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PHILLIPS 66

FORM 8-K
(Current report filing)

Filed 11/17/14 for the Period Ending 11/12/14

Address	3010 BRIARPARK DRIVE HOUSTON, TX 77042
Telephone	281-293-6600
CIK	0001534701
Symbol	PSX
SIC Code	2911 - Petroleum Refining
Industry	Oil & Gas - Integrated
Sector	Energy
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): November 12, 2014

Phillips 66
(Exact name of registrant as specified in its charter)

Delaware	**001-35349**	**45-3779385**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

3010 Briarpark Drive
Houston, Texas 77042
(Address of principal executive offices and zip code)

(281) 293-6600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On November 12, 2014, Phillips 66, a Delaware corporation ("Phillips 66"), entered into a Terms Agreement (including the provisions of the Underwriting Agreement incorporated by reference in the Terms Agreement), dated November 12, 2014 (the "Terms Agreement"), among Phillips 66, Phillips 66 Company, a Delaware corporation and wholly owned subsidiary of Phillips 66 ("Phillips 66 Company"), and the several Underwriters named in Schedule A to the Terms Agreement, relating to the underwritten public offering by Phillips 66 of $1,000,000,000 aggregate principal amount of its 4.650% Senior Notes due 2034 (the "2034 Notes") and $1,500,000,000 aggregate principal amount of its 4.875% Senior Notes due 2044 (the "2044 Notes" and, together with the 2034 Notes, the "Notes"), in each case fully and unconditionally guaranteed by Phillips 66 Company, to be issued pursuant to the Indenture, dated as of March 12, 2012 (the "Indenture"), among Phillips 66, as issuer, Phillips 66 Company, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee. The terms of the Notes are further described in the prospectus supplement of Phillips 66 and Phillips 66 Company dated November 12, 2014, together with the related prospectus dated November 5, 2012, as filed with the Securities and Exchange Commission under Rule 424(b)(2) of the Securities Act of 1933 on November 13, 2014, which description is incorporated herein by reference.

A copy of the Terms Agreement (including the provisions of the Underwriting Agreement incorporated by reference in the Terms Agreement), the Indenture and the form of the terms of Notes of each series have been filed as Exhibits 1.1, 4.1 and 4.2, respectively, to this report and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. See "Exhibit Index" attached to this Current Report on Form 8-K, which is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILLIPS 66

Dated: November 17, 2014

By: /s/ Paula A. Johnson
Paula A. Johnson
Executive Vice President, Legal, General Counsel and Corporate Secretary

EXHIBIT INDEX

1.1	Terms Agreement (including the provisions of the Underwriting Agreement incorporated by reference in the Terms Agreement), dated November 12, 2014, among Phillips 66, Phillips 66 Company and the several Underwriters named in Schedule A to the Terms Agreement.
4.1	Indenture, dated as of March 12, 2012, among Phillips 66, as issuer, Phillips 66 Company, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee, in respect of senior debt securities of Phillips 66 (incorporated by reference to Exhibit 4.3 to Amendment No. 3 to the Registration Statement on Form 10 filed by Phillips 66 with the SEC on April 5, 2012).
4.2	Form of the terms of the 2034 Notes and the 2044 Notes, including the form of the 2034 Note and the 2044 Note.
5.1	Opinion of Bracewell & Giuliani LLP.
23.1	Consent of Bracewell & Giuliani LLP (included in Exhibit 5.1 hereto).

Exhibit 1.1

Phillips 66

Debt Securities
fully and unconditionally guaranteed by Phillips 66 Company

UNDERWRITING AGREEMENT

1. *Introductory*. Phillips 66, a Delaware corporation (the " **Company** "), and Phillips 66 Company, a Delaware corporation (the " **Guarantor** "), propose that the Company will issue and sell from time to time certain of its unsecured debt securities that will be fully and unconditionally guaranteed by the Guarantor registered under the registration statement referred to in Section 2(a) (such securities, including the guarantee relating thereto by the Guarantor (the " **Guarantee** "), being hereinafter called the " **Registered Securities** "). The Registered Securities will be issued under the Indenture, dated as of March 12, 2012 (the " **Indenture** "), among the Company, the Guarantor and The Bank of New York Mellon Trust Company, N.A., as trustee (the " **Trustee** "), in one or more series, which series may vary as to interest rates, maturities, redemption provisions, selling prices and other terms, with all such terms for any particular series of the Registered Securities being determined at the time of sale. Particular series of the Registered Securities will be sold pursuant to a Terms Agreement referred to in Section 3, for resale in accordance with terms of offering determined at the time of sale.

The Registered Securities involved in any such offering are hereinafter referred to as the " **Offered Securities** ". The firm or firms which agree to purchase the Offered Securities, as set forth in a Terms Agreement referred to in Section 3 hereof, are hereinafter referred to as the " **Underwriters** " of such securities, and the representative or representatives of the Underwriters, if any, specified in a Terms Agreement referred to in Section 3 are hereinafter referred to as the " **Representatives** "; *provided* , *however* , that if the Terms Agreement does not specify any representative of the Underwriters, the term "Representatives", as used in this Agreement (other than in Sections 2(b), 2(c), 2(f) and 6 and the second sentence of Section 3), shall mean the Underwriters.

2. *Representations and Warranties of the Company* . The Company, as of the date of each Terms Agreement referred to in Section 3, represents and warrants to, and agrees with, each Underwriter that:

(a) The Company and the Guarantor meet the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the " **Act** ") and have prepared and filed with the Securities and Exchange Commission (the " **Commission** ") an automatic shelf registration statement, as defined in Rule 405, on Form S-3 (No. 333-184765), relating to certain securities of the Company, which registration statement became effective upon filing, including a prospectus (hereinafter referred to as the " **Base Prospectus** "), relating to the Registered Securities. Such registration statement, as amended at the time of any Terms Agreement referred to in Section 3 entered into in connection with a specific offering of the Offered Securities (each such date and time as specified in such Terms Agreement hereinafter referred to as the " **Execution Time** ") and including

any documents incorporated by reference therein, including exhibits (other than any Form T-1) and financial statements and any prospectus supplement relating to the Offered Securities that is filed with the Commission pursuant to Rule 424(b) (" **Rule 424(b)** ") under the Act and deemed part of such registration statement pursuant to Rule 430B under the Act, is hereinafter referred to as the " **Registration Statement** ." The Base Prospectus, as supplemented as contemplated by Section 3 to reflect the terms of the Offered Securities and the terms of offering thereof, as first filed with the Commission pursuant to and in accordance with Rule 424(b), including all material incorporated by reference therein, is hereinafter referred to as the " **Final Prospectus** ." Any preliminary prospectus supplement to the Base Prospectus which describes the Offered Securities and the offering thereof and is used prior to filing of the Final Prospectus, together with the Base Prospectus, is hereinafter referred to as the " **Preliminary Final Prospectus** ". " **Free Writing Prospectus** " shall mean a free writing prospectus, as defined in Rule 405 under the Act. " **Issuer Free Writing Prospectus** " shall mean an issuer free writing prospectus, as defined in Rule 433(h) under the Act. " **Disclosure Package** " shall mean, with respect to any specific offering of the Offered Securities, (i) the Base Prospectus, as amended and supplemented to the Execution Time, (ii) the Preliminary Final Prospectus, if any, used most recently prior to the Execution Time, (iii) the Issuer Free Writing Prospectuses, if any, identified in Schedule B to the Terms Agreement, (iv) the final term sheet prepared and filed pursuant to Section 4(c) hereto, if any, and (v) any other Free Writing Prospectus that the parties hereto shall hereafter expressly agree in writing to treat as part of the Disclosure Package.

(b) On the effective date of the registration statement relating to the Registered Securities, such registration statement conformed in all material respects to the requirements of the Act, the Trust Indenture Act of 1939 (" **Trust Indenture Act** ") and the rules and regulations of the Commission (" **Rules and Regulations** ") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and at the Execution Time and at the Closing Date, the Registration Statement and the Final Prospectus will conform in all material respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to the Company by any Underwriter through the Representatives, if any, specifically for use therein.

(c) At the Execution Time, the Disclosure Package will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to the Company by any Underwriter through the Representatives, if any, specifically for use therein.

(d) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934 (the " **Exchange Act** ") or form of prospectus), (iii) at the time either the Company or the Guarantor or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c)) made any offer relating to the Offered Securities in reliance on the exemption in Rule 163, and (iv) at the Execution Time (with such date being used as the determination date for purposes of this clause (iv)), each of the Company and the Guarantor was or is (as the case may be) a "well-known seasoned issuer" as defined in Rule 405. The Company agrees to pay the fees required by the Commission relating to the Offered Securities within the time required by Rule 456(b)(1) without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r).

