

# PHILLIPS 66

## **FORM 8-K** (Current report filing)

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Address	3010 BRIARPARK DRIVE HOUSTON, TX 77042
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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): **August 1, 2012**

## Phillips 66

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**001-35349**  
(Commission  
File Number)

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

**600 North Dairy Ashford**  
**Houston, Texas 77079**

(Address of principal executive offices and zip code)

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

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))
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**Item 2.02 Results of Operations and Financial Condition.**

On August 1, 2012, Phillips 66 issued a press release announcing the company's financial and operating results for the quarter ended June 30, 2012. A copy of the press release is furnished as Exhibit 99.1 hereto and incorporated herein by reference. Additional financial and operating information about the quarter is furnished as Exhibit 99.2 hereto and incorporated herein by reference.

The information in this report and the exhibits hereto shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

- 99.1 — Press release issued by Phillips 66 on August 1, 2012.
- 99.2 — Supplemental financial information.

## 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**

*/s/ C. Doug Johnson*

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C. Doug Johnson  
Vice President and Controller

August 1, 2012

## EXHIBIT INDEX

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
99.1	Press release issued by Phillips 66 on August 1, 2012.
99.2	Supplemental financial information.



## NEWS RELEASE

### **Phillips 66 Reports Second-Quarter Earnings of \$1.2 Billion or \$1.86 Per Share** *Announces \$1.0 Billion Share Repurchase Plan*

#### **Second-Quarter Highlights**

- Adjusted earnings of \$1.4 billion or \$2.23 per share
- Successful separation from ConocoPhillips completed May 1, 2012
- Operating cash flow of \$1.4 billion
- Improved Refining and Marketing margins
- Refining capacity utilization of 93 percent
- Midstream impacted by lower NGL prices
- Strong Chemicals margins
- Closed the sale of the Trainer Refinery

HOUSTON, Aug. 1, 2012 --- Phillips 66 (NYSE: PSX) announces second-quarter earnings of \$1.2 billion and adjusted earnings of \$1.4 billion. This compares with earnings and adjusted earnings of \$1.0 billion in the second quarter of 2011. In addition, Phillips 66's Board of Directors has approved the repurchase of up to \$1.0 billion of the company's outstanding common shares.

"We're off to a solid start, running well in a positive margin environment," said Greg Garland, chairman and chief executive officer. "The location of our domestic refining, midstream and chemicals facilities enabled us to access advantaged feedstocks, creating strong earnings and cash flow. The announcement of our share repurchase plan is evidence of our commitment to strong and growing shareholder distributions."

#### **Refining and Marketing (R&M)**

R&M second-quarter earnings were \$1,184 million, compared with \$774 million a year ago. Refining contributed \$882 million in the quarter, while Marketing, Specialties and Other generated \$302 million. R&M adjusted earnings totaled \$1,185 million, an increase of \$437 million from the same period last year.

Refining adjusted earnings were \$851 million in the second quarter, an improvement from \$498 million during the second quarter of 2011. This was primarily the result of stronger refining margins, particularly in the U.S. Midcontinent and Europe.

During the quarter, the company's worldwide crude capacity utilization rate was 93 percent. The Central Corridor and Atlantic Basin/Europe regions both performed particularly well, achieving 95 percent capacity utilization in a period of strong margins. Further, the company's worldwide clean product yield was 84 percent, up from 83 percent in the same period a year ago. Refining pre-tax turnaround expenses for the quarter were \$114 million, compared with \$82 million during the second quarter of 2011.

Phillips 66 also enhanced refining returns through various strategic initiatives. The Coker and Refinery Expansion (CORE) project at the Wood River Refinery resulted in lower feedstock costs and higher clean product yields. Additionally, the sale of Trainer Refinery reduced the company's exposure to higher-priced Brent-based crudes.

Marketing, Specialties and Other recorded adjusted earnings of \$334 million during the second quarter, an increase of \$84 million from the same quarter last year, primarily due to higher margins across major product lines. U.S. wholesale fuel margins improved due to a steep decline in spot-based product costs, which fell more rapidly than posted product prices. The lubricants business also generated improved results as product costs stabilized during the second quarter, compared with rapidly rising costs in the second quarter of last year.

## **Midstream**

The Midstream segment posted a loss of \$91 million for the second quarter, including a \$170 million noncash impairment of Phillips 66's investment in the Rockies Express Pipeline (REX). Adjusted earnings were \$79 million; \$32 million lower than the prior year. This was primarily due to a 38 percent decline in NGL prices and higher operating costs, partially offset by inventory gains, as well as lower depreciation expense at DCP Midstream (DCP).

Earnings related to our equity investment in DCP were \$42 million for the second quarter; \$48 million lower than a year ago. Significantly lower NGL prices were partially offset by lower depreciation. DCP's throughput volumes increased in excess of 5 percent in the Rockies and Eagle Ford areas, as well as the Midcontinent region, but were largely offset due to volume declines in its Gulf Coast dry gas asset positions.

Adjusted earnings from Phillips 66's other midstream operations were \$37 million. This business includes interests in three fractionators, NGL trading and marketing, and its interest in REX.

## **Chemicals**

Chemicals second-quarter earnings were \$207 million. Adjusted earnings of \$242 million exclude a \$35 million expense related to early debt retirement by Chevron Phillips Chemical Company (CPChem). The \$52 million increase in adjusted earnings from the prior year was primarily due to improved margins and lower utility costs.

In Olefins and Polyolefins, ethylene and polyethylene margins were higher due to lower domestic feedstock costs, particularly for ethane and propane. With its ability to run a lighter feedstock slate, CPChem was able to take advantage of these higher margins. Similarly, higher benzene margins contributed to improved earnings in Specialties, Aromatics and Styrenics.

Lower natural gas prices reduced utility costs at CPChem's manufacturing facilities. Overall capacity utilization rates were approximately 90 percent, slightly higher than the same period in 2011. Externally marketed volumes for Olefins and Polyolefins totaled 3.5 billion pounds, a slight increase compared with last year, attributable primarily to sales of ethylene and domestic polyethylene, as well as sales from CPChem's joint ventures in Qatar.

As previously announced, CPChem's distributions to its owner companies have been suspended pending its repayment of approximately \$1.0 billion of fixed-rate notes. During the quarter, CPChem repaid \$600 million of the debt, and the remainder is expected to be repaid in the third quarter of this year.

### **Corporate and Other**

Corporate and Other costs for the quarter were \$119 million after-tax, including interest expense, repositioning costs, corporate staff compensation and benefits, and technology. Adjusted for \$30 million of repositioning expenses, costs were \$89 million for the second quarter, which included \$45 million of net interest expense. The company expects Corporate and Other costs to be approximately \$250 million for the second half of 2012, excluding any remaining repositioning costs.

