragraph to a trust or trustee Beneficiary will completely discharge the Plan, Phillips 66, the Company, the Committee, the Trustees, the Plan Benefits Administrator and any fiduciary of any liability on account of the payment so made.

ARTICLE XIII—VOTING OF STOCK AND DISPOSITION OF STOCK PURSUANT TO TENDER OFFERS OR EXCHANGE OFFERS

1. Controlling Provision.

Notwithstanding anything contained in this Plan to the contrary, the provisions of this Article shall govern the procedures to be followed in connection with the voting or disposition pursuant to any tender or exchange offer therefor (Offer) of Company Stock held by the Plan (Plan Stock). The provisions of this Article apply to both the Thrift Feature and the Stock Savings Feature. In the event of any conflict or inconsistency between the provisions of this Article and any other provisions of this Plan, the provisions of this Article shall control, except to the extent necessary to maintain the qualified status of the Plan under Code Section 401(a).

2. Definitions.

For purposes of this Article only:

- A. “Voting Beneficiary” shall mean a person who shall have become entitled to a payment or distribution with respect to the Company Stock Fund, the Leveraged Stock Fund because of the death of a Participant;
- B. “Voting Determination Date” shall mean the most recent Valuation Date for which accounting functions have been completed preceding the start of the period established by the Trustees for submission of directions as to how to vote or respond to an Offer;
- C. Voting directions to the Trustees shall include (without limitation) directions to abstain from voting on a particular issue or issues;
- D. A direction to the Trustees to take whatever action (including, without limitation, the sale, exchange or transfer of Plan Stock) as may be necessary to accept an Offer pursuant to its terms shall be referred to as a direction to “Accept” the Offer; and
- E. A direction to the Trustees to take or omit to take whatever action (including, without limitation, the retention of Plan Stock) as may be necessary to reject an Offer shall be referred to as a direction to “Reject” the Offer.

3. Voting of Plan Stock and Response to Tender Offers.

Each Participant and Voting Beneficiary shall have the authority and shall be afforded the opportunity to direct the Trustees as to how to vote, or how to respond to any Offer for, all Plan Stock credited to his account under the Plan. In the event of an Offer for Company Stock, the Trustees are authorized in accordance with this Article to dispose of Financed Shares pledged or otherwise encumbered to secure repayment of an Acquisition Loan from a lender only to the extent such disposition is permitted by or pursuant to the documents by which such Financed Shares are so pledged or encumbered. It is intended that the Trustees’ functions and responsibilities as to voting and Offers for Plan Stock shall be custodial and ministerial only. The Trustees are directed to comply with the terms of this Article conferring on Participants and Voting Beneficiaries the exclusive authority to direct the Trustees as to how to vote Plan Stock and how to respond to an Offer for Plan Stock. If the Trustees, under the circumstances prevailing at any time and notwithstanding the terms of this Article, are required by Title I of ERISA to decide how to vote or how to respond to an Offer with respect to all or any portion of the Plan Stock, the Trustees shall exercise such authority, but shall vote Plan Stock or Accept an Offer for Plan Stock only to the extent the Trustees determine their failure to do so would be a violation of ERISA.

4. Determination of Voting Interests.

Plan Stock credited to the account of a Participant or Voting Beneficiary shall be determined by the Trustees as of the Voting Determination Date.

5. Voting Directions and Proxy Solicitation Materials.

Within a reasonable time before the date scheduled for a Phillips 66 stockholders' meeting or for the submission of a matter to the stockholders to act without a meeting by means of written consent, the Trustees shall determine, as of the Voting Determination Date, the names and addresses of affected Participants and Voting Beneficiaries and the number of Shares of Company Stock credited to the account of each such Participant and Voting Beneficiary. In addition, Phillips 66 shall deliver to the Trustees any proxy or consent solicitation materials Phillips 66 may have prepared. If proxies or consents are solicited by any person other than the Phillips 66 board of directors, the Trustees shall request copies of materials prepared by such person regarding any contested matter under consideration.

6. Voting Direction Forms.

Upon receipt of the information and materials described in Section 6 of this Article, the Trustees shall distribute or make available copies thereof to each affected Participant and Voting Beneficiary, together with a form prepared or approved by the Trustees by which the Participant and Voting Beneficiary may give directions to the Trustees. The direction form shall state that:

- A. If such person fails to give directions to the Trustees by the indicated deadline, the Trustees will vote any Shares of Plan Stock such person is otherwise entitled to vote in accordance with the procedure described in Section 8 of this Article; and
- B. The Company and Phillips 66 acknowledge and agree to honor the confidentiality of voting directions to the Trustees.

7. Voting of Plan Stock by the Trustees.

The Trustees shall vote Plan Stock held as of the applicable record date through proxy or consent in accordance with directions from Participants and Voting Beneficiaries pursuant to this Article.

8. Confidentiality.

The Trustees shall not reveal or release to the Company, Phillips 66, their officers, directors, employees, or representatives any individual Participant's or Voting Beneficiary's voting directions. Notwithstanding the foregoing, the Trustees may inform the Company or other party soliciting proxies or consents, at the request of either of them, of the approximate number of Shares of Plan Stock for which voting directions have been received as of a given point in time and the manner in which such Shares are required to be voted in the aggregate when the votes are cast by the Trustees.

9. Offer for Company Stock.

In the event of an Offer for Company Stock, the Trustees shall determine, as of the Voting Determination Date, the names and addresses of affected Participants and Voting Beneficiaries and the number of Shares of Plan Stock credited to the account of each such Participant and Voting Beneficiary.

10. Direction Form and Information With Respect to an Offer.

In the event of an Offer for Company Stock, the Trustees shall distribute or make available to each affected Participant and Voting Beneficiary such information and materials relating to the Offer as the Trustees may deem relevant including, without limitation, a description of the terms and conditions of the Offer filed with the Securities and Exchange Commission or any similar materials if such filing is not required and, if requested by Phillips 66, a statement, acceptable to the Trustees, from Phillips 66 any management setting forth its position with respect to the Offer. The Trustees shall also distribute or make available to each affected Participant and Voting Beneficiary a form prepared or approved by the Trustees by which such person may give directions to the Trustees. The direction form shall state that:

- A. If such person fails to give directions to the Trustees by the indicated deadline, the Trustees will Accept or Reject the Offer with respect to any Shares of Plan Stock such person is otherwise entitled to direct the Trustees in accordance with the procedure described in Section 12 of this Article; and
- B. The Company and Phillips 66 acknowledge and agree to honor the confidentiality of Offer directions to the Trustees.

11. Trustees' Response to a Tender Offer.

The Trustees shall respond to an Offer for Company Stock in accordance with directions to accept or reject the Offer received from Participants and Voting Beneficiaries pursuant to this Article.

12. Confidentiality.

The Trustees shall not reveal or release to the Company, Phillips 66, their officers, directors, employees, or representatives any individual Participant's or Voting Beneficiary's Offer directions. If some but not all Plan Stock is sold, exchanged, or transferred pursuant to an Offer, Phillips 66, with the Trustees' cooperation, shall take such action as is necessary to maintain the confidentiality of Participant and Beneficiary records including, without limitation, establishment of security systems and procedures which restrict access to Participant and Beneficiary records and retention of an independent agent to maintain such records. If an independent record-keeping agent is retained, such agent must agree, as a condition of its retention by Phillips 66 or the Trustees, not to disclose the composition of any affected Participant or Beneficiary account to the Company, Phillips 66, its officers, directors, employees, or representatives; provided, that at such time as the Trustees shall determine that such record-keeping duties may be returned to Phillips 66 without breaching the confidentiality of a Participant's or Voting Beneficiary's directions as to such Offer, then the record-keeping duties may be returned to Phillips 66, but in no event shall this return be sooner than one year after such sale, exchange or transfer.