(e) (i) At the earliest time after the filing of the Registration Statement that the Company or the Guarantor or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2)) of any Offered Securities and (ii) as of the Execution Time (with such date being used as the determination date for purposes of this clause (ii)), neither the Company nor the Guarantor was or is an Ineligible Issuer (as defined in Rule 405), without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an Ineligible Issuer or that it is not necessary that the Company be considered an Ineligible Issuer.

(f) Each Issuer Free Writing Prospectus, if any, and the final term sheet prepared and filed pursuant to Section 4(c) hereto do not include any information that conflicts with the information contained in the Registration Statement, including any document incorporated by reference therein and any prospectus supplement deemed to be a part thereof that has not been superseded or modified, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to the Company by any Underwriter through the Representatives, if any, specifically for use therein.

(g) The execution, delivery and performance by the Company and the Guarantor of the Offered Securities and the Terms Agreement (including the provisions of this Agreement), as applicable, the issuance and sale of the Offered Securities by the Company and the Guarantor, and compliance by the Company and the Guarantor with the terms and provisions thereof and of the Indenture will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, the Delaware General Corporation Law, the laws of the State of Texas or the federal laws of the United States that could reasonably be expected to have a material adverse effect on the financial condition, business, properties or results of operations of the Company and its subsidiaries taken as a

whole (a " **Material Adverse Effect** "), or any agreement or instrument to which the Company or the Guarantor is a party or by which the Company or the Guarantor is bound or to which any of the properties of the Company or the Guarantor is subject that could reasonably be expected to have a Material Adverse Effect, or the certificate of incorporation or by-laws of the Company or the Guarantor.

(h) Neither the Company nor the Guarantor is (i) in violation of its certificate of incorporation or by-laws, (ii) in default under any agreement or instrument to which the Company or the Guarantor is a party or by which the Company or the Guarantor is bound or to which any of the properties of the Company or the Guarantor is subject, or (iii) in violation of any law, ordinance, governmental rule or regulation or court decree to which it may be subject, which default or violation in the case of clause (ii) or (iii) could reasonably be expected to have a Material Adverse Effect.

(i) The consolidated financial statements of the Company and its consolidated subsidiaries, together with the related notes thereto, included or incorporated by reference in the Registration Statement, the Disclosure Package and the Final Prospectus, present fairly the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements comply in all material respects as to form with the accounting requirements of the Act and have been prepared in conformity with generally accepted accounting principles in the United States (" **GAAP** ") applied on a consistent basis throughout the periods involved, except as otherwise noted therein or as may be expressly stated in the related notes thereto. No other financial statements are required to be included in the Registration Statement. The interactive data in eXtensible Business Reporting Language furnished with the Exchange Act filings incorporated by reference in the Registration Statement, the Disclosure Package and the Final Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto. All non-GAAP financial information included in the Registration Statement, if any, complies with the requirements of Item 10 of Regulation S-K under the Act. The selected financial data set forth in Item 6 of the Company's most recent Annual Report on Form 10-K (the " **Selected Financial Data** ") and included or incorporated by reference in the Registration Statement, the Disclosure Package and the Final Prospectus, fairly present the information included therein. The information under the heading "Ratio of Earnings to Fixed Charges" in the Disclosure Package and the Final Prospectus has been prepared in accordance with the requirements of the Act, has been derived, where applicable, from the financial statements included or incorporated by reference in the Disclosure Package and the Final Prospectus, and fairly presents the information included therein.

(j) The operations of the Company and its consolidated subsidiaries are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its consolidated subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental or regulatory agency (collectively, the " **Anti-Money Laundering Laws** ") and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Company or any of its consolidated subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company or the Guarantor, threatened, the outcome of which could reasonably be expected to be material in the context of the offering of the Offered Securities.

(k) Neither the Company nor any of its consolidated subsidiaries, nor to the knowledge of the Company or the Guarantor, any agent, director, officer, employee or other person associated with or acting on behalf of the Company or its consolidated subsidiaries has, since May 1, 2012, (i) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-bribery or anti-corruption laws (collectively, the " **Anti-Corruption Laws** "); or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its consolidated subsidiaries have instituted, maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable Anti-Corruption Laws.

(l) Neither the Company nor any of its consolidated subsidiaries, nor to the knowledge of the Company or the Guarantor, any agent, director, officer, employee or other person associated with or acting on behalf of the Company or its consolidated subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), the United Nations Security Council, the European Union, or Her Majesty's Treasury (collectively,

" **Sanctions** "), nor is the Company or any of its consolidated subsidiaries located, organized or resident in a country or territory that is the subject or the target of Sanctions, including, without limitation, Cuba, Iran, North Korea, Sudan and Syria (each, a " **Sanctioned Country** "); and the Company will not directly or indirectly use the proceeds of the offering of the Offered Securities hereunder, or lend, contribute or otherwise make available such proceeds to any consolidated subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as initial purchaser, advisor, investor or otherwise) of Sanctions or the Anti-Corruption Laws. Since May 1, 2012, the Company and its consolidated subsidiaries have not engaged in, and are not now knowingly engaged in, any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of relevant Sanctions or with any Sanctioned Country.

3. *Purchase and Offering of Offered Securities* . The obligation of the Underwriters to purchase the Offered Securities will be evidenced by an agreement or exchange of other written communications (**"Terms Agreement** ") at the time the Company determines to sell the Offered Securities. The Terms Agreement will incorporate by reference the provisions of this Agreement, except as otherwise provided therein, and will specify the firm or firms which will be Underwriters, the names of any Representatives, the principal amount of the Offered Securities to be purchased by each Underwriter, the commission or fee to be paid to the Underwriters and the terms of the Offered Securities not already specified in the Indenture, including, but not limited to, interest rate, maturity, any redemption provisions and any sinking fund requirements. The Terms Agreement will also specify the time and date of delivery and payment (such time and date, or such other time not later than seven full business days thereafter as the Representatives and the Company agree as the time for payment and delivery, being herein and in the Terms Agreement referred to as the **"Closing Date** "), the place of delivery and payment and any details of the terms of offering that should be reflected in the prospectus supplement relating to the offering of the Offered Securities. For purposes of Rule 15c6-1 under the Exchange Act, the Closing Date (if later than the otherwise applicable settlement date) shall be the date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering. The obligations of the Underwriters to purchase the Offered Securities will be several and not joint. It is understood that the Underwriters propose to offer the Offered Securities for sale as set forth in the Final Prospectus.

If the Terms Agreement specifies "Book-Entry Only" settlement or otherwise states that the provisions of this paragraph shall apply, the Company will deliver against payment of the cash purchase price the Offered Securities in the form of one or more permanent global securities in definitive form (the " **Global Securities** ") deposited with the Trustee as custodian for The Depository Trust Company (" **DTC** ") and registered in the name of Cede & Co., as nominee for DTC. The Global Securities will be made available for inspection by the Representatives not later than 5:00 pm, New York City

time, on the business day prior to the Closing Date. Interests in any permanent global securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Final Prospectus. Payment for the Offered Securities shall be made by the Underwriters in Federal (same day) funds by official check or checks or wire transfer to an account previously designated by the Company at a bank acceptable to the Representatives, in each case drawn to the order of the Company at the place of payment specified in the Terms Agreement on the Closing Date, against delivery to the Trustee as custodian for DTC of the Global Securities representing all of the Offered Securities.

4. *Certain Agreements of the Company* . The Company agrees with the several Underwriters that the Company will furnish to counsel for the Underwriters one signed copy (but not an original) of the registration statement relating to the Registered Securities, including all exhibits, in the form it became effective and of all amendments thereto and that, in connection with each offering of Offered Securities:

(a) The Company will cause the Final Prospectus to be filed with the Commission pursuant to and in accordance with Rule 424(b)(2) (or, if applicable and if consented to by the Representatives, subparagraph (5)) not later than the second business day following the execution and delivery of the Terms Agreement.

(b) During any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Act), the Company will advise the Representatives promptly of any proposal to amend or supplement the Registration Statement or the Final Prospectus and will afford the Representatives a reasonable opportunity to comment on any such proposed amendment or supplement; and the Company will also advise the Representatives promptly of the filing of any such amendment or supplement and of the institution by the Commission of any stop order proceedings or any notice from the Commission objecting to its use in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) The Company will prepare a final term sheet, containing solely a description of the Offered Securities, in a form approved by the Representatives, and will cause such term sheet to be filed pursuant to Rule 433(d) under the Act within the time required by such Rule.

(d) If there occurs an event or development as a result of which the Disclosure Package would include an untrue statement of a material fact or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will promptly notify the Representatives, so that any use of the Disclosure Package may cease until it is amended or supplemented, and will promptly prepare and cause to be filed with the Commission, at its own expense, an amendment or supplement that will correct such statement or omission or an amendment that will effect such compliance.