### **Financial Position and Liquidity**

During the second quarter, Phillips 66 completed its financing plan by funding a \$2.0 billion three-year amortizing term loan. The company had \$8.0 billion of debt upon completion of the repositioning at a current weighted-average pre-tax interest rate of approximately 3.5 percent. At quarter end, the company had a debt-to-capital ratio of 30 percent, aligned with its target range of 20 to 30 percent.

Phillips 66 generated \$1.4 billion in cash from operations and received \$234 million in proceeds from asset dispositions. The company also funded a \$270 million capital program primarily directed toward R&M, and completed its cash distributions to ConocoPhillips related to the repositioning. Phillips 66 ended the second quarter with \$3.1 billion of cash and cash equivalents.

Distributions from equity affiliates were \$603 million during the second quarter, including WRB Refining and DCP's net pre-tax distributions of \$485 million and \$61 million, respectively.

### **Strategic Initiatives**

In addition to delivering strong financial results, Phillips 66 executed on plans to improve return on capital, deliver profitable growth and increase shareholder distributions. The company is making investments to improve margins and returns in R&M along with capacity expansions in Midstream and Chemicals.

In R&M, the company completed the sale of the Trainer Refinery, generating approximately \$230 million in proceeds. The company elected to retain ownership of the Alliance Refinery, as Gulf Coast sweet crude feedstock costs are expected to improve over the long-term. Phillips 66 also is increasing access to domestically produced, advantaged crude oil via rail and barge by acquiring 2,000 rail cars to transport shale oil and other cost-advantaged feedstocks. As part of its ongoing efforts in technology, the company reached an agreement with Reliance Industries to license Phillips 66's proprietary E-Gas™ Technology.

Development continues on DCP's Sand Hills Pipeline, which will allow for NGL movements from the Permian Basin and Eagle Ford fields to the Gulf Coast, with planned initial capacity of 200,000 barrels per day. The Sand Hills Pipeline will be phased into service, with the first phase anticipated in the third quarter of 2012. DCP's Southern Hills Pipeline project also is proceeding on plan, with an expected in-service date of mid-2013 and target capacity of more than 150,000 barrels per day.



As previously announced, one of CPChem's joint ventures, Saudi Polymers Company, has completed construction of its petrochemicals complex located in Jubail Industrial City, Saudi Arabia. Commissioning activities are underway, and commercial production is expected soon. The facility includes world-class operating units designed to produce ethylene, polyethylene and 1-hexene, among other chemicals. During the quarter, CPChem began construction on the world's largest on-purpose 1-hexene plant at its Cedar Bayou Chemical Complex in Baytown, Texas. The plant is anticipated to start up during 2014. CPChem also is progressing plans for a 1.5 million metric ton per year ethane cracker and two 500,000 metric ton per year polyethylene units in the Gulf Coast. The final investment decision is expected in 2013, with completion anticipated for 2017.

Consistent with the company's intent to grow shareholder distributions, Phillips 66's Board of Directors has approved the repurchase of up to \$1.0 billion of its outstanding common shares. The shares will be repurchased from time to time in the open market at the company's discretion, subject to market conditions and other factors, and in accordance with applicable regulatory requirements. The company may commence, suspend or discontinue purchases of common stock at any time or periodically without prior notice. Phillips 66 anticipates funding the repurchases primarily with cash generated by its operations. Shares of stock repurchased will be held as treasury shares.

As previously announced, Phillips 66's Board of Directors has declared a \$0.20 per share dividend, which is payable in the third quarter.

"We have emerged from the repositioning with favorably priced financing in place and a strong balance sheet that enables us to execute our strategic initiatives. We intend to grow capacity in the most profitable areas of our portfolio, while focusing on enhancing returns. Our business is well-positioned to capture market opportunities," said Garland. "With talented people, innovative technology and a commitment to operating excellence, we have an unparalleled foundation for success and value creation."

## Earnings

	Millions of Dollars			
	Second Quarter		Six Months	
	2012	2011	2012	2011
Refining and Marketing (R&M)				
Refining	\$ 882	\$ 498	\$ 1,259	\$ 936
Marketing, Specialties & Other	302	276	325	326
Total R&M	1,184	774	1,584	1,262
Midstream	(91)	111	(2)	172
Chemicals	207	190	424	375
Corporate and Other	(119)	(36)	(189)	(94)
<b>Phillips 66</b>	<b>\$ 1,181</b>	<b>\$ 1,039</b>	<b>\$ 1,817</b>	<b>\$ 1,715</b>

## Adjusted Earnings

	Millions of Dollars			
	Second Quarter		Six Months	
	2012	2011	2012	2011
Refining and Marketing (R&M)				
Refining	\$ 851	\$ 498	\$ 1,289	\$ 936
Marketing, Specialties & Other	334	250	424	298
Total R&M	1,185	748	1,713	1,234
Midstream	79	111	168	172
Chemicals	242	190	459	375
Corporate and Other	(89)	(36)	(159)	(94)
<b>Phillips 66</b>	<b>\$ 1,417</b>	<b>\$ 1,013</b>	<b>\$ 2,181</b>	<b>\$ 1,687</b>

### **Phillips 66 R&M**

#### **Atlantic Basin/Europe Refining**

Bayway (New Jersey)  
Humber (United Kingdom)  
Whitegate (Ireland)  
Mineraloelraffinerie Oberrhein GmbH - MiRO (Germany)\*

#### **Gulf Coast Refining**

Alliance (Louisiana)  
Lake Charles (Louisiana)  
Sweeny (Texas)

#### **Central Corridor Refining**

Billings (Montana)  
Borger (Texas)\*  
Ponca City (Oklahoma)  
Wood River (Illinois)\*

#### **Western/Pacific Refining**

Ferndale (Washington)  
Los Angeles (California)  
San Francisco (California)  
Melaka (Malaysia)\*

#### **Marketing, Specialties and Other**

U.S. Wholesale Marketing  
International Marketing  
Lubricants  
Specialty Products  
Power

*Transportation results are reflected within each of the domestic businesses it supports.*

\*Equity ownership

Phillips 66 Chairman and Chief Executive Officer Greg C. Garland and Executive Vice President and Chief Financial Officer Greg G. Maxwell will host a webcast at 11 a.m. EDT today to discuss the company's second-quarter results and strategic progress. To listen to the conference call and view related presentation materials, go to [www.phillips66.com/investors](http://www.phillips66.com/investors) and click on "Presentations and Conference Calls." For detailed supplemental information, go to [http://www.phillips66.com/EN/investor/financial\\_reports/Pages/index.aspx](http://www.phillips66.com/EN/investor/financial_reports/Pages/index.aspx).