13. Neutrality of Committee and Trustees.

Neither the Committee, Plan Benefits Administrator nor the Trustees shall express any opinion or give any advice or recommendation to any Participant or Voting Beneficiary concerning matters subject to vote or consent or concerning an Offer, nor shall they have any authority or responsibility to do so.

14. Indemnity.

The Company and Phillips 66 acknowledge and agree to honor the confidentiality of voting and Offer directions to the Trustees. If either the Company or Phillips 66, by its own act or omission, breaches the confidentiality of such directions, the Company agrees to indemnify and hold harmless the Trustees against and from all liabilities, claims, demands, damages, costs, and expenses, including reasonable attorney's fees, the Trustees may incur as a result thereof.

15. Trustees' Expenses.

The Trustees shall have the right to require payment in advance by the Company, Phillips 66, and any other party soliciting proxies or consents or making an Offer of all reasonably anticipated expenses associated with the distribution of information to and the processing of directions received from Participants and Voting Beneficiaries pursuant to this Article.

16. Plan Stock Returned.

Plan Stock which, following the Trustees' tender thereof, has not been accepted by the party making an Offer and is returned to the Trustees, shall be credited to the accounts of Participants and Beneficiaries in the Company Stock Fund for whom such Plan Stock was tendered, except that Shares of Plan Stock from the Suspense Account or the Allocation Account shall be returned to the Suspense Account or the Allocation Account.

18. Withdrawals or Distributions After Tender or Exchange.

Notwithstanding any other provision of the Plan, any previous action of the Committee or Plan Benefits Administrator, or the provisions of any Plan regulations or forms, if Plan Stock credited to a Participant or Beneficiary in the Company Stock Fund or the Leveraged Stock Fund has been tendered or exchanged by the Trustees, no distribution or withdrawal with respect to such Participant or Beneficiary shall be made from the such Funds until the Trustees shall determine that such distribution or withdrawal is administratively feasible by reason of:

- A. The Trustees' receipt of the proceeds, if any, of such tender or exchange; or
- B. Transactions and circumstances incident to such receipt of proceeds.

19. Accounting for Participants' and Beneficiaries' Interests.

The Trustees shall account or cause to be accounted for separately the interest of each Participant and Beneficiary in any Fund resulting from any tender or exchange of Plan Stock with respect to the portions thereof which shall have resulted from Deposits and Contributions.

20. Fractional Shares.

Notwithstanding the foregoing provisions of this Article, allocations and dispositions pursuant to this Section shall be subject to such reasonable requirements for rounding of fractional interests as may be prescribed by the Trustees; provided such rounding shall be not less than three decimal places. To the extent administratively practicable, the Trustees shall vote or respond to an Offer by combining fractional Shares of Plan Stock to reflect the directions of the Participants and Voting Beneficiaries to whom such fractional Shares are allocated.

21. Securities as a Result of Having Tendered Plan Stock.

Any securities received by the Trustees as a result of having tendered Plan Stock, as hereinabove provided, shall be held, and any cash so received shall be invested in cash or short-term investments pending any further action which the Trustees may be required to take pursuant to the Plan.

ARTICLE XIV—EMPLOYMENT NOT AFFECTED BY PLAN

Participation or non-participation in this Plan shall neither adversely affect any Employee's employment status, nor confer any special rights on any Employee other than those expressly stated in the Plan. Participation in the Plan by an Employee shall not affect his Company's right to terminate his employment or to change his compensation or position.

ARTICLE XV—NON-ASSIGNABILITY

1. Inalienability of Rights or Benefits.

Subject to the provisions of Article XII hereof and the provisions of Section 2 of this Article, it is a condition of the Plan, and all rights of each Participant or Beneficiary in the Plan shall be subject thereto, that no right or interest of any Participant or Beneficiary in the Plan or in his interest in the Trust Fund shall be assignable or transferable in whole or in part, either directly or indirectly, by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, but excluding devolution by death or mental incompetence and no right or interest of any Participant or Beneficiary in the Plan or in his interest in the Trust Fund shall be liable for or subject to any obligation or liability of such Participant or Beneficiary.

2. Qualified Domestic Relations Orders.

Notwithstanding the provisions of Section 1 of this Article, the assignment of benefits under this Plan shall be made to an “alternate payee” in accordance with any “qualified domestic relations order” as that term is defined in Code Section 414(p). Unless expressly limited by other provisions of this Plan or the terms of a qualified domestic relations order, an alternate payee shall have the same rights under this Plan as a non-spouse Beneficiary.

ARTICLE XVI—EXPENSES AND TAXES

1. Purchase or Sale of Securities and Taxes.

Brokerage fees, commissions, stock transfer taxes and other charges and expenses incurred in connection with the purchase and sale of securities for the Trust Fund, or distributions there from, shall be paid from the Trust Fund unless paid by the Company. Taxes, if any, payable by the Trustees on the assets at any time held in the Trust Fund or on the income thereof shall be paid from the Trust Fund.

2. Plan Administration.

All reasonable expenses necessary for the operation of the Plan shall be paid out of the Trust Fund unless paid by the Company. Such reasonable expenses shall include, without limitation, (i) fees and expenses of the Trustees as may be agreed upon from time to time between the Company and the Trustees, (ii) expenses incident to the functioning of the Committee, the Plan Benefits Administrator and the Plan Financial Administrator, including fees of accountants, counsel and other specialists and their agents; provided, however, that no compensation shall be paid from the Trust Fund to any full-time employee of the Company. The Company may reimburse the Trust Fund for any administration expense incurred, but any administration expense paid to the Trust Fund as a reimbursement shall not be considered a Contribution. To the extent that a charge or expense is paid out of the Trust Fund and is not attributable to any one particular Investment Fund, such charge or expense will be allocated pro rata among the Investment Funds.

3. Expenses Attributable to a Particular Fund.

To the extent a charge or expense is paid out of the Trust Fund and is attributable to a particular Investment Fund, it shall be paid out of that particular Investment Fund. The expenses for the Leveraged Stock Fund, the ConocoPhillips Stock Fund, the ConocoPhillips Leveraged Stock Fund, the DuPont Stock Fund and the Company Stock Fund will be deducted from the Participant's account balance. The expenses for the Stable Value Fund will be deducted from the net asset value of the Stable Value Fund.

4. Losses.

All losses, if any, incurred by the Trust Fund as a result of a reinstatement of the account of a lost Participant pursuant to Section 5 of Article XI shall be shared by the Companies on a mutually agreeable basis or, failing such agreement, as determined by the Committee.

5. Acquisition Loan Proceeds Not to be Used for Administrative Expenses.

Notwithstanding anything in this Article to the contrary, proceeds of an Acquisition Loan shall not be used to pay the administrative or operating costs of the Trust Fund or Plan.