(e) If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Act), any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or would omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and cause to be filed with the Commission, at its own expense, an amendment or supplement that will correct such statement or omission or an amendment that will effect such compliance. The terms "supplement" and "amendment" as used in this Agreement include, without limitation, all documents filed by the Company and the Guarantor with the Commission subsequent to the date of the Final Prospectus that are deemed to be incorporated by reference in the Final Prospectus. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 5 hereof.

(f) As soon as practicable, but not later than 16 months, after the date of each Terms Agreement, the Company will make generally available to security holders of the Company an earning statement of the Company covering a period of at least 12 months beginning after the latest of (i) the effective date of the registration statement relating to the Registered Securities, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of such Terms Agreement and (iii) the date of the Company's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such Terms Agreement, which will satisfy the provisions of Section 11(a) of the Act.

(g) The Company will furnish to the Representatives copies of the Registration Statement, including all exhibits, and during any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Act), the Base Prospectus, any related Preliminary Final Prospectus, the Final Prospectus and each Issuer Free Writing Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Representatives reasonably request.

(h) The Company will use its commercially reasonable efforts to arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution; *provided , however* , that neither the Company nor the Guarantor will be required in connection therewith to register or qualify as a foreign corporation where it would not otherwise be so qualified or to execute a general consent to service of process in any jurisdiction or subject itself to taxation in any jurisdiction where it would not otherwise be so subject. The Company will promptly advise the Representatives of the receipt by it or the Guarantor of any notification with respect to the suspension of the qualification of the Offered Securities for offer and sale in any such jurisdiction or the initiation or threatening of any proceeding for such purpose.

(i) During the period of five years after the date of any Terms Agreement, the Company will furnish or make available to the Representatives and, upon request, to each of the other Underwriters, if any, as soon as practicable after the end of each fiscal year, a copy of the Company's annual report to stockholders for such year; and the Company will furnish or make available to the Representatives (i) as soon as available, a copy of each report (other than a report on Form 11-K) and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders, and (ii) from time to time, such other information concerning the Company or the Guarantor as the Representatives may reasonably request in connection with the offering of the Offered Securities.

(j) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay all costs and expenses incident to the performance of its obligations under the Terms Agreement (including the provisions of this Agreement); any filing fees or other expenses (including reasonable fees and disbursements of counsel) in connection with qualification of the Offered Securities for sale and determination of their eligibility for investment under the laws of such jurisdictions as the Representatives may designate in accordance with Section 4(h) and the printing of memoranda relating thereto; any fees charged by investment rating agencies for the rating of the Offered Securities; any costs incident to the issuance and delivery of the Offered Securities (including printing and engraving costs) and any necessary issue, transfer or other stamp taxes in that connection; any applicable filing fee incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, the preparation of any Blue Sky memorandum and review by the Financial Industry Regulatory Authority, Inc. of the Offered Securities; any travel expenses of the Company's or the Guarantor's officers and employees and any other expenses of the Company or the Guarantor in connection with attending or hosting meetings with prospective purchasers of the Offered Securities; and for expenses incurred in preparing, printing and distributing the Final Prospectus, any preliminary prospectuses, any preliminary prospectus supplements or any other amendments or supplements to the Final Prospectus to the Underwriters. Except as provided in Section 4(j), Section 6 and Section 8 hereof, the Underwriters shall pay their own expenses, including the fees and disbursements of counsel.

(k) Each of the Company and the Guarantor agrees that, unless the Company has obtained or will obtain, as the case may be, the prior written consent of the Representatives, and each Underwriter, severally and not jointly, agrees with the Company and the Guarantor that, unless it has obtained or will obtain, as the case may be, the prior written consent of the Company, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus" (as defined in Rule 405) required to be filed by the Company with the Commission or retained by the Company under Rule 433, other than the final term sheet prepared and filed pursuant to Section 4(c) hereto; *provided that* the prior written consent of the parties hereto shall be deemed to have been given in respect of the Free Writing Prospectuses, if any, included in Schedule B to the applicable Terms Agreement. Any such free writing prospectus consented to by the Representatives or the Company is hereinafter referred to as a " **Permitted Free Writing Prospectus** ." Each of the Company and the Guarantor agrees that (x) it has treated and will treat, as the case may be, each Permitted Free Writing Prospectus as an Issuer Free Writing Prospectus and (y) it has complied and will comply, as the case may be, with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including in respect of timely filing with the Commission, legending and record keeping.

(l) Each of the Company and the Guarantor consents to the use by any Underwriter of a free writing prospectus that (a) is not an Issuer Free Writing Prospectus, and (b) contains only (i) information describing the preliminary terms of the Offered Securities or their offering, (ii) information required or permitted by Rule 134 under the Act that is not "issuer information" as defined in Rule 433 or (iii) information that describes the final terms of the Offered Securities or their offering and that is included in the final term sheet prepared and filed pursuant to Section 4(c) hereto.

(m) The Company will not, and will cause the Guarantor not to, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to any United States dollar-denominated debt securities issued or guaranteed by the Company or the Guarantor and having a maturity of more than one year from the date of issue, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Representatives for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement.

5. *Conditions of the Obligations of the Underwriters* . The obligations of the several Underwriters to purchase and pay for the Offered Securities will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of Company and Guarantor officers made pursuant to the provisions hereof, to the performance by each of the Company and the Guarantor of their respective obligations hereunder and to the following additional conditions precedent:

(a) Immediately after the Final Prospectus is filed with the Commission, the Representatives, on behalf of the Underwriters, shall have received a letter, dated as of the Execution Time, of Ernst & Young LLP confirming that they are independent registered public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

(i) in their opinion the financial statements and any schedules audited by them and included or incorporated by reference in the Base Prospectus, Preliminary Final Prospectus, Final Prospectus and the Disclosure Package comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the Public Company Accounting Oversight Board for a review of interim financial information as described in AU722, Interim Financial Information, on any unaudited financial statements included in the Registration Statement;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, included in the Disclosure Package or the Final Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements for them to be in conformity with generally accepted accounting principles;

(B) if any unaudited “capsule” information is contained in the Disclosure Package or the Final Prospectus, the unaudited consolidated total revenues, net income and net income per share amounts or other amounts constituting such “capsule” information and described in such letter do not agree with the corresponding amounts set forth in the unaudited consolidated financial statements or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited statements of income;

(C) if (and only if) any consolidated balance sheet for the Company is available for any period subsequent to the latest consolidated balance sheet included in the Disclosure Package or the Final Prospectus, at the date of the latest available consolidated balance sheet of the Company read by such accountants, there was any change in the capital stock, any increase in total debt, any decrease in consolidated net current assets (working capital) or any decrease in stockholders' equity, as compared with amounts shown on the latest consolidated balance sheet included in the Disclosure Package or the Final Prospectus;

(D) at a subsequent specified date not more than three business days prior to the date of such letter, there was any change greater than 1% in the capital stock, or any increase greater than 1% in total debt, as compared with the latest available consolidated balance sheet; or

(E) if (and only if) any income statement for the Company is available for any period subsequent to the latest consolidated balance sheet included in the Disclosure Package or the Final Prospectus, for the period from the closing date of the latest income statement included in the Disclosure Package or the Final Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year and with the period of corresponding length ended the date of the latest income statement included in the Disclosure Package or the Final Prospectus, in consolidated total revenues or net income;

except in all cases set forth in clauses (C), (D) and (E) above for changes, increases or decreases which the Disclosure Package and the Final Prospectus discloses have occurred or may occur or which are described in such letter;

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Registration Statement, the Final Prospectus and the Disclosure Package (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter; and

(v) they have read any pro forma financial information which is included in the Disclosure Package or the Final Prospectus and performed the additional procedures suggested by Example D of Statement of Auditing Standards No. 72.

All financial statements and schedules included in material incorporated by reference into the Disclosure Package or the Final Prospectus shall be deemed included in the Disclosure Package or the Final Prospectus for purposes of this subsection.

(b) The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 4(a) of this Agreement. The final term sheet contemplated by Section 4(c) hereto, and any other material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433. No stop order suspending the effectiveness of the Registration Statement or of any part thereof or any notice from the Commission objecting to its use shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or any Underwriter, shall be contemplated by the Commission.

(c) Subsequent to the execution of the Terms Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the financial condition, business, properties or results of operations of the Company and its subsidiaries taken as one enterprise which, in the judgment of a majority in interest of the Underwriters including any Representatives, is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company or the Guarantor by any "nationally recognized statistical rating organization" (as defined in Section 3(a)(62) of the Exchange Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any material suspension or material limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (iv) any banking moratorium declared by U.S. Federal or New York authorities; or (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of a majority in interest of the Underwriters including any Representatives, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities.