### **About Phillips 66**

Headquartered in Houston, Phillips 66 is an advantaged downstream energy company with segment-leading Refining and Marketing (R&M), Midstream and Chemicals businesses. The company has approximately 14,000 employees worldwide. Phillips 66's R&M operations include 15 refineries with a net crude oil capacity of 2.2 million barrels per day, 10,000 branded marketing outlets, and 15,000 miles of pipeline systems. In Midstream, the company primarily conducts operations through its 50 percent interest in DCP Midstream, LLC, one of the largest natural gas gatherers and processors in the United States, with 7.2 billion cubic feet per day of gross natural gas processing capacity. Phillips 66's Chemicals business is conducted through its 50 percent interest in Chevron Phillips Chemical Company LLC, one of the world's top producers of olefins and polyolefins with more than 30 billion pounds of net annual chemicals processing capacity across its product lines. For more information, visit [www.phillips66.com](http://www.phillips66.com).

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### **CONTACTS**

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**CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS  
OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

*This news release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Words and phrases such as "is anticipated," "is estimated," "is expected," "is planned," "is scheduled," "is targeted," "believes," "intends," "objectives," "projects," "strategies" and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to Phillips 66's operations (including joint venture operations) are based on management's expectations, estimates and projections about the company, its interests and the energy industry in general on the date this news release was prepared. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include fluctuations in crude oil, NGL, and natural gas prices, refining and marketing margins and margins for our chemicals business; unexpected changes in costs for constructing, modifying or operating our facilities; unexpected difficulties in manufacturing, refining or transporting our products; lack of, or disruptions in, adequate and reliable transportation for our crude oil, natural gas, NGL, and refined products; potential liability for remedial actions, including removal and reclamation obligations, under environmental regulations; potential liability resulting from litigation; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; and other economic, business, competitive and/or regulatory factors affecting Phillips 66's businesses generally as set forth in our filings with the Securities and Exchange Commission, including our Form 10 Registration Statement. Phillips 66 is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.*

**Use of Non-GAAP Financial Information** -- This press release includes the terms adjusted earnings and adjusted earnings per share. These are non-GAAP financial measures. Adjusted earnings and adjusted earnings per share are included to help facilitate comparisons of company operating performance across periods.

*References in the release to earnings refer to net income attributable to Phillips 66.*

## Reconciliation of Earnings to Adjusted Earnings

	Millions of Dollars Except as Indicated			
	2012		2011	
	2Q	Jun YTD	2Q	Jun YTD
<b>Consolidated</b>				
<b>Earnings (loss)</b>	\$ 1,181	\$ 1,817	\$ 1,039	\$ 1,715
Adjustments:				
Net gain on asset sales	(106)	(106)	(26)	(28)
Impairments	170	212		
Pending claims and settlements	38	57		
Premium on early debt retirement	35	35		
Repositioning costs	30	30		
Repositioning tax adjustment	69	136		
<b>Adjusted earnings</b>	<b>\$ 1,417</b>	<b>\$ 2,181</b>	<b>\$ 1,013</b>	<b>\$ 1,687</b>
<b>Earnings per share of common stock (dollars)</b>	<b>\$ 1.86</b>	<b>\$ 2.86</b>	<b>\$ 1.64</b>	<b>\$ 2.70</b>
<b>Adjusted earnings per share of common stock (dollars)</b>	<b>\$ 2.23</b>	<b>\$ 3.43</b>	<b>\$ 1.60</b>	<b>\$ 2.66</b>
<b>R&amp;M</b>				
<b>Earnings (loss)</b>	\$ 1,184	\$ 1,584	\$ 774	\$ 1,262
Adjustments:				
Net gain on asset sales	(106)	(106)	(26)	(28)
Impairments		42		
Pending claims and settlements	38	57		
Repositioning tax adjustment	69	136		
<b>Adjusted earnings</b>	<b>\$ 1,185</b>	<b>\$ 1,713</b>	<b>\$ 748</b>	<b>\$ 1,234</b>
<b>Refining</b>				
<b>Earnings (loss)</b>	\$ 882	\$ 1,259	\$ 498	\$ 936
Adjustments:				
Net gain on asset sales	(104)	(104)		
Impairments		42		
Pending claims and settlements		19		
Repositioning tax adjustment	73	73		
<b>Adjusted earnings</b>	<b>\$ 851</b>	<b>\$ 1,289</b>	<b>\$ 498</b>	<b>\$ 936</b>
<b>Marketing, Specialties and Other</b>				
<b>Earnings (loss)</b>	\$ 302	\$ 325	\$ 276	\$ 326
Adjustments:				
Net gain on asset sales	(2)	(2)	(26)	(28)
Pending claims and settlements	38	38		
Repositioning tax adjustment	(4)	63		
<b>Adjusted earnings</b>	<b>\$ 334</b>	<b>\$ 424</b>	<b>\$ 250</b>	<b>\$ 298</b>
<b>Midstream</b>				
<b>Earnings (loss)</b>	\$ (91)	\$ (2)	\$ 111	\$ 172
Adjustments:				
Impairments	170	170		
<b>Adjusted earnings</b>	<b>\$ 79</b>	<b>\$ 168</b>	<b>\$ 111</b>	<b>\$ 172</b>
<b>Chemicals</b>				
<b>Earnings (loss)</b>	\$ 207	\$ 424	\$ 190	\$ 375
Adjustments:				
Premium on early debt retirement	35	35		
<b>Adjusted earnings</b>	<b>\$ 242</b>	<b>\$ 459</b>	<b>\$ 190</b>	<b>\$ 375</b>
<b>Corporate</b>				
<b>Earnings (loss)</b>	\$ (119)	\$ (189)	\$ (36)	\$ (94)
Adjustments:				
Repositioning costs	30	30		
<b>Adjusted earnings</b>	<b>\$ (89)</b>	<b>\$ (159)</b>	<b>\$ (36)</b>	<b>\$ (94)</b>