ARTICLE XVII—SUBSIDIARY COMPANIES

1. Adoption of Plan by Subsidiaries.

Any Subsidiary may, with the approval of Phillips 66 Company, adopt and become a party to this Plan and the Trust Agreements provided for herein subject to the following conditions:

- A. Such Subsidiary shall execute and deliver such instruments, as Phillips 66 Company and the Trustees shall deem necessary or desirable;
- B. Such Subsidiary shall designate Phillips 66 Company as its agent to act for it in all transactions affecting the administration of the Plan and shall designate the Committee and the Plan Benefits Administrator to act for it and its Participants in the same manner in which the Committee and the Plan Benefits Administrator may act for the Company and its Participants; and
- C. The right of a Subsidiary to continue participation in this Plan shall automatically cease upon the earlier of (i) the date such Subsidiary ceases to be a member of the Employer, or (ii) the date which is 60 days after the date Phillips 66 Company notifies such Subsidiary that its right to continue as a sponsor of this Plan is revoked. Active participation in the Plan for Employees of such Subsidiary shall likewise cease upon the same date.

2. Separation of Trust Fund at Request of a Subsidiary.

Any Subsidiary may upon 60 days' prior notice to Phillips 66 Company and the Trustees, request a separation of the Trust Fund whereupon the Trustees shall set apart that portion of the Trust Fund which is attributable to the accounts of the Employees of such Subsidiary. Phillips 66 Company may, upon 60 days' prior notice to any Subsidiary and the Trustees, require the withdrawal of any Subsidiary from the Plan, and such notice may require a separation of the Trust Fund.

That portion of the Trust Fund so set apart shall continue to be held by the Trustees as though such Subsidiary had entered into separate Trust Agreements with the Trustees and such Subsidiary shall be deemed to have adopted the Plan as its own separate plan. Thereafter, all references herein to the Company shall be deemed to be references to such Subsidiary.

ARTICLE XVIII—AMENDMENT AND TERMINATION OF THE PLAN

1. Amendment or Termination.

Phillips 66 Company reserves the right to amend, modify, suspend or terminate the Plan in whole or in part at the time and from time to time. A Participant's or Beneficiary's interest in the Trust Fund as of the effective date of any amendment shall not be reduced or restricted, either directly or indirectly, by an amendment in violation of Code Section 411(d)(6). Upon any such action by Phillips 66 Company to amend or terminate this Plan in whole or in part, each Subsidiary that shall have adopted this Plan shall be notified in writing as to such amendment or termination. Any amendment or termination in this Plan made by Phillips 66 Company shall be fully operative as to any Subsidiary that shall have adopted this Plan, subject to the right of any such Subsidiary to request a separation from the Trust Fund in the manner and time provided in Article XVII. If any such Subsidiary shall so request a separation, such amendment or termination shall be of no effect as to such Subsidiary from the effective date of such amendment or termination.

2. Termination by a Subsidiary.

Any Subsidiary may terminate this Plan at any time as to Participants attributable to it. Such termination shall result in a separation of the Trust Fund as provided in Article XVII hereof.

3. Amendments Favoring Highly Compensated Employees.

No amendment shall effect a discrimination favoring Highly Compensated Employees as a group over other Employees that is prohibited by the Code or other provisions of law.

4. Exclusion of Participants.

The Plan Sponsor may, from time to time, exclude from participation in the Plan, any identifiable unit or group of Employees, whether before or after any Employee who is a member thereof has commenced participation in the Plan. In the event the Plan Sponsor exercises the right to exclude any one or more of such units or groups, an Employee who is a member thereof and who is a Participant on the date such exclusion becomes effective (Exclusion Date) shall not be entitled to make Deposits under this Plan or have Deposits made for him into any one or more of the Investment Funds on or after the Exclusion Date, but shall in all other respects be considered a Participant under the Plan with respect to his interest in the Investment Funds on the Exclusion Date and any interest attributable thereto. After the Exclusion Date, and upon the date of a transfer of employment of a Participant to such a unit or group of Employees which is excluded from participation in the Plan (Transfer Date), he shall not be entitled to make Deposits or have Deposits made for him under this Plan into any of the Investment Funds on or after his Transfer Date, but shall in all other respects be considered a Participant under the Plan with respect to his interest in the Investment Funds on his Transfer Date.

ARTICLE XIX – ADMINISTRATION

1. Plan Fiduciaries.

The Board of Directors of Phillips 66 Company, or its delegate the Chief Executive Officer of Phillips 66 Company, shall appoint a Phillips 66 Savings Plan Committee consisting of such number of officers or other employees of the Employer as it shall deem appropriate and shall designate its chairman. The Board shall also appoint such alternate members, as it may consider appropriate. The members and alternates of the Committee shall serve at the pleasure of the Board and without compensation from the Plan, but shall be reimbursed by the Company for all necessary expenditures incurred in the discharge of their duties as members of the Committee. The Plan Financial Administrator shall be the person occupying the position of Treasurer of Phillips 66 or his successor(s). The Plan Benefits Administrator shall be the person occupying the position of Manager, Benefits, Phillips 66 Company or his successor(s).

2. Allocation of Fiduciary Responsibilities.

A. Committee. The Committee shall be a fiduciary under the Plan and shall have all powers necessary or desirable to discharge the duties relating to the administration of the Plan as are delegated to it by the Plan and Trust Agreements, including, without limitation, the following powers and duties:

- (1) To establish and enforce such rules, regulations, procedures and forms as it shall deem necessary or appropriate for:
 - (i) The conduct of its affairs and for the administration of the Plan; and
 - (ii) The investment of assets of the Plan;
- (2) To delegate and allocate, in its discretion and to the extent it considers appropriate, ministerial or discretionary powers and duties (other than the power to finally settle disputes) to one or more persons of its selection (whether or not members of the Committee);
- (3) To interpret and administer the Plan and Trust, including the resolution of ambiguities, inconsistencies and omissions; and
- (4) To review and resolve any disputes or claims that may arise under the Plan, following initial resolution by the Plan Benefits Administrator.

The Committee shall have absolute discretion in carrying out its responsibilities, and all interpretations, findings of fact and resolutions described herein that are made by the Committee shall be binding, final and conclusive on all parties.

Any determination of the Committee may be made by a majority of its members at a meeting, or without a meeting by a resolution or memorandum signed by a majority of its members.

B. Plan Financial Administrator.

The Plan Financial Administrator shall be a fiduciary and shall have responsibility to manage and control the assets of the Plan in accordance with the terms of the Plan, trust agreements, group annuity contracts, investment advisory agreements, guaranteed investment contracts, and such other agreements respecting Plan funds as may be executed, and, in accordance with such regulations and procedures as the Committee may establish, shall have the authority and duty:

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- (1) To execute on behalf of the Company, trust agreements, guaranteed investment contracts, group annuity contracts, investment advisory agreements, and investment management agreements, and to terminate the same;
 - (2) To coordinate the activities of the Trustees, insurance companies, banks and investment managers;
 - (3) To implement and monitor the funding of the Plan;
 - (4) To require the Trustees, insurance companies, and investment managers to submit reports and allow audits of their records and accounts with respect to the assets of the Plan;
 - (5) To prepare and file all reports required to be filed by the Plan with any governmental agency;
 - (6) To maintain records with respect to the benefits of Participants, Beneficiaries and the assets of the Plan; and
 - (7) To delegate and allocate, in his discretion and to the extent he considers appropriate, fiduciary powers and duties, whether ministerial or discretionary, to one or more persons of his selection.