(d) The Representatives, on behalf of the Underwriters, shall have received an opinion, dated the Closing Date, of Bracewell & Giuliani LLP, counsel for the Company, to the effect that:

(i) each of the Company and the Guarantor has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Final Prospectus;

(ii) the Indenture has been duly qualified under the Trust Indenture Act; the Offered Securities have been duly authorized, executed, issued and delivered by the Company in accordance with the provisions of the Indenture; the Indenture is, and when authenticated and delivered by the Trustee pursuant to the terms of the Indenture and paid for by the Underwriters in accordance with the Terms Agreement (including this Agreement incorporated by reference in the Terms Agreement), the Offered Securities will be, valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except in each case to the extent such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (whether considered in a proceeding in equity or at law); the Guarantee has been duly authorized, executed and delivered by the Guarantor in accordance with the provisions of the Indenture and is a valid and legally binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except to the extent such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (whether considered in a proceeding in equity or at law); and the Offered Securities and the Indenture conform in all material respects to the respective descriptions thereof contained in the Disclosure Package and the Final Prospectus;

(iii) no consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required under the Delaware General Corporation Law, the laws of the State of Texas or the federal laws of the United States for the consummation of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement) in connection with the issuance or sale of the Offered Securities by the Company, or with the issuance or sale of the Guarantee by the Guarantor, except such as have been obtained and made under the Act and the Trust Indenture Act and such as may be required under state securities laws;

(iv) the execution, delivery and performance by the Company and the Guarantor of the Indenture, the Offered Securities and the Terms Agreement (including the provisions of this Agreement) and the issuance and sale of the Offered Securities by the Company and of the Guarantee by the Guarantor, and compliance by the Company and the Guarantor with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, the Delaware General Corporation Law, the laws of the State of Texas or the federal laws of the United States; and the Company has all necessary corporate power and authority to authorize, issue and sell the Offered Securities and the Guarantor has all necessary corporate power and authority to authorize and issue the Guarantee as contemplated by the Terms Agreement (including the provisions of this Agreement);

(v) the Registration Statement has become effective under the Act, the Final Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) specified in such opinion on the date specified therein and the final term sheet contemplated by Section 4(c) hereto has been filed with the Commission within the applicable time period prescribed therefor by Rule 433, and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any part thereof or any notice from the Commission objecting to its use has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the Act, and the Registration Statement, as of its latest effective date, the Registration Statement and the Final Prospectus, as of the Execution Time, (in each case, other than the financial statements and schedules, the notes thereto and the auditor's reports thereon, management's report on internal control over financial reporting, if any, and the other financial, numerical, statistical and accounting data included or incorporated by reference therein, or omitted therefrom, as to which such counsel need not comment), appear on their face to comply as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations;

(vi) the Terms Agreement (including the provisions of this Agreement) has been duly authorized, executed and delivered by the Company and the Guarantor; and

(vii) neither the Company nor the Guarantor is, nor after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Disclosure Package and the Final Prospectus will be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(e) The Representatives, on behalf of the Underwriters, shall have received an opinion, dated the Closing Date, of Michael L. Riggs, Deputy General Counsel for the Company, to the effect that:

(i) the Company is duly qualified to do business as a foreign corporation in good standing in all jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(ii) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own its property and to conduct its business as described in the Disclosure Package and the Final Prospectus; all of the issued shares of capital stock of the Guarantor have been duly and validly authorized and issued, are fully paid and non-assessable; except as set forth in the Final Prospectus, all of the issued shares of capital stock of the Guarantor, where applicable, are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(iii) the execution, delivery and performance by the Company and the Guarantor, as applicable, of the Terms Agreement (including the provisions of this Agreement), the issuance and sale of the Offered Securities by the Company and the Guarantor, as applicable, the performance by the Company and the Guarantor under the Indenture, and the compliance by the Company and the Guarantor, as applicable, with the terms and provisions thereof and of the Indenture will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any agreement or instrument to which the Company or the Guarantor is a party or by which the Company or the Guarantor is bound or to which any of the properties of the Company or the Guarantor is subject, in each case to the extent that such breach, violation or default could reasonably be expected to have a Material Adverse Effect, or the charter or by-laws of the Company or the Guarantor;

(iv) the descriptions in the Registration Statement and the Final Prospectus of statutes, legal and governmental proceedings and contracts and other documents are accurate in all material respects and fairly present the information required to be shown; and

(v) such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that, in such counsel’s judgment, are required to be described in the Registration Statement or the Final Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Final Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

Such counsel shall also state that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent registered public accounting firm of the Company, representatives of the Underwriters and counsel to the Underwriters at which the contents of the Registration Statement, the Final Prospectus and the Disclosure Package were discussed and, although such counsel did not independently verify such information and is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Final Prospectus and the Disclosure Package, on the basis of the foregoing no facts came to such counsel's attention that led such counsel to believe that the Registration Statement (other than the financial statements and schedules, the notes thereto and the auditor's reports thereon, management's report on internal control over financial reporting, if any, the other financial, numerical, statistical and accounting data included or incorporated by reference therein, or omitted therefrom, and the exhibits thereto, as to which such counsel need not comment) as of its effective date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or that the Final Prospectus (other than the financial statements and schedules, the notes thereto and the auditors' report thereon, management's report on internal control over financial reporting, if any, and the other financial, numerical, statistical and accounting data included or incorporated by reference therein, or omitted therefrom, as to which such counsel need not comment) as of its date or as of the Closing Date included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or that the Disclosure Package (other than the financial statements and schedules, the notes thereto and the auditors' report thereon, management's report on internal control over financial reporting, if any, and the other financial, numerical, statistical and accounting data included or incorporated by reference therein, or omitted therefrom, as to which such counsel need not comment) as of the Execution Time included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Representatives, on behalf of the Underwriters, shall have received from Cravath, Swaine & Moore LLP, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the incorporation of the Company and the Guarantor, the validity of the Offered Securities and the Guarantee, the Registration Statement, the Final Prospectus, the Disclosure Package and other related matters as the Representatives may reasonably require, and the Company and the Guarantor shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) The Representatives, on behalf of the Underwriters, shall have received a certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct, that each of the Company and the Guarantor has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, that no stop order suspending the effectiveness of the Registration Statement or of any part thereof or any notice from the Commission objecting to its use has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission and that, subsequent to the date of the most recent financial statements in the Final Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the financial condition, business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated by the Disclosure Package and the Final Prospectus or as described in such certificate.

(h) The Representatives, on behalf of the Underwriters, shall have received a letter, dated the Closing Date, of Ernst & Young LLP which meets the requirements of subsection (a) of this Section, except that the specified date referred to in such subsection will be a date not more than three days prior to the Closing Date for the purposes of this subsection.

(i) Such other conditions precedent, if any, as may be specified in the Terms Agreement.

The Company will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters under this Agreement and the Terms Agreement.

If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, the Terms Agreement and this Agreement may be terminated by the Representatives by notice to the Company at any time at or prior to the Closing Date, and such termination shall be without liability of any party to any other party except as provided in Section 4(j) and except that Sections 2, 4, 6, 8, 15 and 16 hereof shall survive any such termination and remain in full force and effect.

6. *Indemnification and Contribution* . (a) The Company will indemnify and hold harmless each Underwriter, its partners, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any losses, claims, damages or liabilities, joint or several,

to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Base Prospectus, any Preliminary Final Prospectus, the Final Prospectus, any Issuer Free Writing Prospectus or the information contained in the final term sheet required to be prepared and filed pursuant to Section 4(c) hereto, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; *provided , however,* that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives, if any, specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in the Terms Agreement.

(b) Each Underwriter will severally and not jointly indemnify and hold harmless the Company and the Guarantor, their respective directors and officers and each person, if any, who controls the Company or the Guarantor within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Company or the Guarantor may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Base Prospectus, any Preliminary Final Prospectus, the Final Prospectus, any Issuer Free Writing Prospectus or the information contained in the final term sheet required to be prepared and filed pursuant to Section 4(c) hereto, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives, if any, specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company or the Guarantor in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in the Terms Agreement.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify in writing the indemnifying party of the commencement thereof; but the omission so to notify in writing the indemnifying party (i) will not relieve it from liability under subsection (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantor, on the one hand, and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantor, on the one hand, and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantor, on the one hand, and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting fees paid to (including any underwriting discounts and commissions received by) the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the

omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to the partners, directors, officers and each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company or the Guarantor, to each officer of the Company or the Guarantor who has signed the Registration Statement and to each person, if any, who controls the Company or the Guarantor within the meaning of the Act.