## Phillips 66 Earnings Release Supplemental Data



## CONSOLIDATED INCOME STATEMENT

Millions of Dollars										
2011						2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Revenues and Other Income</b>										
Sales and other operating revenues*	44,779	52,594	50,610	48,105	196,088	45,783	46,747			92,530
Equity in earnings of affiliates	690	784	856	513	2,843	734	815			1,549
Net gain (loss) on dispositions	3	43	(221)	1,813	1,638	2	188			190
Other income	1	9	18	17	45	1	77			78
<b>Total Revenues and Other Income</b>	<b>45,473</b>	<b>53,430</b>	<b>51,263</b>	<b>50,448</b>	<b>200,614</b>	<b>46,520</b>	<b>47,827</b>			<b>94,347</b>
<b>Costs and Expenses</b>										
Purchased crude oil and products	39,348	46,600	43,905	42,984	172,837	40,328	40,398			80,726
Operating expenses	1,042	1,018	1,027	985	4,072	1,092	984			2,076
Selling, general and administrative expenses	323	347	372	367	1,409	349	480			829
Depreciation and amortization	219	226	222	241	908	216	224			440
Impairments	-	2	486	(16)	472	43	275			318
Taxes other than income taxes*	3,480	3,631	3,674	3,503	14,288	3,420	3,475			6,895
Accretion on discounted liabilities	5	6	5	5	21	5	6			11
Interest and debt expense	4	3	4	6	17	13	83			96
Foreign currency transaction (gains) losses	(43)	(31)	18	22	(34)	(15)	8			(7)
<b>Total Costs and Expenses</b>	<b>44,378</b>	<b>51,802</b>	<b>49,713</b>	<b>48,097</b>	<b>193,990</b>	<b>45,451</b>	<b>45,933</b>			<b>91,384</b>
<b>Income before income taxes</b>	<b>1,095</b>	<b>1,628</b>	<b>1,550</b>	<b>2,351</b>	<b>6,624</b>	<b>1,069</b>	<b>1,894</b>			<b>2,963</b>
<b>Provision for income taxes</b>	<b>418</b>	<b>588</b>	<b>499</b>	<b>339</b>	<b>1,844</b>	<b>431</b>	<b>712</b>			<b>1,143</b>
<b>Net Income</b>	<b>677</b>	<b>1,040</b>	<b>1,051</b>	<b>2,012</b>	<b>4,780</b>	<b>638</b>	<b>1,182</b>			<b>1,820</b>
Less: net income attributable to noncontrolling interests	1	1	2	1	5	2	1			3
<b>Net Income Attributable to Phillips 66</b>	<b>676</b>	<b>1,039</b>	<b>1,049</b>	<b>2,011</b>	<b>4,775</b>	<b>636</b>	<b>1,181</b>			<b>1,817</b>
<i>*Includes excise taxes on petroleum products sales:</i>										
	3,383	3,554	3,596	3,422	13,955	3,321	3,389			6,710
<b>Net Income Attributable to Phillips 66</b>										
<b>Per Share of Common Stock (dollars)</b>										
Basic	1.08	1.66	1.67	3.20	7.61	1.01	1.88			2.89
Diluted	1.07	1.64	1.65	3.17	7.52	1.00	1.86			2.86
<b>Average Common Shares Outstanding (in thousands)</b>										
Basic	627,628	627,628	627,628	627,628	627,628	627,628	628,510			628,069
Diluted	634,645	634,645	634,645	634,645	634,645	634,645	635,157			635,051

## SUMMARY OF INCOME (LOSS) ATTRIBUTABLE TO PHILLIPS 66 BY SEGMENT

Millions of Dollars										
2011						2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>R&amp;M</b>	<b>488</b>	<b>774</b>	<b>785</b>	<b>1,801</b>	<b>3,848</b>	<b>400</b>	<b>1,184</b>			<b>1,584</b>

<b>Midstream</b>	61	111	118	113	403	89	(91)	(2)
<b>Chemicals</b>	185	190	193	148	716	217	207	424
<b>Corporate and Other</b>	(58)	(36)	(47)	(51)	(192)	(70)	(119)	(189)
<b>Consolidated</b>	676	1,039	1,049	2,011	4,775	636	1,181	1,817

#### SUMMARY OF INCOME (LOSS) BEFORE TAXES BY SEGMENT

	Millions of Dollars									
	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
R&M	830	1,247	1,173	2,082	5,332	734	1,916			2,650
Midstream	96	173	186	158	613	140	(152)			(12)
Chemicals	259	264	264	181	968	300	307			607
Corporate and Other	(90)	(56)	(73)	(70)	(289)	(105)	(177)			(282)
Consolidated	1,095	1,628	1,550	2,351	6,624	1,069	1,894			2,963

#### EFFECTIVE TAX RATES

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>R&amp;M</b>	41.1%	37.9%	32.9%	13.4%	27.7%	45.2%	38.2%			40.1%
<b>Midstream</b>	36.5%	35.8%	36.6%	28.5%	34.3%	36.4%	40.1%			83.3%
<b>Chemicals</b>	28.6%	28.0%	26.9%	18.2%	26.0%	27.7%	32.6%			30.1%
<b>Corporate and Other</b>	35.6%	35.7%	35.6%	27.1%	33.6%	33.3%	32.8%			33.0%
<b>Consolidated</b>	38.2%	36.1%	32.2%	14.4%	27.8%	40.3%	37.6%			38.6%





**SPECIAL ITEMS INCLUDED IN INCOME FROM CONTINUING OPERATIONS  
(AFTER-TAX)**

Millions of Dollars										
	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>R&amp;M</b>										
Gain (loss) on asset sales	2	26	(74)	1,591	1,545	-	106			106
Impairments	-	-	(318)	-	(318)	(42)	-			(42)
Cancelled projects	-	-	-	(28)	(28)	-	-			-
Pending claims and settlements	-	-	-	-	-	(19)	(38)			(57)
Repositioning tax adjustment	-	-	-	-	-	(67)	(69)			(136)
Severance accrual	-	-	(15)	-	(15)	-	-			-
<b>Total R&amp;M</b>	2	26	(407)	1,563	1,184	(128)	(1)			(129)
<b>Midstream</b>										
Impairments	-	-	-	-	-	-	(170)			(170)
<b>Total Midstream</b>	-	-	-	-	-	-	(170)			(170)
<b>Chemicals</b>										
Premium on early debt retirement	-	-	-	-	-	-	(35)			(35)
<b>Total Chemicals</b>	-	-	-	-	-	-	(35)			(35)
<b>Corporate and Other</b>										
Repositioning costs	-	-	-	-	-	-	(30)			(30)
<b>Total Corporate &amp; Other</b>	-	-	-	-	-	-	(30)			(30)
<b>Total Phillips 66</b>	2	26	(407)	1,563	1,184	(128)	(236)			(364)
<b>Refining- Regional Totals</b>										
Atlantic Basin/Europe	-	-	(410)	(4)	(414)	(42)	31			(11)
Gulf Coast	-	-	-	-	-	-	-			-
Central Corridor	-	-	-	(28)	(28)	-	-			-
Western/Pacific	-	-	-	-	-	-	-			-
Other Refining	-	-	-	-	-	(19)	-			(19)
<b>Total Refining</b>	-	-	(410)	(32)	(442)	(61)	31			(30)
<b>Marketing, Specialties &amp; Other- Regional Totals</b>										
Marketing, Specialties & Other- U.S.	2	26	6	1,595	1,629	-	(36)			(36)
Marketing, Specialties & Other- Int'l	-	-	(3)	-	(3)	(67)	4			(63)
<b>Total Marketing, Specialties &amp; Other</b>	2	26	3	1,595	1,626	(67)	(32)			(99)
<b>Total R&amp;M</b>	2	26	(407)	1,563	1,184	(128)	(1)			(129)