C. Plan Benefits Administrator .

Subject to such regulations and procedures as the Committee may establish, the Plan Benefits Administrator shall be a fiduciary and shall have the responsibility and authority to control the operation and administration of the Plan in accordance with the terms of the Plan, the trust agreements, group annuity contracts and guaranteed investment contracts, to the extent that they do not involve control or management of Plan assets, which shall include the following:

- (1) All functions assigned to the Plan Benefits Administrator under the terms of the Plan or delegated to him by the Committee;
- (2) The determination of benefit eligibility and amount and certification thereof to the Trustees, banks and insurance companies;
- (3) The interpretation and administration of the Plan and Trust, including the resolution of ambiguities, inconsistencies and omissions, subject to review by the Committee as provided in Section 8 of this Article;
- (4) The initial findings of fact and resolution of disputes or claims filed pursuant to the procedure, and subject to review by the Committee as provided in Section 8 of this Article;
- (5) The delegation and allocation in his discretion and to the extent he considers appropriate, fiduciary powers and duties, whether ministerial or discretionary, to one or more persons of his selection;

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- (6) The hiring of persons to provide necessary services to the Plan;
 - (7) Compliance with all requirements of state or federal law relating to disclosure of Plan benefit rights to Participants; and
 - (8) The maintenance of all records of the Plan other than those required to be maintained by the Committee, Plan Financial Administrator, Trustees, insurance companies, banks and investment managers.

D. The Chief Financial Officer of Phillips 66 shall have the authority to select Investment Funds for the Plan and investment managers for such funds, subject to Section 2 of Article VI.

In addition, the Plan Benefits Administrator shall have the responsibility to prepare and implement procedures necessary for the determination of and compliance with qualified domestic relations orders pursuant to Code Section 414(p), including the control of assets as may be required therein, subject to such requirements as the Committee shall establish.

3. Participants as Named Fiduciaries.

A Participant or Beneficiary who exercises his authority in accordance with Article XIII to direct the manner in which the Trustees shall vote or respond to an Offer with respect to Plan Stock shall be a named fiduciary of the Plan (within the meaning of Section 402(a)(2) of ERISA) as, and to the extent, provided in said Article XIII, but shall have no other fiduciary authority or responsibility under this Plan.

4. Accounts and Record-Keeping.

The Committee shall maintain accounts that shall accurately reflect from time to time the amount of the interest of each Participant in the Trust Fund. In addition, the Committee shall keep a record of all of its proceedings and acts, and shall keep all such other books, accounts, records and data as may be necessary for the proper administration of the Plan.

5. Reports to Participants.

At least once in each Plan Year, upon the written request of a Participant or a Beneficiary, the Plan Benefits Administrator shall furnish a written statement showing his interest in the Funds as of a specified Valuation Date.

6. Notice Periods.

Any period specified for a notice to the Committee or Plan Benefits Administrator shall begin on the date such notice is received by the Committee or Plan Benefits Administrator. The Committee or Plan Benefits Administrator may change any of the notice periods specified in the Plan in which event advice thereof shall be directed to all concerned.

7. Bonding and Indemnification.

Phillips 66 Company shall secure fidelity bonding for the fiduciaries of the Plan, as required by Section 412 of ERISA. To the extent permitted by applicable law, the Company shall and hereby agrees to indemnify and save harmless each member and alternate member of the Committee, the Plan Benefits Administrator, the Plan Financial Administrator and each Participant and Beneficiary acting as a named fiduciary under this Article and Article XIII, against any and all personal liabilities, claims or expenses (including legal fees incurred to defend against such liabilities and claims) arising out of his discharge in good faith of responsibilities under or incident to this Plan.

8. Claims Procedure.

- A. The Company has the necessary forms for securing benefits under the Plan. The forms are available on request and information concerning the application for benefits can be obtained by an Employee, Participant or Beneficiary from the Plan Benefits Administrator on request. Any claim for benefits provided by this Plan shall be presented in writing on the appropriate form to the Plan Benefits Administrator for interpretation, processing or denial. In the event that a claim is denied, in whole or in part, by the Plan Benefits Administrator, the claimant shall receive written notice within 90 days after receipt of the claim (45 days for disability claims), unless special circumstances require an extension of time for processing, in which case a decision shall be rendered within a reasonable period of time, but not later than 180 days after receipt of a claim (105 days for disability claims). In the event that the Plan Benefits Administrator determines that an extension of time is required for non-disability claims, the claimant will receive written notice of the extension prior to expiration of the initial 90 day determination period (45 day determination period for disability claims) indicating the special circumstances that require the extension and the date by which the Plan Benefits Administrator expects to render a determination. The Plan Benefits Administrator may extend the initial determination period for disability claims up to 30 days, and then for an additional 30 days provided the claimant is properly notified of the extension. A notice of claim denial shall include the following:
- (1) The specific reason or reasons for the denial;
 - (2) The specific reference to pertinent Plan provision on which the denial was based;
 - (3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
 - (4) An explanation of the Plan's claim review procedure.
- B. Any claimant who feels that a claim has been improperly denied may (i) request a review of the denial by making a written application to the Committee; (ii) submit written comments, documents, records and other information relating to the claim to the Committee; and (iii) receive, free of charge, copies of all documents, records, and other information relevant to his claim. Any person filing an appeal of the denial of a claim by the Plan Benefits Administrator must do so in writing within 60 days after receipt of written notice of the denial (180 days for disability claims).

The Committee shall render a decision regarding the claim within 60 days after receipt of a request for review (45 days for disability claims), unless special circumstances require an extension of time for processing, in which case a decision shall be rendered within a reasonable period of time, but not later than 120 days after receipt of a request for review (90 days for disability claims). In the event

that the Committee determines that an extension of time is required, the claimant will receive written notice of the extension prior to expiration of the initial 60 day determination period (45 day determination period for disability claims) indicating the special circumstances that require the extension and the date by which the Committee expects to render a determination. The Committee shall take into account all comments, documents, records, and other information relating to the claim, without regard to whether such information was submitted or considered in the initial claim determination. The decision shall be in writing and shall set forth specific reason(s) for the conclusion(s) as well as specific references to pertinent Plan provisions on which the decision is based.

- C. Compliance with the procedures described in Paragraphs A and B of this Section shall be a condition precedent to the filing of any action to obtain any benefit or enforce any right which any person may claim under the Plan.

9. Transfers and Rollovers From Other Plans .

- A. In connection with a Company's transaction, including but not limited to corporate or other entity merger, disposition, acquisition or joint venture, and subject to the prior approval of the Plan Benefits Administrator, a Participant's account in another plan qualified under Code Section 401(a) may be transferred to this Plan in a direct plan-to-plan transfer that satisfies all applicable requirements of ERISA and the Code. Transfers from other plans shall be allowed only if the benefits transferred are not subject to the survivor annuity requirements of Code Section 417.
- B. An Employee, Participant or former Participant who provides evidence satisfactory to the Plan Benefits Administrator of such prior participation who has received a distribution of all or a portion of his interest in a plan (Other Plan) meeting the requirements of Section 401(a) of the Code or an Individual Retirement Account under Section 408 of the Code, may in accordance with procedures approved by the Plan Benefits Administrator, rollover in cash all or a portion of the distribution received from the Other Plan to this Plan provided the following conditions are met:
- (1) The rollover occurs on or before the 60th day after the Participant receives the distribution from the Other Plan;
 - (2) The distribution from the Other Plan qualifies as an eligible rollover distribution within the meaning of Section 402(c)(4) of the Code;
 - (3) The amount rolled over does not exceed the maximum amount which may be rolled over in accordance with Section 402(c)(4) of the Code;
 - (4) The amount rolled over does not include any loans taken from the previous employer's plan;
 - (5) Any non-taxable portion of the distribution from a Code Section 401(a) plan is identified so that it can be accounted for separately in this Plan; and
 - (6) Non-taxable funds cannot be rolled over from an IRA.