7. *Default of Underwriters* . If any Underwriter or Underwriters default in their obligations to purchase Offered Securities under the Terms Agreement and the aggregate principal amount of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total principal amount of Offered Securities, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by the Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments under the Terms Agreement (including the provisions of this Agreement), to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase. If any Underwriter or Underwriters so default and the aggregate principal amount of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount of Offered Securities and arrangements satisfactory to the Representatives and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, the Terms Agreement will terminate without liability on the part of any non-defaulting Underwriter, the Company or the Guarantor, except as provided in Section 8. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

8. *Survival of Certain Representations and Obligations* . The respective indemnities, agreements, representations, warranties and other statements of the Company or the Guarantor or their respective officers and of the several Underwriters set forth in or made pursuant to the Terms Agreement (including the provisions of this Agreement) will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or the Company, the Guarantor or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the Terms Agreement is terminated pursuant to Section 7 or if for any reason the purchase of the Offered Securities by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4 and the respective obligations of the Company and the Underwriters pursuant to Section 6 shall remain in effect. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of the Terms Agreement pursuant to Section 7 or the occurrence of any event specified in clause (iii), (iv) or (v) of Section 5(c), the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

9. *No Fiduciary Duty* . The Company hereby acknowledges and agrees that (i) the purchase and sale of any Offered Securities pursuant to this Agreement and the applicable Terms Agreement is an arm's-length commercial transaction between the Company and the Guarantor, on the one hand, and the Underwriters and any affiliate through which it may be acting, on the other, (ii) the Underwriters are acting as principal and not as an agent or fiduciary of the Company or the Guarantor and (iii) the Company's engagement of the Underwriters in connection with any offering and the process leading up to the offering of any Offered Securities is as independent contractors and not in any other capacity. Furthermore, the Company agrees that it is solely responsible for making its own judgments in connection with any offering (irrespective of whether any of the Underwriters has advised or is currently advising the Company or the Guarantor on related or other matters). The Company agrees that it will not claim that the Underwriters have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company or the Guarantor, in connection with such offering or the process leading thereto.

10. *Notices* . All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or sent by facsimile and confirmed to them at their address furnished to the Company in writing for the purpose of communications hereunder or, if sent to the Company or Phillips 66 Company, will be mailed, delivered or sent by facsimile and confirmed to it at Phillips 66, 3010 Briarpark Drive, Houston, Texas 77042, Facsimile: (918) 977-9634, Attention: Treasurer, or such other address as the Company may notify the Underwriters.

11. *Successors* . The Terms Agreement (including the provisions of this Agreement) will inure to the benefit of and be binding upon the Company, the Guarantor and such Underwriters as are identified in the Terms Agreement and their respective successors and the officers and directors and controlling persons referred to in Section 6, and no other person will have any right or obligation hereunder.

12. *Representation of Underwriters* . Any Representatives will act for the several Underwriters in connection with the financing described in the Terms Agreement, and any action under such Terms Agreement (including the provisions of this Agreement) taken by the Representatives will be binding upon all the Underwriters.

13. *Counterparts* . The Terms Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement.

14. *Effect of Headings* . This Article and Section headings herein are for convenience only and shall not affect the meaning or interpretation of this Agreement.

15. ***Applicable Law* . This Agreement and the Terms Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of laws.**

Each of the Company and the Guarantor hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to the Terms Agreement (including the provisions of this Agreement) or the transactions contemplated thereby.

16. *Waiver of Jury Trial* . Each of the Company and the Guarantor and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

Phillips 66 (“Company”)

Debt Securities
fully and unconditionally guaranteed by Phillips 66 Company (“Guarantor”)

TERMS AGREEMENT

November 12, 2014

To: The Representatives of the Underwriters identified herein

Ladies & Gentlemen:

The Company agrees to sell to the several Underwriters named in Schedule A hereto for their respective accounts, on and subject to the terms and conditions of the Underwriting Agreement to be filed by the Company in its Current Report on Form 8-K dated November 12, 2014 (“ **Underwriting Agreement** ”), the following securities (“ **Offered Securities** ”) on the following terms:

Title:	4.650% Senior Notes Due 2034 (“ **2034 Notes** ”). 4.875% Senior Notes Due 2044 (“ **2044 Notes** ”).
Principal Amount:	$1,000,000,000 of 2034 Notes. $1,500,000,000 of 2044 Notes.
Interest:	4.650% per annum on the 2034 Notes and 4.875% per annum on the 2044 Notes, in each case from November 17, 2014, payable semi-annually on May 15 and November 15, commencing May 15, 2015.
Maturity:	November 15, 2034 for the 2034 Notes. November 15, 2044 for the 2044 Notes.

Optional Redemption: The Company may redeem the notes of a series, in whole or in part, at any time and from time to time, according to the price formulas set forth in the Final Prospectus.

Sinking Fund: None.

Listing: None.

Purchase Price: 97.994% of principal amount of the 2034 Notes and 97.224% of principal amount of the 2044 Notes plus, in each case, accrued interest, if any, from November 17, 2014.

Underwriters' Fee: 0.750% of principal amount of the 2034 Notes and 0.875% of principal amount of the 2044 Notes.

Expected Reoffering Price: 98.744% of principal amount of the 2034 Notes and 98.099% of principal amount of the 2044 Notes, in each case, subject to change by the Representatives.

Closing: 10:00 A.M., New York City time, on November 17, 2014, at the offices of Cravath, Swaine & Moore LLP, 825 Eighth Avenue, New York, New York 10019 in Federal (same day) funds.

Settlement and Trading : Book-Entry Only via DTC.

Blackout : Until 14 days after the Closing Date.

Names and Addresses of Representatives:

Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, NY 10019

Citigroup Global Markets Inc.
388 Greenwich Street
New York, NY 10013

Credit Suisse Securities (USA) LLC
11 Madison Avenue
New York, NY 10010

RBS Securities Inc.
600 Washington Blvd.
Stamford, CT 06901

Additional Condition Precedent Pursuant to Section 5(i) of the Underwriting Agreement: None.

Execution Time: 6:15 p.m., New York City time, on the date hereof.

The respective principal amounts of the Offered Securities to be purchased by each of the Underwriters are set forth opposite their names in Schedule A hereto.

The provisions of the Underwriting Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the respective meanings given such terms in the Underwriting Agreement.

For purposes of Section 6 of the Underwriting Agreement, the only information furnished to the Company by the Representatives on behalf of any Underwriter for use in the Final Prospectus and the final term sheet prepared and filed pursuant to Section 4(c) of the Underwriting Agreement consists of the following information in the Prospectus furnished on behalf of each Underwriter: The third, fourth, fifth, seventh, eighth and ninth paragraphs and the second sentence in the sixth paragraph under the caption "Underwriting" in the prospectus supplement.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a " **Relevant Member State** "), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the " **Relevant Implementation Date** ") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall require the Company or Phillips 66 Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Underwriter has represented and agreed that

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Guarantor; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement among the Company, the Guarantor and the several Underwriters in accordance with its terms.

Very truly yours,

Phillips 66

By /s/ Brian R. Wenzel
Name: Brian R. Wenzel
Title: Vice President and Treasurer

Phillips 66 Company

By /s/ Brian R. Wenzel
Name: Brian R. Wenzel
Title: Vice President and Treasurer

The foregoing Terms Agreement is hereby confirmed and accepted as of the date first above written.

Mitsubishi UFJ Securities (USA), Inc.
Citigroup Global Markets Inc.
Credit Suisse Securities (USA) LLC
RBS Securities Inc.

Acting on behalf of themselves and as the Representatives of the several Underwriters.

By Mitsubishi UFJ Securities (USA), Inc.

By /s/ Richard Testa
Name: Richard Testa
Title: Managing Director

By Citigroup Global Markets Inc.

By /s/ Brian D. Bednarski
Name: Brian D. Bednarski
Title: Managing Director

By Credit Suisse Securities (USA) LLC

By /s/ Michael Kim
Name: Michael Kim
Title: Director

By RBS Securities Inc.

By /s/ Mark Frenzel
Name: Mark Frenzel
Title: Managing Director

SCHEDULE A

Underwriter	Principal Amount of 2034 Notes	Principal Amount of 2044 Notes
Mitsubishi UFJ Securities (USA), Inc.	$ 130,000,000	$ 195,000,000
Citigroup Global Markets Inc.	$ 130,000,000	$ 195,000,000
Credit Suisse Securities (USA) LLC	$ 130,000,000	$ 195,000,000
RBS Securities Inc.	$ 130,000,000	$ 195,000,000
Barclays Capital Inc.	$ 75,000,000	$ 112,500,000
BNP Paribas Securities Corp.	$ 75,000,000	$ 112,500,000
DNB Markets, Inc.	$ 75,000,000	$ 112,500,000
RBC Capital Markets, LLC	$ 75,000,000	$ 112,500,000
Deutsche Bank Securities Inc.	$ 36,000,000	$ 54,000,000
Lloyds Securities Inc.	$ 36,000,000	$ 54,000,000
Mizuho Securities USA Inc.	$ 36,000,000	$ 54,000,000
PNC Capital Markets LLC	$ 36,000,000	$ 54,000,000
Scotia Capital (USA) Inc.	$ 36,000,000	$ 54,000,000
Total	$1,000,000,000	$1,500,000,000

SCHEDULE B

Schedule of Free Writing Prospectuses included in the Disclosure Package

1. Free writing prospectus dated November 12, 2014, relating to the final terms of the Offered Securities.

Exhibit 4.2

PHILLIPS 66

4.650% Senior Notes due 2034
4.875% Senior Notes due 2044

Fully and Unconditionally Guaranteed by

PHILLIPS 66 COMPANY

Two series of Securities are hereby established pursuant to Section 2.01 of the Indenture, dated as of March 12, 2012 (the "Indenture"), among Phillips 66, as issuer (the "Company"), Phillips 66 Company, as guarantor (the "Guarantor"), and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as follows:

1. Each capitalized term used but not defined herein shall have the meaning assigned to such term in the Indenture.

2. The title of the 4.650% Senior Notes due 2034 shall be "4.650% Senior Notes due 2034" (the "2034 Notes") and the title of the 4.875% Senior Notes due 2044 shall be "4.875% Senior Notes due 2044" (the "2044 Notes" and, together with the 2034 Notes, the "Notes").