**SPECIAL ITEMS INCLUDED IN INCOME FROM CONTINUING OPERATIONS  
(PRE-TAX)**

Millions of Dollars										
	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>R&amp;M</b>	3	43	(751)	1,767	1,062	(73)	127			54
<b>Midstream</b>	-	-	-	-	-	-	(275)			(275)
<b>Chemicals</b>	-	-	-	-	-	-	(57)			(57)
<b>Corporate and Other</b>	-	-	-	-	-	-	(46)			(46)

<b>Total Phillips 66</b>	3	43	(751)	1,767	1,062	(73)	(251)	(324)
<b>Refining- Regional Totals</b>								
Atlantic Basin/Europe	-	-	(758)	(6)	(764)	(42)	185	143
Gulf Coast	-	-	-	-	-	-	-	-
Central Corridor	-	-	-	(44)	(44)	-	-	-
Western/Pacific	-	-	-	-	-	-	-	-
Other Refining	-	-	-	-	-	(31)	-	(31)
<b>Total Refining</b>	-	-	(758)	(50)	(808)	(73)	185	112
<b>Marketing, Specialties &amp; Other- Regional Totals</b>								
Marketing, Specialties & Other- U.S.	3	43	10	1,817	1,873	-	(58)	(58)
Marketing, Specialties & Other- Int'l	-	-	(3)	-	(3)	-	-	-
<b>Total Marketing, Specialties &amp; Other</b>	3	43	7	1,817	1,870	-	(58)	(58)
<b>Total R&amp;M</b>	3	43	(751)	1,767	1,062	(73)	127	54



## CASH FLOW INFORMATION

Millions of Dollars

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Cash Flows From Operating Activities</b>										
Net income	677	1,040	1,051	2,012	4,780	638	1,182			1,820
Depreciation and amortization	219	226	222	241	908	216	224			440
Impairments	-	2	486	(16)	472	43	275			318
Accretion on discounted liabilities	5	6	5	5	21	5	6			11
Deferred taxes	59	438	76	358	931	169	9			178
Undistributed equity earnings	(308)	(500)	(292)	149	(951)	(349)	(212)			(561)
Net (gain)/loss on dispositions	(3)	(43)	221	(1,813)	(1,638)	(2)	(188)			(190)
Other	(58)	24	51	150	167	(178)	164			(14)
Net working capital changes	(2,091)	1,845	(1,083)	1,645	316	(903)	(26)			(929)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(1,500)</b>	<b>3,038</b>	<b>737</b>	<b>2,731</b>	<b>5,006</b>	<b>(361)</b>	<b>1,434</b>			<b>1,073</b>
<b>Cash Flows From Investing Activities</b>										
Capital expenditures and investments	(165)	(228)	(260)	(369)	(1,022)	(218)	(270)			(488)
Proceeds from asset dispositions	31	56	117	2,423	2,627	6	234			240
Long-term advances/loans—related parties	-	-	-	-	-	-	-			-
Collection of advances/loans—related parties	-	400	150	-	550	-	-			-
Other	1	48	7	281	337	-	-			-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(133)</b>	<b>276</b>	<b>14</b>	<b>2,335</b>	<b>2,492</b>	<b>(212)</b>	<b>(36)</b>			<b>(248)</b>
<b>Cash Flows From Financing Activities</b>										
Contributions from (distributions to) parent company	1,639	(3,306)	(744)	(5,060)	(7,471)	891	(6,146)			(5,255)
Issuance of debt	-	-	-	-	-	5,794	2,000			7,794
Repayment of debt	(6)	(7)	(7)	(6)	(26)	(7)	(191)			(198)
Issuance of common stock	-	-	-	-	-	-	2			2
Change in restricted cash	-	-	-	-	-	(6,050)	6,050			-
Other	-	(1)	-	-	(1)	(55)	(12)			(67)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>1,633</b>	<b>(3,314)</b>	<b>(751)</b>	<b>(5,066)</b>	<b>(7,498)</b>	<b>573</b>	<b>1,703</b>			<b>2,276</b>
<b>Effect of Exchange Rate Changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>			<b>3</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,104</b>			<b>3,104</b>
Cash and cash equivalents at beginning of period	-	-	-	-	-	-	-			-
Cash and Cash Equivalents at End of Period	-	-	-	-	-	-	3,104			3,104

## CAPITAL PROGRAM

	Millions of Dollars									
	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>R&amp;M</b>	158	220	249	361	988	214	240			454
<b>Midstream</b>	3	1	5	8	17	4	4			8
<b>Chemicals</b>	-	-	-	-	-	-	-			-
<b>Corporate and Other</b>	4	7	6	-	17	-	26			26
<b>Total Capital Program</b>	165	228	260	369	1,022	218	270			488



**R&M**

2011 2012

2011 2012

2011					2012				
1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD

**R&M Net Income (Loss) Attributable to Phillips 66 (\$ Millions)**

## Refining

Atlantic Basin/Europe	6	(45)	(365)	68	(336)	7	108	115
Gulf Coast	137	167	238	(53)	489	(42)	189	147
Central Corridor	285	410	582	185	1,462	357	543	900
Western/Pacific	28	4	70	(72)	30	(4)	(35)	(39)
Other Refining	(18)	(38)	8	(64)	(112)	59	77	136
<b>Total</b>	<b>438</b>	<b>498</b>	<b>533</b>	<b>64</b>	<b>1,533</b>	<b>377</b>	<b>882</b>	<b>1,259</b>

Marketing, Specialties & Other		
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U.S.	9	164	160	1,679	2,012	40	169	209
International	41	112	92	58	303	(17)	133	116
Total	50	276	252	1,737	2,315	23	302	325

<b>R&amp;M Net Income (Loss) Attributable to Phillips 66</b>	488	774	785	1,801	3,848	400	1,184	1,584
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	2019	2018	2017
<b>R&amp;M Income (Loss) before Income Taxes (\$ Millions)</b>			
Operating income	\$ 1,000	\$ 1,000	\$ 1,000
Other income	100	100	100
Other expense	(50)	(50)	(50)
<b>Total</b>	<b>\$ 1,050</b>	<b>\$ 1,050</b>	<b>\$ 1,050</b>