Provided however, any individual may make an otherwise eligible rollover into this Plan in accordance with procedures approved by the Plan Benefits Administrator from any Other Plan sponsored by the Employer, provided the above conditions are met.

10. Transfers to Other Plans .

In connection with a Company's transaction, including, but not limited to corporate or other entity merger, disposition, acquisition or joint venture, and subject to the prior approval of the Plan Benefits Administrator, a Participant's account in this Plan may be transferred to another plan qualified under Code Section 401(a) in a direct plan-to-plan transfer that satisfies all applicable requirements of ERISA and the Code.

11. Merger or Consolidation .

A. The Thrift Plan of Phillips Petroleum Company (the "Thrift") and certain accounts of the Tosco Corporation Capital Accumulation Plan (CAP) were merged into, the Long-Term Stock Savings Plan of Phillips Petroleum Company (LTSSP), effective as of the close of business for the Trustees, December 31, 2002. All accounts in the CAP other than the Contribution In Lieu of Pension (CILP) accounts and Pension Equity Retirement Contribution (PERC) accounts of Participants in the CAP who also have benefits under the Tosco Pension Plan (TPP) were transferred to the LTSSP at such time. Immediately following the merger, the LTSSP was renamed the ConocoPhillips Savings Plan.

On October 3, 2003, the Conoco Thrift Plan was merged into the ConocoPhillips Savings Plan.

On September 24, 2004, the Retirement Savings Plan of ConocoPhillips Company (RSP) was merged into the ConocoPhillips Savings Plan.

On December 31, 2008, the Burlington Resources Inc. Retirement Savings Plan (the "BR Savings Plan") was merged into the ConocoPhillips Savings Plan.

On September 30, 2009, the ConocoPhillips Store Savings Plan (the "CPSSP") was merged into the ConocoPhillips Savings Plan.

Effective May 1, 2012, this Plan was spun off from the ConocoPhillips Savings Plan.

B. Immediately following the mergers, all assets of the Thrift, CAP, Conoco Thrift Plan, RSP, BR Savings Plan, and the CPSSP transferred to the ConocoPhillips Savings Plan were combined in the Trust Fund and invested in the Investment Funds that the Plan Financial Administrator determined appropriate.

C. As of the time of each merger, the sum of the account balances in the merging plans immediately prior to the merger shall be equal to or greater than the fair market value (determined as of the time of the merger) of the entire assets of this Plan immediately following the merger. It is intended that the mergers of the plans comply with the requirements of Code Section 414(l).

D. In the event of any merger or consolidation of the Plan (other than the merger described in Paragraphs A, B, and C) with, or transfer in whole or in part of the assets and liabilities of the Plan and related Trust Fund to, any other plan of deferred compensation maintained or to be established for the benefit of all or some of the Participants or Beneficiaries of this Plan, the assets of the Plan and related Trust Fund applicable to such Participants or Beneficiaries shall be transferred to the other plan provided each Participant or Beneficiary shall (if either this Plan or the other plan were to terminate) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if this Plan had then terminated.

12. Errors and Misstatements.

If an inadvertent error by the Committee, any other fiduciary or a person acting for the Committee or the Plan, or their agents or representatives shall occur with respect to the benefits of any Participant or Beneficiary, or the calculation of Deposits or Contributions, or any other action or circumstance incident to the administration of the Plan, or if in a Participant's application or claim for a benefit hereunder, or in his statement to make any direction or election hereunder, or in response to any request of the Committee, the Plan Benefits Administrator, the Company or the Trustees, for information, any Participant or Beneficiary makes any statement which is erroneous or fails to state any material fact, an adjustment shall be made in an equitable manner to conform to the facts. Such adjustment may include, where appropriate, and without limitation, the requirement that a Participant or Beneficiary return to the Plan any payment or distribution to him as a result of inadvertent error by the Committee, any other fiduciary or a person acting for the Committee or the Plan or their agents or representatives.

ARTICLE XX—CONSTRUCTION

1. Applicable Law.

The Plan shall be construed, regulated, and administered in accordance with the laws of the State of Oklahoma, except as may be required by ERISA.

2. Qualified Plan.

This Plan shall be construed at all times in such a manner that it will continuously constitute a qualified profit sharing plan within the meaning of Code Sections 401(a) and 401(k), a qualified stock bonus plan within the meaning of Code Section 401(a), a qualified employee stock ownership plan within the meaning of Code Section 409 and 4975(e)(7). The Plan is also intended to qualify under Section 404(c) of ERISA.

3. Headings.

The headings of the divisions of this document are placed herein for administrative convenience and are not part of the Plan. In all respects the body of the text of the Plan, rather than such headings, shall control.

4. Use of Pronouns.

The masculine pronoun wherever used shall include the feminine. The singular form of a word shall include the plural wherever appropriate.

ARTICLE XXI - LOANS

1. Authority to Administer Loans.

The Plan Benefits Administrator shall have all powers necessary or desirable for the administration of the provisions of this Article, including the power to decline applications or deny all loans for a period of time.

2. Eligibility to Apply for Loans.

Any individual with an account balance in the Plan, who is an employee of the Employer or is a "party in interest" with respect to the Plan (as defined in Section 3(14) of ERISA), based on evidence satisfactory to the Plan Benefits Administrator, shall be eligible to apply for a loan.

3. Basis for Approval or Denial of Loans.

Any loan application that consents to and meets the requirements of this Article and is made in the manner approved by the Plan Benefits Administrator will be approved, unless:

- A. A qualified domestic relations order has been received by the Plan Benefits Administrator for the Borrower's account and a determination pursuant to Code Section 414(p) has not been made;
- B. The Plan Benefits Administrator has determined it is in the best interest of the Plan to decline all applications or deny all loans for a period of time; or
- C. The Borrower has defaulted on a previous loan resulting in a deemed distribution unless the Borrower's loan was offset from the amount paid to the Borrower when a total distribution was made.

4. Types, Amounts, and Provisions of Loans.

- A. Loan Types and Numbers. Except for the loans transferred in from the Conoco Thrift Plan or ConocoPhillips Store Savings Plan, a Borrower may have up to three loans outstanding at a time, one of which can be a home loan. A home loan for a term of up to 238 months must be for the purpose of acquiring any dwelling unit that will be used as the Borrower's principal residence after the date as of which the loan proceeds are distributed.
- B. Minimum Amount. The minimum amount of any single loan shall be \$1,000.
- C. Incremental Amounts. Any loan greater than the minimum amount shall be an even multiple of \$100.
- D. Maximum Amount. The maximum amount of any loan shall be limited to the lesser of the following:
 - (1) \$50,000 reduced by the sum of the Borrower's highest outstanding balance of all loans from all plans sponsored by the Employer during the one-year period ending on the Valuation Date before the date on which such loan is updated on the Plan's record-keeping system. For this purpose all loans from all plans of the Employer are aggregated.