3. The limit upon the aggregate principal amount of the 2034 Notes and the 2044 Notes that may be authenticated and delivered under the Indenture (except for Notes of such series authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of such series pursuant to Section 2.08, 2.09, 2.12, 2.17, 3.07 or 9.05 of the Indenture and except for any Notes of such series which, pursuant to Section 2.04 or 2.17 of the Indenture, are deemed never to have been authenticated and delivered thereunder) is $1,000,000,000 and $1,500,000,000, respectively; *provided, however,* that the authorized aggregate principal amount of the Notes of each series may be increased before or after the issuance of any Notes of such series by a Board Resolution (or action pursuant to a Board Resolution) to such effect; *provided further, however,* that the authorized aggregate principal amount of the Notes of each series may be increased only if the additional Notes issued will be fungible with the original Notes of such series for United States federal income tax purposes.

4. The Notes of each series shall be issued upon original issuance in whole in the form of one or more Global Securities (the "Global Notes"). The Depository Trust Company and the Trustee are hereby designated as the Depositary and the Security Custodian, respectively, for the Global Notes under the Indenture.

5. The Notes of each series and the Trustee's certificate of authentication shall be substantially in the form of *Annex A* hereto (the "Form of Note").

6. The date on which the principal of the 2034 Notes and the 2044 Notes is payable shall be November 15, 2034 and November 15, 2044, respectively.

7. The rate at which the 2034 Notes shall bear interest shall be 4.650% per annum. The rate at which the 2044 Notes shall bear interest shall be 4.875% per annum. Interest on the Notes of each series shall be computed on the basis of a 360-day year of twelve 30-day months. The Interest Payment Dates on which such interest shall be payable on the Notes of each series shall be May 15 and November 15 of each year, commencing May 15, 2015. The record dates for the interest payable on the Notes of each series on any Interest Payment Date shall be the May 1 and November 1, as the case may be, next preceding such Interest Payment Date.

8. No Additional Amounts with respect to the Notes shall be payable. The date from which interest shall accrue for the Notes of each series shall be November 17, 2014.

9. The place or places where the principal of, premium (if any) on and interest on the Notes shall be payable shall be the office or agency of the Company maintained for that purpose, initially the office of the Trustee in The City of New York at 101 Barclay Street, New York, New York 10286, and any other office or agency maintained by the Company for such purpose. Payments in respect of Global Notes (including principal, premium, if any, and interest) shall be made by wire transfer of immediately available funds to the accounts specified by the Holder of such Notes. In all other cases, at the option of the Company, payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the register of the Notes maintained by the Registrar.

10. The Paying Agent and Registrar for the Notes of each series initially shall be the Trustee.

11. Prior to May 15, 2034, the 2034 Notes are subject to redemption, in whole or in part, from time to time, at the option of the Company, in principal amounts of $2,000 and integral multiples of $1,000 above such amount, upon not less than 30 nor more than 60 days' prior notice as provided in the Indenture, at a Redemption Price, determined by the Company, equal to the sum of (i) 100% of the principal amount of the 2034 Notes to be redeemed and (ii) the amount, if any, by which the sum of the present values of the Remaining Scheduled Payments thereon, discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points exceeds the principal amount of the 2034 Notes to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date. On or after May 15, 2034, the 2034 Notes are subject to redemption, in whole or in part, from time to time, at the option of the Company, in principal amounts of $2,000 and integral multiples of $1,000 above such amount, at a redemption price equal to 100% of the principal amount of the 2034 Notes to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date. Prior to May 15, 2044, the 2044 Notes are subject to redemption, in whole or in part, from time to time, at the option of the Company, in principal amounts of $2,000 and integral multiples of $1,000 above such amount, upon not less than 30 nor more than 60 days' prior notice as provided in the Indenture, at a Redemption Price, determined by the Company, equal to the sum of (i) 100% of the principal amount of the 2044 Notes to be redeemed and (ii) the amount, if any, by which the sum of the present values of the Remaining Scheduled Payments thereon, discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points exceeds the principal amount of the 2044 Notes to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date. On or after May 15, 2044, the 2044 Notes are

subject to redemption, in whole or in part, from time to time, at the option of the Company, in principal amounts of $2,000 and integral multiples of $1,000 above such amount, at a redemption price equal to 100% of the principal amount of the 2044 Notes to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue; *provided* that if no maturity is within three months before or after the Stated Maturity for the applicable series of Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis rounding to the nearest month; or (ii) if such release (or any successor release) is not published during the week preceding such calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Company on the third Business Day preceding such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable series of Notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Reference Treasury Dealer" means each of (i) a nationally recognized investment banking firm that is a primary U.S. Government securities dealer (a "Primary Treasury Dealer") designated by Mitsubishi UFJ Securities (USA), Inc. (and its successors), (ii) Citigroup Global Markets Inc. (and its successors), (iii) Credit Suisse Securities (USA) LLC (and its successors) and (iv) RBS Securities Inc. (and its successors); *provided, however,* that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; *provided, however,* that, if such Redemption Date is not an Interest Payment Date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such Redemption Date.

12. The Company shall have no obligation to redeem, purchase or repay Notes pursuant to any sinking fund or analogous provision or at the option of a Holder thereof.

13. Each Global Note shall bear the legend set forth on the face of the Form of Note.

14. In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time ("Applicable Tax Law") to which a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject related to the Indenture and the Notes, the Company and the Guarantor agree (i) to provide to the Trustee sufficient information about holders or other applicable parties and/or transactions related to the Indenture and the Notes (including any modification to the terms of such transactions) so that the Trustee can determine whether it has tax-related obligations under Applicable Tax Law, (ii) that the Trustee shall be entitled to make any withholding or deduction from payments under the Indenture to the extent necessary to comply with Applicable Tax Law for which the Trustee shall not have any liability and (iii) to hold harmless the Trustee for any losses it may suffer due to the actions it takes to comply with such Applicable Tax Law. The terms of this section shall survive the termination of the Indenture.

[FORM OF FACE OF SECURITY]

[UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK), A NEW YORK CORPORATION ("DTC"), SHALL ACT AS THE DEPOSITARY UNTIL A SUCCESSOR SHALL BE APPOINTED BY THE COMPANY AND THE REGISTRAR. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.] [1]

PHILLIPS 66

[4.650% SENIOR NOTE DUE 2034]
[4.875% SENIOR NOTE DUE 2044]

FULLY AND UNCONDITIONALLY GUARANTEED BY

PHILLIPS 66 COMPANY

CUSIP No. _____
ISIN No. _____

No. ____ $ _____

Phillips 66, a Delaware corporation (the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, promises to pay to _____or registered assigns, the principal sum of _____Dollars[, or such greater or lesser amount as indicated on the Schedule of Exchanges of Securities hereto,] [1] on November 15, [2034] [2044].

[1] To be included only if the Security is a Global Security

Interest Payment Dates: May 15 and November 15

Record Dates: May 1 and November 1

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

Dated:

PHILLIPS 66

By: _____
Name:
Title:

By: _____
Name:
Title:

GUARANTEE

Phillips 66 Company, a Delaware corporation, unconditionally guarantees to the holder of this Security, upon the terms and subject to the conditions set forth in the Indenture referenced on the reverse hereof, (a) the full and prompt payment of the principal of and any premium on this Security when and as the same shall become due, whether at the stated maturity thereof, by acceleration, redemption or otherwise, and (b) the full and prompt payment of interest on this Security when and as the same shall become due, subject to any applicable grace period.