## Refining

Atlantic Basin/Europe	37	(53)	(569)	13	(572)	31	273	304
Gulf Coast	212	260	348	(77)	743	(64)	292	228
Central Corridor	454	656	902	316	2,328	535	848	1,383
Western/Pacific	70	2	114	(102)	84	13	(23)	(10)
Other Refining	(20)	(52)	25	(82)	(129)	85	120	205
Total	753	813	820	68	2,454	600	1,510	2,110

Marketing, Specialties & Other			
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U.S.	20	272	249	1,915	2,456	68	257	325
International	57	162	104	99	422	66	149	215
<b>Total</b>	<b>77</b>	<b>434</b>	<b>353</b>	<b>2,014</b>	<b>2,878</b>	<b>134</b>	<b>406</b>	<b>540</b>

<b>R&amp;M Income (Loss) before Income Taxes</b>	830	1,247	1,173	2,082	5,332	734	1,916	2,650
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## Realized Refining Margins\*

## Refining Crack Margin (\$/BBL\*\*)

Atlantic Basin/Europe	5.94	4.62	6.86	6.55	5.96	6.88	7.76	7.32
Gulf Coast	9.30	8.69	10.21	4.01	8.01	5.95	9.36	7.75
Central Corridor	17.12	19.96	26.30	15.02	19.68	17.27	26.34	21.64
Western/Pacific	10.42	9.34	10.72	6.23	9.13	10.70	7.91	9.29
Worldwide	9.78	9.49	12.53	6.83	9.70	10.22	12.56	11.40

\* Includes proportional share of refining margin contributed by certain equity affiliates

\*\* Total processed inputs

[illegible]

## Marketing Fuel Margin (\$/BBL\*)

U.S.	0.11	1.11	1.09	0.61	0.74	0.22	1.80	1.04
International	1.48	5.24	5.95	4.40	4.26	2.42	6.36	4.40

\*3rd Party Petroleum Product Sales

**Gross Margins not included in Marketing Fuel Margin (\$ Millions)**

U.S.	176	191	217	177	761	208	215	423
International	111	131	121	122	485	118	133	251
Total	287	322	338	299	1,246	326	348	674

**Depreciation and Amortization (\$ Millions)\***

## Refining

Atlantic Basin/Europe	44	47	45	38	174	39	40	79
Gulf Coast	47	48	49	50	194	49	51	100
Central Corridor	20	20	20	21	81	21	21	42
Western/Pacific	50	51	47	63	211	49	48	97
Other Refining	1	1	1	1	4	1	1	2
<b>Total</b>	<b>162</b>	<b>167</b>	<b>162</b>	<b>173</b>	<b>664</b>	<b>159</b>	<b>161</b>	<b>320</b>
<b>Marketing, Specialties &amp; Other**</b>								
U.S.	11	11	11	12	45	12	11	23
International	27	29	29	29	114	27	27	54
<b>Total</b>	<b>38</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>159</b>	<b>39</b>	<b>38</b>	<b>77</b>
<i>* Excludes D&amp;A of all equity affiliates</i>								
<i>** Excludes Transportation D&amp;A totaling:</i>								
<i>Proportionate share of WRB D&amp;A:</i>	<i>18</i>	<i>18</i>	<i>19</i>	<i>25</i>	<i>80</i>	<i>18</i>	<i>21</i>	<i>39</i>
	<i>41</i>	<i>43</i>	<i>46</i>	<i>54</i>	<i>184</i>	<i>60</i>	<i>59</i>	<i>119</i>
<b>Operating and SG&amp;A Expense (\$ Millions)*</b>								
<b>Refining</b>								
Atlantic Basin/Europe	311	327	316	254	1,208	251	228	479
Gulf Coast	291	264	286	279	1,120	332	271	603
Central Corridor	111	104	110	138	463	113	135	248
Western/Pacific	194	230	182	216	822	257	230	487
Other Refining	2	9	30	1	42	22	(4)	18
<b>Total</b>	<b>909</b>	<b>934</b>	<b>924</b>	<b>888</b>	<b>3,655</b>	<b>975</b>	<b>860</b>	<b>1,835</b>
<b>Marketing, Specialties &amp; Other**</b>								
U.S.	184	182	191	189	746	178	271	449
International	92	93	106	108	399	85	102	187
<b>Total</b>	<b>276</b>	<b>275</b>	<b>297</b>	<b>297</b>	<b>1,145</b>	<b>263</b>	<b>373</b>	<b>636</b>
<i>* Excludes Operating and SG&amp;A Expense of all equity affiliates</i>								
<i>** Excludes Transportation</i>								
<i>Proportionate share of WRB Operating and SG&amp;A Expense:</i>	<i>109</i>	<i>97</i>	<i>103</i>	<i>115</i>	<i>424</i>	<i>113</i>	<i>106</i>	<i>219</i>
<b>Turnaround Expense (\$ Millions), included in Operating and SG&amp;A Expense*</b>								
Atlantic Basin/Europe	13	14	4	5	36	14	5	19
Gulf Coast	32	5	20	25	82	65	14	79
Central Corridor	22	10	15	46	93	21	43	64
Western/Pacific	15	53	4	14	86	76	52	128
<b>Total</b>	<b>82</b>	<b>82</b>	<b>43</b>	<b>90</b>	<b>297</b>	<b>176</b>	<b>114</b>	<b>290</b>
<i>* Excludes Turnaround Expense of all equity affiliates</i>								
<i>Proportionate share of WRB Turnaround Expense:</i>	<i>12</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>21</i>	<i>1</i>	<i>6</i>	<i>7</i>
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>	<b>31</b>	<b>22</b>	<b>(16)</b>	<b>(14)</b>	<b>23</b>	<b>16</b>	<b>(10)</b>	<b>6</b>