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- (2) Fifty percent of the Borrower's account balance in the Plan, minus the sum of all the Borrower's outstanding loan balances in all plans of the Employer as determined as of the Valuation Date immediately prior to the date on which such loan is updated on the Plan's record-keeping system.
- E. Source of Loan Proceeds. Funds to provide the Borrower's loan proceeds shall be provided pro rata by source type by Investment Fund in the sequence as designated by the Plan Benefits Administrator. Distribution of loan proceeds shall be made in single-sum cash distributions as soon as administratively practicable following the Valuation Date on which the loan is processed. The loan will be processed after exchanges but before withdrawals.
- F. Term of Loan. A loan shall be for one of the following terms, as selected by the Borrower. The term of the loan will begin as soon as administratively practicable following the date as of which the loan proceeds are updated on the record-keeping system.
- (1) Home Loan. The term of a Home Loan may be from 3 months to 238 months.
- (2) General Purpose Loans. The term of a general purpose loan may be from 3 months to 58 months.

The term of a loan may not be extended.

Provided however, an Employee who transferred a loan from the River Gas Corporation 401(k) plan to this Plan with an original term of 360 months will be permitted to continue loan repayments over the remaining portion of the original term after reamortization for any missed loan repayments.

- G. Irrevocable Payroll Deductions. Except as otherwise provided in this Article, an application for a loan by an employee of the Employer shall constitute the consent to irrevocable payroll deductions that will provide the amount necessary to make the required payments as set forth in Paragraph I.(1) of this Section until the loan is repaid in full, which must be by no later than the maximum terms provided under Paragraph F of this Section. Such payroll deductions shall be made in a manner approved by the Plan Benefits Administrator, and the amounts may be rounded for the purpose of dividing the monthly amount into partial payroll deductions.
- H. Loan Payments By Electronic Debit. A Borrower who is not an employee of the Employer may elect to make loan payments for loans taken while an employee of the Employer through electronic debit payments from a bank or other financial institution, in a manner approved by the Plan Benefits Administrator. A Borrower who is an Employee on unpaid leave other than military leave or an Employee receiving workers compensation, state disability or short term disability with insufficient pay to make loan repayment by payroll deductions can elect to make loan payments through electronic debit payments for a bank or other financial institution or submit a cashier's check, certified check or money order payable to the Trustees as directed by the Trustees. These payments will be credited to the Borrower's account as soon as administratively practicable following receipt by the Trustees.

- I. Level Amortization and Repayment. Amortization of all loans shall be level and all required repayments shall be computed based upon the applicable pay frequency.
- (1) Payments Required. All repayments of principal and interest shall be required as determined by Plan Benefits Administrator based on the Borrower's applicable pay frequency. An employee of the Employer who is on unpaid leave other than military leave and has elected to repay by cashier's check, certified check or money order payable to the Trustees must submit the payment by the 12th of the month.
 - (2) Full Prepayment. A Borrower may elect to make full repayment of any outstanding principal and interest at any time.
 - (a) An employee of the Employer must submit a cashier's check, certified check or money order payable to the Trustees and will be applied as soon as administratively practicable after receipt by the Trustees.
 - (b) A Borrower who is not an employee of the Employer and has not defaulted on the loan(s) must submit a cashier's check, certified check or money order payable to the Trustees and will be applied as soon as administratively practicable after receipt by the Trustees.
 - (c) A Borrower who is not an employee of the Employer and making repayment by electronic debit must submit a cashier's check, certified check or money order payable to the Trustees and will be applied as soon as administratively practicable after receipt by the Trustees.

Full prepayment shall be required within 60 days of Termination From Employment with the Employer absent an electronic debit election. Prepayment due to the death of the Borrower can only be made by the estate or designated beneficiary of the Borrower. Such payment shall be made as directed by the Plan Benefits Administrator.

- (3) Missed or Late Payments.
 - (a) If for any reason a Borrower's irrevocable payroll deductions fail to cause the required payment to be received by the Trustees when due, the Borrower shall make such payment by submitting that amount by the 60th day from the missed loan payment (or as soon as administratively practicable thereafter but before the loan is defaulted). Such payment shall be made as directed by the Plan Benefits Administrator. A Borrower who is not an employee of the Employer is not eligible to make late payments under this Subparagraph.
 - (b) In the case of a Borrower who is not an employee of the Employer who elects to continue making loan payments pursuant to Paragraph H of this Section, any delinquent payments on such loans which occur prior to commencement of electronic debit payments will be paid over the remaining term of the loan by adjusting the future loan repayment amount to include such payments.

(4) Partial Prepayment Required. In the event the outstanding balance of loans of a Borrower exceeds for any reason at any time the maximum amount permitted by the Plan or by the Code, the Borrower shall make a partial prepayment to bring such outstanding balance within allowable limits.

J. Fees. The Borrower will be charged an origination fee which shall be deducted from the proceeds of the loan paid to the Borrower and a maintenance fee deducted from the Borrower's account each July, starting with the calendar year after the loan is made, during the term of the loan. The Borrower shall be informed of the amount of the fee upon request. The annual fee will be deducted pro rata from all Investment Funds in which the Participant has a balance. Such fees shall be in a reasonable amount determined by the Plan Benefits Administrator and shall be applied in a nondiscriminatory manner. Outstanding loans transferred from the Conoco Thrift Plan will not be subject to the maintenance fee.

5. Interest Rate.

The stated interest rate for all loans shall be the national prime rate as of the last Valuation Date of each month to be effective starting the first Valuation Date of the next month and is fixed for the term of the loan on the Valuation Date the loan is made.

6. Security and Loan Subaccounts.

For all loans, the Borrower shall provide security by an irrevocable promise to repay the loan through payroll deductions or electronic debit, and the pledge of a portion of the Borrower's "Loan Subaccount". The portion of the Borrower's Loan Subaccount pledged shall not exceed fifty percent of the Borrower's interest in the account designated by the Borrower for the loan upon the origination of the loan. The Loan Subaccount shall consist of the Shares of the Borrower's subaccounts used to provide the source of the loan proceeds as provided in Section 4.E. of this Article, and each Share shall retain its identity as part of those subaccounts. The Loan Subaccount shall be considered a fixed income Investment Fund held as an individual subaccount of the Borrower over which such Borrower has exercised investment control. After distribution of loan proceeds from the Borrower's account, no withdrawals shall be allowed from the Loan Subaccount.

7. Loan Repayments.

Loan repayments will be applied pro rata by source and the current Share value pro rata to all Investment Funds for the Borrower's current investment allocation election. The interest paid as part of the loan repayments will be applied to the Borrower's account pro-rata across the sources from which the loan was taken and will be applied at the current Share value pro-rata to all Investment Funds for the Borrower's current investment allocation election. If the Borrower has no current investment allocation election, the loan repayments will be repaid to a qualified default investment alternative as designated by the Plan Benefits Administrator.

8. Default and Reclassification.

A. Such delinquency shall not exceed, for an employee of the Employer, the period allowed for late payment pursuant to Section 4.I. of this Article, and for a terminated employee, a period of 60 days (or as soon as administratively practicable thereafter) following Termination From Employment with the Employer. A Borrower who is not an employee of the Employer, and who has elected not to make electronic debit payments, or a Borrower's estate may waive any remaining delinquency period in the manner prescribed by the Plan Benefits Administrator. Following such delinquency periods, the loan shall be in default.

- (1) Following commencement of payments through electronic debit by a Borrower who is not an employee of the Employer, any missed payment (including, rejection of the electronic debit because of insufficient funds in the account to make the full payment) will result in an immediate default of the loan and a reclassification as a distribution of the outstanding loan balance from the Plan will be made as soon as administratively practicable.
- (2) Following commencement of payments through electronic debit by a Borrower who is an Employee on leave other than military leave, any missed payment (including rejection of the electronic debit due to insufficient funds in the account to make the full payment) will result in default on the 60th day after the missed loan payment (or as soon as administratively practicable thereafter) and a reclassification as a withdrawal or a deemed distribution of the outstanding loan balance from the Plan and will be made as soon as administratively practicable.