PHILLIPS 66 COMPANY

By: _____
Name:
Title:

Certificate of Authentication:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Signatory

Dated:

[FORM OF REVERSE OF SECURITY]

PHILLIPS 66

[4.650% SENIOR NOTE DUE 2034]
[4.875% SENIOR NOTE DUE 2044]

FULLY AND UNCONDITIONALLY GUARANTEED BY

PHILLIPS 66 COMPANY

This Security is one of a duly authorized issue of [4.650% Senior Notes due 2034] [4.875% Senior Notes due 2044] (the "Securities") of Phillips 66, a Delaware corporation (the "Company").

1. *Interest* . The Company promises to pay interest on the principal amount of this Security at [4.650%] [4.875%] per annum from November 17, 2014 until maturity. The Company will pay interest semiannually on May 15 and November 15 of each year (each an "Interest Payment Date"), or if any such day is not a Business Day, on the next succeeding Business Day. Interest on the Securities will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from November 17, 2014; *provided* that if there is no existing Default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof (each, a "Record Date") and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further* , that the first Interest Payment Date shall be May 15, 2015. The Company shall pay interest on overdue principal and premium (if any) from time to time at a rate equal to the interest rate then in effect; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) from time to time at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

2. *Method of Payment* . The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the Record Date next preceding the Interest Payment Date, even if such Securities are canceled after such Record Date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect principal payments. The Company will pay the principal of, premium (if any) on and interest on the Securities in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Such amounts shall be payable at the offices of the Trustee (as defined below), *provided* that at the option of the Company, the Company may pay such amounts (1) by wire transfer with respect to Global Securities or (2) by check payable in such money mailed to a Holder's registered address with respect to any Securities.

3. *Paying Agent and Registrar* . Initially, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar, co-registrar or additional paying agent without notice to any Holder. The Company, the Guarantor or any Subsidiary of the Company may act in any such capacity.

4. *Guarantee* . Phillips 66 Company, a Delaware corporation ("the Guarantor"), unconditionally guarantees to the Holders from time to time of the Securities, upon the terms and subject to the conditions set forth in the Indenture (as defined below), (a) the full and prompt payment of the principal of and any premium on the Securities when and as the same shall become due, whether at the Stated Maturity thereof, by acceleration, redemption or otherwise, and (b) the full and prompt payment of any interest on the Securities when and as the same shall become due, subject to any applicable grace period. The Guarantee constitutes a guarantee of payment and not of collection. In the event of a default in the payment of principal of or any premium on the Securities when and as the same shall become due, whether at the Stated Maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any interest on the Securities when and as the same shall become due, subject to any applicable grace period, each of the Trustee and the Holders of the Securities shall have the right to proceed first and directly against the Guarantor under the Indenture without first proceeding against the Company or exhausting any other remedies which the Trustee or such Holder may have and without resorting to any other security held by it.

Pursuant to the Officers' Certificate dated April 27, 2012 delivered to the Trustee pursuant to Sections 10.05 and 11.04 of the Indenture, the Guarantee contained in the Indenture is effective.

5. *Indenture.* The Company issued the Securities under an Indenture, dated as of March 12, 2012 (the "Indenture"), among the Company, the Guarantor and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"), as in effect on the date of execution of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms and for the definitions of capitalized terms used but not defined herein. The Securities are unsecured general obligations of the Company limited to $[1,000,000,000] $[1,500,000,000] in aggregate principal amount; *provided, however*, that the authorized aggregate principal amount of the Securities may be increased before or after the issuance of any Securities by a Board Resolution (or action pursuant to a Board Resolution) to such effect; *provided further, however*, that the authorized aggregate principal amount of the Securities may be increased only if the additional Securities issued will be fungible with the original Securities for United States federal income tax purposes. The Indenture provides for the issuance of other series of debt securities (including the Securities, the "Debt Securities") thereunder.

6. *Denominations, Transfer, Exchange.* The Securities are in registered form without coupons in minimum denominations of $2,000 and any integral multiples of $1,000 above such amount. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Neither the Company, the Trustee nor the Registrar shall be required to register the transfer or exchange of (a) any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part, or (b) any Security during the period beginning 15 Business Days before the mailing of notice of redemption of Securities to be redeemed and ending at the close of business on the day of mailing.

7. *Persons Deemed Owners.* The registered Holder of a Security shall be treated as its owner for all purposes.

8. *Redemption* . Prior to [May 15, 2034] [May 15, 2044], the Securities are subject to redemption, in whole or in part, from time to time, at the option of the Company, in principal amounts of $2,000 and integral multiples of $1,000 above such amount, upon not less than 30 nor more than 60 days' prior notice as provided in the Indenture, at a Redemption Price, determined by the Company, equal to the sum of (i) 100% of the principal amount of the Securities to be redeemed and (ii) the amount, if any, by which the sum of the present values of the Remaining Scheduled Payments thereon, discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus [25] [30] basis points exceeds the principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date. On or after [May 15, 2034] [May 15, 2044], the Securities are subject to redemption, in whole or in part, from time to time, at the option of the Company, in principal amounts of $2,000 and integral multiples of $1,000 above such amount, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue; *provided* that if no maturity is within three months before or after the Stated Maturity for the Securities, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis rounding to the nearest month; or (ii) if such release (or any successor release) is not published during the week preceding such calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Company on the third Business Day preceding such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Reference Treasury Dealer" means each of (i) a nationally recognized investment banking firm that is a primary U.S. Government securities dealer (a "Primary Treasury Dealer") designated by Mitsubishi UFJ Securities (USA), Inc. (and its successors), (ii) Citigroup Global Markets Inc. (and its successors), (iii) Credit Suisse Securities (USA) LLC (and its successors) and (iv) RBS Securities Inc. (and its successors); *provided, however,* that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Remaining Scheduled Payments" means, with respect to each Security to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; *provided, however,* that, if such Redemption Date is not an Interest Payment Date with respect to such Security, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such Redemption Date.

9. *Amendments and Waivers* . Subject to certain exceptions and limitations, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Securities of all series affected by such amendment or supplement (acting as one class), and any existing or past Default or Event of Default under, or compliance with any provision of, the Indenture may be waived (other than any continuing Default or Event of Default in the payment of the principal of, premium (if any) on or interest on the Securities) by the Holders of at least a majority in principal amount of the then outstanding Securities of any series or of all series (acting as one class) in accordance with the terms of the Indenture. Without the consent of any Holder, the Company, the Guarantor and the Trustee may amend or supplement the Indenture or the Securities or waive any provision of either: (i) to cure any ambiguity, omission, defect or inconsistency; (ii) if required, to provide for the assumption of the obligations of the Company or the Guarantor under the Indenture in the case of the merger, consolidation or sale, lease, conveyance, transfer or other disposition of all or substantially all of the assets of the Company or the Guarantor; (iii) to provide for uncertificated Securities in addition to or in place of certificated Securities or to provide for the issuance of bearer Securities (with or without coupons); (iv) to provide any security for, or to add any guarantees of or additional obligors on, the Securities or the related Guarantees; (v) to comply with any requirement in order to effect or maintain the qualification of the Indenture under the TIA; (vi) to add to the covenants of the Company or the Guarantor for the benefit of the Holders of the Securities, or to surrender any right or power conferred by the Indenture upon the Company or the Guarantor; (vii) to add any additional Events of Default with respect to all or any series of the Debt Securities; (viii) to change or eliminate any of the provisions of the Indenture, *provided* that no outstanding Security is adversely affected in any material respect;

(ix) to supplement any of the provisions of the Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Securities pursuant to the Indenture; or (x) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee with respect to the Securities and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts thereunder by more than one Trustee, pursuant to the requirements of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company or the Guarantor to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of any Securities with respect to which such consent is required or sought as of a date identified by the Company or the Guarantor in a notice furnished to Holders in accordance with the terms of the Indenture.

Without the consent of each Holder affected, the Company may not (i) reduce the amount of Debt Securities whose Holders must consent to an amendment, supplement or waiver; (ii) reduce the rate of or change the time for payment of interest, including default interest, on any Security; (iii) reduce the principal of or premium on, or change the Stated Maturity of, any Security; (iv) reduce the premium, if any, payable upon the redemption of any Security or change the time at which any Security may or shall be redeemed; (v) change the coin or currency in which any Security or any premium or interest with respect thereto is payable; (vi) impair the right to institute suit for the enforcement of any payment of principal of or premium (if any) or interest on any Security, except as provided in the Indenture; (vii) make any change in the percentage of principal amount of Debt Securities necessary to waive compliance with certain provisions of the Indenture or make any change in the provision for modification; or (viii) waive a continuing Default or Event of Default in the payment of principal of or premium (if any) or interest on the Securities.

A supplemental indenture that changes or eliminates any covenant or other provision of the Indenture which has expressly been included solely for the benefit of one or more particular series of Debt Securities under the Indenture, or which modifies the rights of the Holders of Debt Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under the Indenture of the Holders of Debt Securities of any other series.