# R&M (continued)

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Atlantic Basin/Europe*</b>										
Crude Oil Charge Input (MB/D)	722	715	719	572	682	573	561			567
Total Charge Input (MB/D)	780	784	768	608	734	621	612			616
Crude Oil Capacity Utilization (%)	93%	93%	93%	97%	94%	98%	95%			96%
Clean Product Yield (%)	85%	84%	84%	86%	85%	85%	85%			85%
<i>* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.</i>										
<b>Gulf Coast</b>										
Crude Oil Charge Input (MB/D)	614	664	668	684	658	600	670			635
Total Charge Input (MB/D)	685	757	754	759	739	672	749			710
Crude Oil Capacity Utilization (%)	84%	91%	91%	93%	90%	82%	91%			87%
Clean Product Yield (%)	80%	82%	82%	82%	82%	80%	84%			82%
<b>Central Corridor*</b>										
Crude Oil Charge Input (MB/D)	413	447	442	429	433	479	446			462
Total Charge Input (MB/D)	430	461	455	445	448	494	459			477
Crude Oil Capacity Utilization (%)	88%	95%	94%	91%	92%	102%	95%			98%
Clean Product Yield (%)	85%	87%	86%	88%	87%	88%	87%			88%
<i>* Includes our proportionate share of the Borger Refinery and Wood River Refinery.</i>										
<b>Western/Pacific*</b>										
Crude Oil Charge Input (MB/D)	396	370	394	416	393	375	391			383
Total Charge Input (MB/D)	420	396	416	438	417	401	409			405
Crude Oil Capacity Utilization (%)	91%	85%	91%	96%	91%	85%	89%			87%
Clean Product Yield (%)	83%	79%	83%	83%	82%	86%	80%			83%
<i>* Includes our proportionate share of a refinery in Melaka, Malaysia.</i>										
<b>Worldwide - Including Proportionate Share of Equity Affiliates</b>										
Crude Oil Charge Input (MB/D)	2,145	2,196	2,223	2,101	2,166	2,027	2,068			2,047
Total Charge Input (MB/D)	2,315	2,398	2,393	2,250	2,338	2,188	2,229			2,208
Crude Oil Capacity Utilization (%)	89%	91%	92%	94%	92%	91%	93%			92%
Clean Product Yield (%)	83%	83%	84%	84%	84%	84%	84%			84%
<b>Refined Products Production (MB/D)</b>										
<b>Atlantic Basin/Europe*</b>										
Gasoline	336	331	324	238	307	243	251			247
Distillates	311	311	306	267	298	269	253			261
Other	136	142	139	109	131	115	112			113
Total	783	784	769	614	736	627	616			621
<i>* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.</i>										
<b>Gulf Coast</b>										
Gasoline	251	283	273	269	269	228	298			263
Distillates	279	310	316	325	308	275	305			290
Other	166	172	172	173	171	179	155			167
Total	696	765	761	767	748	682	758			720
<b>Central Corridor*</b>										
Gasoline	209	231	225	225	223	250	231			241
Distillates	154	168	165	163	163	183	168			175

Other	67	63	63	56	62	63	63	63
Total	430	462	453	444	448	496	462	479
<i>*Includes our proportionate share of the Borger Refinery and Wood River Refinery.</i>								
<b>Western/Pacific*</b>								
Gasoline	190	168	181	192	183	176	162	169
Distillates	159	143	163	173	159	168	164	166
Other	73	86	71	78	77	59	86	73
Total	422	397	415	443	419	403	412	408
<i>*Includes our proportionate share of a refinery in Melaka, Malaysia.</i>								
<b>Worldwide - Including Proportionate Share of Equity Affiliates</b>								
Gasoline	986	1,013	1,003	924	982	897	942	920
Distillates	903	932	950	928	928	895	890	892
Other	442	463	445	416	441	416	416	416
Total	2,331	2,408	2,398	2,268	2,351	2,208	2,248	2,228
<b>Petroleum Products Sales (MB/D)</b>								
<b>Total U.S.</b>								
Gasoline	1,099	1,218	1,134	1,066	1,129	958	1,088	1,023
Distillates	852	861	907	914	884	837	857	847
Other	437	385	402	381	401	298	318	308
Total	2,388	2,464	2,443	2,361	2,414	2,093	2,263	2,178
<b>Total International</b>								
Gasoline	171	191	166	190	180	173	195	184
Distillates	351	316	343	331	335	298	305	301
Other	150	183	237	226	199	154	214	185
Total	672	690	746	747	714	625	714	670
<b>Worldwide</b>								
Gasoline	1,270	1,409	1,300	1,256	1,309	1,131	1,283	1,207
Distillates	1,203	1,177	1,250	1,245	1,219	1,135	1,162	1,148
Other	587	568	639	607	600	452	532	493
Total	3,060	3,154	3,189	3,108	3,128	2,718	2,977	2,848





# R&M (continued)

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Market Indicators</b>										
<b>Crude and Crude Differentials (\$/BBL)</b>										
WTI	93.98	102.44	89.70	94.07	95.05	102.99	93.44			98.21
Brent	104.97	117.36	113.46	109.31	111.27	118.49	108.19			113.34
LLS	107.15	118.55	112.61	110.83	112.28	119.60	108.47			114.03
ANS	102.53	115.41	111.74	110.36	110.01	118.31	110.01			114.16
WTI less Maya	4.67	(0.65)	(8.88)	(9.35)	(3.55)	(5.94)	(5.58)			(5.76)
WTI less WCS	22.51	17.56	14.32	12.43	16.71	27.00	19.80			23.40
<b>Natural Gas (\$/MCF)</b>										
Henry Hub	4.16	4.35	4.13	3.31	3.99	2.46	2.27			2.37
<b>Product Margins (\$/BBL)</b>										
<b>Atlantic Basin/Europe</b>										
East Coast Gasoline less Brent	3.96	13.55	10.92	2.10	7.63	6.18	17.28			11.73
East Coast Distillate less Brent	15.50	13.77	14.69	17.25	15.30	15.72	16.87			16.29
<b>Gulf Coast</b>										
Gulf Coast Gasoline less LLS	3.34	9.79	7.54	(1.97)	4.68	5.06	11.44			8.25
Gulf Coast Distillate less LLS	11.46	10.89	13.75	13.60	12.43	12.99	15.13			14.06
<b>Central Corridor</b>										
Central Gasoline less WTI	16.01	26.37	31.91	15.13	22.36	18.32	27.23			22.78
Central Distillate less WTI	25.12	28.86	38.31	31.99	31.07	27.86	30.38			29.12
<b>Western/Pacific</b>										
West Coast Gasoline less ANS	14.11	14.43	9.88	7.05	11.37	15.91	17.11			16.51
West Coast Distillate less ANS	19.42	18.82	15.62	18.13	18.00	17.66	14.68			16.17