Upon default, or upon the discharge of the Borrower's obligation to repay the loan through bankruptcy or any other legal process or action which does not result in actual repayment in full, the entire principal balance which was not actually paid in full shall be reclassified as a withdrawal or deemed to be a distribution of the outstanding loan balance from the Plan and will be made as soon as administratively practicable.

B. Reclassification. A defaulted loan which consists entirely of amounts that are eligible for withdrawal shall be reclassified as a withdrawal. In addition, a Borrower whose loan consists entirely of amounts that are eligible for withdrawal may request that the loan be reclassified as a withdrawal. In the event a defaulted loan is reclassified, an offset distribution shall be made from the Borrower's account equal to the amount of the unpaid loan balance.

C. Deemed Distribution. A defaulted loan that cannot be reclassified:

- (1) Shall be considered a deemed distribution to the Borrower and shall not be an "Eligible Rollover Distribution" pursuant to the provisions of Section 3.A.(2) of Article XI;
- (2) Shall continue to encumber the pledged portion of the Borrower's Loan Subaccount until such time as distribution of his Loan Subaccount would be permissible to the Borrower under Article XI of the Plan, and when distribution is permissible shall be charged against the Borrower's Loan Subaccount; and

(3) Shall be deducted, when a distribution is permissible, from the amount due the Borrower or Borrower's Beneficiary.

9. Suspension of Loan Payments for Military Leave .

Loans may be suspended for the period of time a Borrower is on a military leave of absence for which full Pay is not received. If the loan is suspended, the original loan payoff date can be increased by the same amount of time the Borrower is on military leave. Loan payments must resume once military service is completed. The interest rate on a loan for the time that a Borrower is on a military leave of absence shall not exceed six percent.

10. Special Provisions For Participant Loans By Certain Employees Of Duke Energy Field Services .

With respect to the Duke Energy Field Services (DEFS) joint venture, Borrowers, with outstanding loans, taken prior to the joint venture who continued employment with DEFS, are allowed to continue making payments on any outstanding loans by irrevocable payroll deductions.

ARTICLE XXII – SPECIAL PROVISIONS FOR FORMER PARTICIPANTS IN THE TOSCO CORPORATION CAPITAL ACCUMULATION PLAN

1. Special Provisions Control .

Notwithstanding anything in the Plan to the contrary, the provisions of this Article XXII will apply to Participants in the Tosco Corporation Capital Accumulation Plan (CAP), who did not have a benefit under the Tosco Pension Plan (TPP), and transferred CILP Contributions, Source XXA, into the Plan on December 31, 2002 , which, pursuant to a one-time election effective as of July 1, 2002, the Participant either (a) continued to receive CILP Contributions, or (b) based on an election to receive a Cash Balance Account, stopped receiving CILP Contributions as of June 31, 2002.

2. CILP Contributions .

In addition to any Contributions to the Thrift Feature and the Stock Savings Feature, each Plan Year the Company shall contribute on behalf of each Employee who was receiving a CILP Contribution under the CAP at the time his account in the CAP was transferred into this Plan which occurred as of the close of the Trustees' business on December 31, 2002, (hereafter referred to as a "Covered Employee"), a CILP Contribution in an amount equal to five percent of his Compensation earned while an Employee prior to his Termination From Employment after becoming a Participant in this Plan. A rehired Covered Employee will not be eligible to receive a CILP Contribution after his Termination From Employment after December 31, 2002.

3. Investment Directions .

CILP Contributions shall be invested pro rata in the same Investment Funds as Contributions to the Thrift Feature for Covered Employees who are making Deposits to the Thrift Feature. Covered Employees who are not making Deposits to the Thrift Feature shall direct the investment of such Contributions in Investment Funds in the same manner as the investment of Deposits to the Thrift Feature is directed. If no investment election is made the CILP Contribution will be invested in the Vanguard Prime Money Market Fund.

4. Vesting and Restoration of Forfeitures .

Notwithstanding any provision in the CAP, a Covered Employee shall be vested in and have a nonforfeitable right to the portion of his Plan account which is attributable to CILP Contributions transferred to or received under this Plan. If a former employee participant of CAP who has forfeited CILP Contributions becomes a Participant in the Plan before he incurs five consecutive one-year "Periods of Severance" (as that term is defined in CAP), then any amount in his account which was forfeited shall be restored and shall become immediately vested and nonforfeitable. If a Participant is entitled to a restoration of a forfeiture pursuant to the preceding sentence, the amount to be restored shall be equal to the dollar amount in his account which was forfeited and shall be restored by allocating other forfeitures arising in the year of restoration to such Participant's account to the extent thereof and an additional Contribution by the Company specifically allocated to such Participant's account to the extent that allocable forfeitures are insufficient.

5. Transfer from Coverage Under the Plan.

With respect to any Covered Employee in the Plan who has been entitled to make a one-time election to participate in the cash balance provisions of Title II of the ConocoPhillips Retirement Plan and who chose to continue to be eligible to receive CILP Contributions under the CAP, who transfers to a category of employment with the Company or any member of the Employer which would not otherwise be covered under the Plan other than a transfer to a position classified on the Employer's personnel system as a retail store or marketing outlet position, then such Covered Employee shall continue to be covered under the applicable CILP Contribution provisions of this Plan as described in this Article. For purposes of determining the amount of CILP Contributions for such a Covered Employee, the Compensation of such Covered Employee shall include the Compensation paid by the Company or other member of the Employer (including Compensation paid after such transfer); provided, however, that in the case of a Covered Employee who transfers from employment covered under the Plan and to whom this Section applies, for purposes of determining the amount of the CILP Contributions, as applicable, such Covered Employee's Compensation shall continue to exclude any amounts earned after such transfer that would be excluded from the definition of Compensation applicable to the most recent category of such Covered Employee's covered employment prior to such transfer.

6. Distributions and Loans.

CILP Contributions are not eligible for loans, but may be withdrawn upon a Participant's Termination From Employment, subject to the provisions of Article XI; provided however, such Contributions shall not be eligible to be withdrawn under the provisions of Article X.

7. Definitions.

In addition to the defined terms in Article I, the following additional definitions shall apply to this Article:

- (A) "CILP Contributions" means Contributions made to the Trust Fund by the Company in lieu of a pension pursuant to Section 2 of this Article, and includes amounts designated as CILP Contributions under the CAP at the time such amounts were transferred to this Plan from the CAP.
- (B) "Compensation" shall mean the sum of the following items paid or deemed under the Company's payroll system to be paid during each pay period prior to the date the Employee's termination status with the Employer is reflected on the Company personnel system:
 - (1) Wages or salary attributable to the regularly scheduled workweek of the Employee, including regularly scheduled overtime; provided, further, that with respect to months in which wages were received on an hourly basis for an employee classified as an Intermittent Employee on the Company's records, "Compensation" for such Employee shall be the sum of the wages received by such Employee for each month; provided however, that any single-sum cash payment in lieu of an increase in the regular earnings of an Employee shall not be included unless expressly included under the other terms of the Plan;

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- (2) Holiday pay; vacation pay (i.e., pay for vacation paid while an active employee of the Employer, not “termination vacation pay” as used in the Employer’s pay practices); and payments for unavoidable absences, including but not limited to sickness or injury, special duty, special assignment, shore allowance or shore relief (all as defined in the Company’s standard policies and/or payroll procedures);
 - (3) Back pay, irrespective of mitigation of damages, which has been either awarded or agreed to by the Employer, to the extent that the award or agreement specifies that back benefits are also to be granted; provided however, that back pay awards shall be treated as Pay in the periods to which such awards relate; and
 - (4) Remuneration described in the above Paragraphs of this Section, which is received by an Employee under a direct U.S. dollar payroll of a member of the Employer that is not a Company, shall be deemed to be Pay.