10. *Defaults and Remedies* . Events of Default are defined in the Indenture and generally include: (i) default for 30 days in payment of any interest on the Securities; (ii) default in any payment of principal of or premium, if any, on the Securities when due and payable; (iii) default by the Company or the Guarantor in compliance with any of its other covenants or agreements in, or provisions of, the Securities or in the Indenture which shall not have been remedied within 90 days after written notice by the Trustee or by the holders of at least 25% in principal amount of the Securities then outstanding (or, in the event that other Debt Securities issued under the Indenture are also affected by the default, then 25% in principal amount of all outstanding Debt Securities so affected); or (iv) certain events involving bankruptcy, insolvency or reorganization of the Company or the Guarantor. If an Event of Default occurs and is continuing, the Trustee by notice to the Company and the Guarantor, or the Holders of at least 25% in principal amount of the then outstanding Securities of the series affected by such Event of Default (or, in the case of an Event of Default described in clause (iii)

above, if outstanding Debt Securities of other series are affected by such default, then at least 25% in principal amount of the then outstanding Debt Securities so affected) by notice to the Company, the Guarantor and the Trustee, may declare the principal of and interest on all the Securities to be immediately due and payable, except that in the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization of the Company or the Guarantor, all outstanding Debt Securities under the Indenture become due and payable immediately without further action or notice. The amount due and payable upon the acceleration of any Security is equal to 100% of the principal amount thereof plus accrued interest to the date of payment. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal, premium or interest) if it determines that withholding notice is in their interests. The Company and the Guarantor must furnish annual compliance certificates to the Trustee.

11. *Discharge Prior to Maturity* . The Indenture with respect to the Securities shall be discharged and canceled upon the payment of all of the Securities and shall be discharged except for certain obligations upon the irrevocable deposit with the Trustee of any combination of funds and U.S. Government Obligations sufficient for such payment.

12. *Trustee Dealings with Company and Guarantor* . The Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may make loans to, accept deposits from, and perform services for the Company, the Guarantor or any of their respective Affiliates, and may otherwise deal with the Company, the Guarantor or any such Affiliates, as if it were not Trustee.

13. *No Recourse Against Others* . A director, officer, employee, stockholder, partner or other owner of the Company, the Guarantor or the Trustee, as such, shall not have any liability for any obligations of the Company under the Securities, for any obligations of the Guarantor under the Guarantee or for any obligations of the Company, the Guarantor or the Trustee under the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release shall be part of the consideration for the issue of Securities.

14. *Authentication* . This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. *CUSIP Numbers* . Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed thereon.

16. *Abbreviations* . Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to:

Phillips 66
3010 Briarpark Drive
Houston, Texas 77042
Telephone: (281) 293-6600
Attention: Treasurer

SCHEDULE OF EXCHANGES OF SECURITIES*

The following exchanges of a part of this Global Security for other Securities have been made:

Date of Exchange	Amount of Decrease in Principal Amount of this Global Security	Amount of Increase in Principal Amount of this Global Security	Principal Amount of this Global Security Following Such Decrease or Increase	Signature of Authorized Officer of Trustee or Security Custodian

* To be included only if the Security is a Global Security

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to

_____

(Insert assignee's social security or tax I.D. number)

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: _____

(Participant in a Recognized Signature Guaranty Medallion Program)

Exhibit 5.1

BRACEWELL
&GIULIANI

Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
711 Louisiana Street
Suite 2300
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77002-2770

713.223.2300 Office
713.221.1212 Fax

bgllp.com

November 17, 2014

Phillips 66
3010 Briarpark Drive
Houston, Texas 77042

Ladies and Gentlemen:

We have acted as special counsel for Phillips 66, a Delaware corporation ("Phillips 66"), in connection with the issuance by Phillips 66 of $1,000,000,000 aggregate principal amount of its 4.650% Senior Notes due 2034 (the "2034 Notes") and $1,500,000,000 aggregate principal amount of its 4.875% Senior Notes due 2044 (the "2044 Notes" and, together with the 2034 Notes, the "Notes"), in each case guaranteed by Phillips 66 Company, a Delaware corporation ("Phillips 66 Company") (the "Guarantees"), pursuant to (a) the Registration Statement of Phillips 66 and Phillips 66 Company on Form S-3, as amended (Registration Nos. 333-184765 and 333-184765-01) (the "Registration Statement"), which was filed by Phillips 66 and Phillips 66 Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), and (b) the related prospectus dated November 5, 2012, as supplemented by the prospectus supplement relating to the sale of the Notes dated November 12, 2014 (as so supplemented, the "Prospectus"), as filed by Phillips 66 and Phillips 66 Company with the Commission pursuant to Rule 424(b) under the Act. At your request, this opinion is being furnished to you for filing as Exhibit 5.1 to the Current Report of ConocoPhillips on Form 8-K to be filed with the Commission on the date hereof (the "Form 8-K").

The Notes and the related Guarantees are to be issued pursuant to the Indenture, dated as of March 12, 2012 (the "Indenture"), among Phillips 66, as issuer, Phillips 66 Company, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The terms of the Notes of each series (including the form of Note) have been established pursuant to resolutions adopted by the Board of Directors of Phillips 66.

We have examined originals, or copies certified or otherwise identified, of (i) Phillips 66's Amended and Restated Certificate of Incorporation and By-Laws and Phillips 66 Company's Certificate of Incorporation and By-Laws, in each case as amended to date; (ii) the Underwriting Agreement (the "Underwriting Agreement") incorporated by reference into the Terms Agreement, dated as of November 12, 2014 (the "Terms Agreement"), among Phillips 66, Phillips 66 Company and the several Underwriters named in Schedule A to the Terms Agreement (the "Underwriters"), relating to the issuance and sale of the Notes; (iii) the Registration Statement and the Prospectus; (iv) the Indenture, together with an Officers' Certificate establishing the terms of the Notes (the "Terms of Notes") of each series, in each case

as filed as exhibits to the Form 8-K; (v) an Officers' Certificate, dated April 27, 2012, delivered to the Trustee pursuant to Sections 10.05 and 11.04 of the Indenture, certifying as to the effectiveness of the Guarantee contained in the Indenture; (vi) certain resolutions of the Board of Directors of Phillips 66 and Phillips 66 Company as furnished to us by them; and (vii) certificates of public officials and of representatives of Phillips 66 and Phillips 66 Company. We also have made such investigations of law and examined originals or copies of such other documents and records as we have deemed necessary and relevant as a basis for the opinions hereinafter expressed. In giving such opinions, we have relied upon certificates and representations of officers of each of Phillips 66 and Phillips 66 Company, of governmental and public officials and of other sources believed by us to be responsible with respect to the accuracy of the material factual matters contained therein or covered thereby. We have assumed that the signatures on all documents examined by us are genuine, all documents submitted to us as originals are authentic and all documents submitted as certified or photostatic copies conform to the originals thereof.

Based on the foregoing, and subject to the qualifications, limitations and assumptions set forth herein, we are of the opinion that when the Notes have been duly executed, issued and delivered, the related Guarantees have been executed, endorsed and delivered by Phillips 66 and Phillips 66 Company and the Notes and the related Guarantees have been authenticated and delivered by the Trustee in accordance with the terms of the Indenture and the Terms of Notes and duly purchased and paid for by the Underwriters in accordance with the terms of the Terms Agreement (including the provisions of the Underwriting Agreement incorporated by reference in the Terms Agreement), the Notes and the related Guarantees will constitute legal, valid and binding obligations of Phillips 66 and Phillips 66 Company, respectively, enforceable against Phillips 66 and Phillips 66 Company, respectively, in accordance with their terms, except as such enforcement is subject to (i) bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (ii) the application of general principles of equity (regardless of whether considered in a proceeding at law or in equity) including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of good faith, reasonableness, fair dealing and materiality.

We express no opinions concerning (a) the validity or enforceability of any provisions contained in the Indenture that purport to waive or not give effect to rights to notices, defenses, subrogation or other rights or benefits that cannot be effectively waived under applicable law, or (b) the enforceability of indemnification provisions to the extent they purport to relate to liabilities resulting from or based upon negligence or any violation of federal or state securities or blue sky laws.

The foregoing opinion is limited to the relevant contract law of the State of New York and the relevant federal law of the United States of America. We express no opinion with respect to the federal or state securities laws or blue sky laws of any jurisdiction, including the anti-fraud provisions of any such laws, or with respect to the law of any other jurisdiction. The opinion expressed herein is given as of the date hereof, and we undertake no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein.

We hereby consent to the filing of this opinion of counsel as an exhibit to the Form 8-K and to the reference to our Firm under the heading "Legal Matters" in the Prospectus. In giving this consent, we do not hereby admit that we are in 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/ Bracewell & Giuliani LLP

Bracewell & Giuliani LLP