## MIDSTREAM

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream Net Income Attributable to Phillips 66 (\$ Millions)*</b>	61	111	118	113	403	89	(91)			(2)
<i>*Includes DCP Midstream-related earnings:</i>	51	90	87	59	287	60	42			102
<b>Capex and Investments (\$ Millions)</b>	3	1	5	8	17	4	4			8
<b>D&amp;A (\$ Millions)</b>	1	-	-	1	2	-	1			1
<b>100% DCP Midstream Results</b>										
<b>Net Income, excludes parent company income tax related to DCP's earnings (\$ Millions)</b>	133	277	266	187	863	144	132			276
<b>Capex and Investments (\$ Millions)</b>	228	287	246	779	1,540	450	676			1,126
<b>D&amp;A (\$ Millions)</b>	105	110	116	118	449	120	36			156
<b>Interest Expense (\$ Millions)*</b>	53	52	55	53	213	56	48			104
<i>* Net of minority interest</i>										
<b>Selected DCP Volumes and Gross Margin by Major Contract Type (excludes current quarter)</b>										
<b>Percentage of Proceeds (long NGL / long Gas)*</b>										
Volume (TBtu/d)	4.3	4.6	4.7	4.8	4.6	4.8	**			**
Gross Margin (\$ Millions)	265	320	320	285	1,190	225	**			**
<b>Keep-whole (long NGL / short Gas)*</b>										
Volume (TBtu/d)	0.6	0.7	0.8	0.7	0.7	0.8	**			**
Gross Margin (\$ Millions)	80	105	115	110	410	105	**			**
<b>Fee-based Gas (primarily gathering &amp; transport)*</b>										
Volume (TBtu/d)	4.6	4.6	4.6	4.6	4.6	4.7	**			**
Gross Margin (\$ Millions)	55	60	59	64	238	60	**			**
<b>Fee-based NGL Transport and Fractionation</b>										
Volume (MB/D)	165	179	174	186	176	214	**			**
Gross Margin (\$ Millions)	11	13	14	14	52	19	**			**
Total Throughput (TBtu/d)	6.7	6.9	7.1	7.1	7.0	7.2	7.0			**
NGL Production (MB/D)	358	377	392	406	383	412	392			**
<i>* Certain volumes earn duplicate revenue streams (i.e. both fee plus processing economics)</i>										
<i>** Pending DCP release</i>										
<b>Weighted Average NGL Price (\$/gal)*</b>										
DCP Midstream	47.64	52.24	52.09	50.60	50.64	42.10	32.48			37.29
<i>*Prices are based on index prices from the Mont Belvieu and Conway market hubs that are weighted by natural gas liquids component and location mix.</i>										
<b>PSX Other Volumes</b>										
NGL Fractionated (MB/D)	106	115	116	112	112	105	93			99





## CHEMICALS

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Chemicals Net Income Attributable to Phillips 66 (\$ Millions)</b>	185	190	193	148	716	217	207			424
<b>100% CPChem Results</b>										
<b>Net Income, excludes parent company income tax related to CPChem's earnings (\$ Millions)</b>										
Olefins and Polyolefins	418	508	497	367	1,790	559	681			1,240
Specialties, Aromatics and Styrenics	101	62	64	46	273	59	75			134
Corporate & Other	9	(33)	(27)	(42)	(93)	(10)	(134)			(144)
<b>Total</b>	<b>528</b>	<b>537</b>	<b>534</b>	<b>371</b>	<b>1,970</b>	<b>608</b>	<b>622</b>			<b>1,230</b>
<b>Income (Loss) before Income Taxes (\$ Millions)</b>										
Olefins and Polyolefins	425	518	505	369	1,817	567	692			1,259
Specialties, Aromatics and Styrenics	109	69	74	52	304	66	83			149
Corporate & Other	8	(32)	(28)	(42)	(94)	(9)	(133)			(142)
<b>Total</b>	<b>542</b>	<b>555</b>	<b>551</b>	<b>379</b>	<b>2,027</b>	<b>624</b>	<b>642</b>			<b>1,266</b>
<b>Capex and Investments (\$ Millions)</b>	150	141	98	148	537	81	152			233
<b>D&amp;A (\$ Millions)</b>	66	63	128	1	258	64	64			128
<b>Interest Expense (\$ Millions)</b>	(5)	10	10	8	23	8	4			12
<b>Externally Marketed Sales Volumes (MM Lbs)</b>										
Olefins & Polyolefins	3,362	3,473	3,758	3,712	14,305	3,640	3,510			7,150
Specialties, Aromatics, & Styrenics	1,687	1,732	1,722	1,563	6,704	1,793	1,811			3,604
	5,049	5,205	5,480	5,275	21,009	5,433	5,321			10,754
<b>Market Indicators</b>										
<b>Industry Prices*</b>										
Ethylene, Net Transaction Price (cents/lb)	49.33	57.50	55.58	54.58	54.25	55.17	46.83			51.00
HDPE Blow Molding (cents/lb)	87.67	95.00	89.00	85.67	89.33	92.00	88.00			90.00
<b>Industry Costs*</b>										
Ethylene, Cash Cost Weighted Average Feed (cents/lb)	32.65	33.84	34.45	41.00	35.49	28.30	18.46			23.38
HDPE, Total Cash Cost (cents/lb)	62.57	74.21	71.08	66.00	68.47	72.74	64.81			68.77

\* Released by IHS. Reflect the IHS analysis of historical market indicators.



## CORPORATE AND OTHER

	2011					2012				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Corporate and Other Net Income (Loss)</b>										
<b>Attributable to Phillips 66 (\$ Millions)</b>	(58)	(36)	(47)	(51)	(192)	(70)	(119)			(189)
<b>Detail of Net Income (Loss)</b>										
<b>Attributable to Phillips 66 (\$ Millions)</b>										
Net interest expense	(2)	(3)	(2)	(4)	(11)	(9)	(45)			(54)
Corporate overhead	(22)	(14)	(17)	(23)	(76)	(28)	(21)			(49)
Technology	(13)	(11)	(14)	(15)	(53)	(13)	(11)			(24)
Repositioning Costs	-	-	-	-	-	-	(30)			(30)
Other	(21)	(8)	(14)	(9)	(52)	(20)	(12)			(32)
<b>Total</b>	<b>(58)</b>	<b>(36)</b>	<b>(47)</b>	<b>(51)</b>	<b>(192)</b>	<b>(70)</b>	<b>(119)</b>			<b>(189)</b>
<b>Before-Tax Net Interest Expense (\$ Millions)</b>										
Interest expense	(4)	(4)	(4)	(5)	(17)	(13)	(83)			(96)
Capitalized interest	-	-	-	-	-	-	-			-
Interest revenue	-	-	-	-	-	-	12			12
Premium on early debt retirement	-	-	-	-	-	-	-			-
<b>Total</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>	<b>(5)</b>	<b>(17)</b>	<b>(13)</b>	<b>(71)</b>			<b>(84)</b>
<b>Foreign Currency Gains</b>										
<b>(Losses) After-Tax (\$ Millions)</b>	-	-	-	-	-	-	(1)			(1)
<b>Phillips 66 Total Company Debt</b>										
Total Debt (\$ Millions)	411	403	397	390	391	6,178	7,986			7,986
Debt-to-Capital Ratio (%)	1%	2%	1%	2%	2%	20%	30%			30%
<b>Total Equity (\$ Millions)</b>	<b>28,416</b>	<b>26,176</b>	<b>26,372</b>	<b>23,293</b>	<b>23,293</b>	<b>24,943</b>	<b>18,979</b>			<b>18,979</b>