Notwithstanding the foregoing, “Compensation” shall not include any amount which is received as remuneration pursuant to an Employer’s standard procedures for compensating non-bargaining unit employees who work extended schedules and/or “out of classification” jobs during strikes. “Compensation” shall not include and shall not be adjusted by any amount that is used as an offset under Company policies and payroll procedures for Worker’s Compensation, military pay, or state disability programs. Provided further, effective July 1, 2002, “Compensation” shall also not include Alaskan allowance and temporary or regular North Slope allowance.

“Compensation” for a Year shall be limited to not more than \$200,000 as adjusted by Code Section 401(a) (17) (B).

“Compensation” shall be determined without regard to elective wage or salary reduction pursuant to Code Sections 401 (k) or 125, or income exclusion pursuant to Code Section 132 (f).

- (C) “Period of Severance” means the period beginning on the date an Employee terminated his employment with Tosco Corporation or any other entity which was a member of the controlled group, as defined in Code Section 414(b) or (c), of which Tosco Corporation was a member, and ending on the date he becomes an Employee.

ARTICLE XXIII – SPECIAL PROVISIONS FOR FORMER PARTICIPANTS IN THE RETIREMENT SAVINGS PLAN OF CONOCOPHILLIPS COMPANY

1. Special Provisions Control .

Notwithstanding anything in the Plan to the contrary, the provisions of this Article XXIII will apply to Participants who, as a result of the merger of the Retirement Savings Plan of ConocoPhillips Company (RSP) into the Plan, have an RSP Company Contribution, source DDR (non-withdrawable Company contributions previously made under the RSP that are subject to offset under Title I of the ConocoPhillips Retirement Plan).

2. Distributions and Loans .

RSP Company Contributions are not eligible for loans, but may be withdrawn upon a Participant's Termination From Employment, subject to the provisions of Article XI; provided however, such Contributions shall not be eligible to be withdrawn under the provisions of Article X.

ARTICLE XXIV—SPECIAL PROVISIONS FOR PARTICIPANTS ELIGIBLE FOR HURRICANE RELIEF

1. Special Provisions Control.

Notwithstanding anything in the Plan to the contrary, the provisions of this Article XXIV will apply to Participants who suffered losses as a result of Hurricanes Katrina, Rita and/or Wilma and seek relief pursuant to the federal legislation and regulatory guidance which eased the rules on plan distributions and loans.

2. “Eligible Participants”:

- A. In response to Hurricane Katrina, a Participant whose principal place of abode is in Louisiana, Mississippi, Alabama or Florida on August 28, 2005, and who sustained an economic loss as a result of the hurricane;
- B. In response to Hurricane Rita, a Participant whose principal place of abode is in Louisiana or Texas effective September 23, 2005, and who sustained an economic loss as a result of the hurricane; or
- C. In response to Hurricane Wilma, a Participant whose principal place of abode is in Florida effective October 23, 2005, and who sustained an economic loss as a result of the hurricane.

3. Qualified Hurricane Distributions.

A “Qualified Hurricane Distribution” (QHD) is a distribution from the Plan made:

- A. on or after August 25, 2005 and before January 1, 2007, to a Participant whose principal place of abode on August 28, 2005 is in Louisiana, Mississippi, Alabama or Florida and who sustained an economic loss due to Hurricane Katrina;
- B. on or after September 23, 2005 and before January 1, 2007, to a Participant whose principal place of abode on September 23, 2005 is in Louisiana or Texas and who sustained an economic loss due to Hurricane Rita; or
- C. on or after October 23, 2005 and before January 1, 2007, to a Participant whose principal place of abode on October 23, 2005 was located in Florida and who sustained an economic loss due to Hurricane Wilma.

Notwithstanding any other provisions of Article X governing and restricting withdrawals, a Participant may request QHDs totaling up to \$100,000 through December 31, 2006. These distributions are not subject to the 10% early withdrawal penalty or the 20% mandatory withholding requirement.

The Plan will accept an eligible QHD rollover during the 3 year period beginning on the day after the date the QHD proceeds are received by the Participant.

4. Qualified Hurricane Loans.

- A. Notwithstanding any other provisions of Section 4.D. of Article XXI governing and restricting loans, an Eligible Participant may request and is eligible for special hurricane loan limitations of the lesser of \$100,000 or 100% of the Borrower's account balance in the Plan for loans taken through December 31, 2006.
- B. Suspension of Loan Payments. Notwithstanding any other provisions of Article XXI governing and restricting loans, an Eligible Participant who has one or more CPSP loan repayments due during the period through December 31, 2006, may request the delay of those repayments through December 31, 2006. The original loan payoff date shall be extended for the period of the suspension. The loan payments will be re-amortized to account for interest accrued during the suspension, and a new loan repayment calculated.



May 1, 2012

Ladies and Gentlemen:

I am Senior Counsel of Phillips 66, a Delaware corporation (the “*Company*”), and have acted as counsel for the Company in connection with the preparation and filing with the Securities and Exchange Commission (the “*Commission*”) under the Securities Act of 1933, as amended (the “*Act*”) of the Registration Statement on Form S-8 (the “*Registration Statement*”) relating to up to 82,000,000 shares (the “*Shares*”) of common stock, par value \$0.01 per share (“*Common Stock*”), of the Company, reserved for issuance in connection with the Omnibus Stock and Performance Incentive Plan of Phillips 66 (the “*Omnibus Plan*”) and the Savings Plan of Phillips 66 (the “*Savings Plan*”) and together with the Omnibus Plan, the “*Plans*”).

In furnishing this opinion, I have examined, directly or indirectly through staff or otherwise to my satisfaction, (i) the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws, the Plans and resolutions of the Board of Directors of the Company relating, among other things, to the Plans and (ii) originals, or copies certified or otherwise identified, of corporate records of the Company, including minute books of the Company as furnished to me by the Company, certificates of public officials and of representatives of the Company, statutes and other instruments or documents, as a basis for the opinion hereinafter expressed. In making my examination, I have assumed that all signatures on all documents examined by me are genuine, that all documents submitted to me as originals are accurate and complete, that all documents submitted to me as copies are true and correct copies of the originals thereof and that all information submitted to me was accurate and complete.

On the basis of the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, I am of the opinion that the Shares have been duly authorized and, when issued and delivered against payment of the purchase price therefor in accordance with the terms and provisions of the Plan, such Shares will be validly issued, fully paid and nonassessable.

I am a member of the State Bar of Texas and the opinion set forth above is limited in all respects to the laws of the State of Texas and the General Corporation Law of the State of Delaware, each as in effect on the date hereof.

I hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement. In giving such consent, I do not admit that I am within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Grant F. Adamson

Grant F. Adamson
Senior Counsel

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the Phillips 66 Omnibus Stock and Performance Incentive Plan and the Phillips 66 Savings Plan of our report dated March 1, 2012, with respect to the combined financial statements and schedule of Phillips 66, included in its Form 10, as amended, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Houston, Texas

May 1, 2012