

# PHILLIPS 66

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

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Address	3010 BRIARPARK DRIVE HOUSTON, TX 77042
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Sector	Energy
Fiscal Year	12/31

**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): **October 29, 2014**

**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.)

**3010 Briarpark Drive, Houston, Texas 77042**  
(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 October 29, 2014 , Phillips 66 issued a press release announcing the company's financial and operating results for the quarter ended September 30, 2014 . 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 October 29, 2014.
- 99.2 — Supplemental financial and operating 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**

By: /s/ C. Doug Johnson  
C. Doug Johnson  
Vice President and Controller

October 29, 2014

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b><u>Description</u></b>
99.1	Press release issued by Phillips 66 on October 29, 2014.
99.2	Supplemental financial and operating information.



## Phillips 66 Reports Third -Quarter Earnings of \$1.2 Billion or \$2.09 Per Share

*Adjusted earnings of \$1.1 billion or \$2.02 per share*

### Highlights

- Strong earnings driven by improved refining and marketing margins
- Record advantaged crude runs
- Chemicals impacted by unplanned downtime
- Announced Dakota Access Pipeline and Energy Transfer Crude Oil Pipeline joint ventures
- Returned \$771 million of capital to shareholders through dividends and share repurchases

HOUSTON, Oct. 29, 2014 — Phillips 66 (NYSE: PSX), an energy manufacturing and logistics company, announces third -quarter earnings of \$1.2 billion , compared with earnings of \$863 million during the second quarter of 2014 . Adjusted earnings were \$1.1 billion , an increase of \$277 million from the second quarter of 2014.

"Our operations ran well during the third quarter, capturing strong margins in our refining and marketing businesses," said Greg Garland, chairman and CEO of Phillips 66. "Chemicals earnings were also strong despite the impact of unplanned downtime."

"We recently announced the Dakota Access Pipeline and Energy Transfer Crude Oil Pipeline projects, which provide integration opportunities with our Beaumont Terminal. We are executing our Midstream growth strategy with increasing momentum," said Garland.

### **Midstream**

Midstream earnings were \$115 million in the third quarter, compared with earnings of \$108 million in the second quarter of 2014 .

Phillips 66's Transportation business generated earnings of \$58 million during the third quarter, in line with earnings of \$60 million in the second quarter of 2014 . Third -quarter earnings related to the company's equity investment in DCP Midstream, LLC were \$31 million , comparable with \$33 million in the second quarter of 2014 .

Earnings from the NGL business were \$26 million in the third quarter, compared with \$15 million in the second quarter of 2014 . The increase was primarily related to improved margins and higher equity earnings from the ramp up of throughput volumes on the Sand Hills and Southern Hills pipelines.

## **Chemicals**

The Chemicals segment reflects Phillips 66's equity investment in Chevron Phillips Chemical Company LLC (CPCChem). Third -quarter Chemicals earnings were \$230 million and adjusted earnings were \$299 million . This compares with earnings of \$324 million in the second quarter of 2014.

During the third quarter, CPCChem's Olefins and Polyolefins (O&P) business contributed \$254 million to Phillips 66's Chemicals earnings. O&P's adjusted earnings contribution was \$259 million, compared with \$310 million in the second quarter of 2014 . The decrease was mainly due to an ethylene outage at CPCChem's Port Arthur plant from a localized fire in July. Global utilization for O&P was 83 percent during the quarter.

CPCChem's Specialties, Aromatics and Styrenics (SA&S) business contributed a loss of \$18 million to third-quarter earnings, including asset impairments of \$64 million. SA&S's adjusted earnings contribution was \$46 million during the third quarter, an increase of \$25 million from the second quarter of 2014 , primarily driven by lower turnaround activity.

## **Refining**

Refining recorded earnings of \$558 million in the third quarter, compared with earnings of \$390 million in the second quarter of 2014 . The increase was primarily attributable to improved realized refining margins, which included capturing crude location differentials. Margins improved, despite lower worldwide market crack spreads, primarily due to higher clean product realizations. Additionally, secondary product margins benefited from lower crude oil prices.

During the quarter, a record 95 percent of the company's U.S. crude slate was advantaged, compared with 93 percent in the second quarter. Worldwide, Phillips 66's refining utilization and clean product yield were 94 percent and 84 percent , respectively, in the third quarter of 2014 .

## **Marketing and Specialties**

Marketing and Specialties (M&S) third-quarter earnings were \$368 million and adjusted earnings were \$259 million . This compares with earnings of \$162 million during the second quarter of 2014 .

Earnings from Marketing and Other were \$325 million in the third quarter, which included the expected partial recognition of the deferred gain from the sale of a power plant in July 2013. Adjusted earnings were \$216 million, an increase of \$97 million compared with earnings in the second quarter of 2014. The business benefited from higher global marketing margins, primarily due to the steady decline of product costs associated with falling crude oil prices during the quarter. Third-quarter refined product exports were 129,000 barrels per day (BPD), a reduction from 181,000 BPD in the second quarter of 2014 , reflecting more favorable placement in the domestic market.

Phillips 66's Specialties businesses generated earnings of \$43 million during the third quarter, in line with second - quarter 2014 earnings.

## **Corporate and Other**

Corporate and Other costs were \$91 million after-tax in the third quarter, compared with \$121 million in the second quarter of 2014 . The decreased costs were mostly due to effective tax rate changes, as well as timing of contributions and environmental expenses.

The company's effective tax rate was 31 percent and its adjusted effective tax rate was 33 percent for the third quarter, compared with 36 percent in the second quarter of 2014 .

## **Financial Position, Liquidity and Return of Capital**

During the quarter, Phillips 66 generated \$429 million of cash from operations. Excluding \$828 million of working capital changes, operating cash flow was \$1.3 billion . Working capital changes mainly reflect the impact of temporary inventory builds during the quarter. The company funded \$1.5 billion in capital expenditures and investments, primarily reflecting growth in its Midstream segment.

Consistent with the company's commitment to return capital to shareholders, Phillips 66 returned \$771 million in the third quarter through dividends and share repurchases. The company paid \$277 million in dividends and repurchased six million shares of common stock for \$494 million . Since August 2012, the company has repurchased 66 million shares for \$4.4 billion, as part of \$7 billion in share repurchase authorizations. In addition, the company received 17.4 million shares in exchange for its flow improver business earlier this year. Phillips 66 ended the quarter with 554 million shares outstanding.

As of Sept. 30, 2014 , cash and cash equivalents were \$3.1 billion and debt was \$6.2 billion . The company's debt-to-capital ratio was 22 percent . Additionally, Phillips 66 reported a year-to-date annualized return on capital employed (ROCE) of 18 percent , and a year-to-date annualized adjusted ROCE of 14 percent .

## **Strategic Update**

Phillips 66 is continuing to grow its more highly valued businesses, while enhancing refining returns. The company's Midstream segment is pursuing multiple growth opportunities to further integrate its portfolio and benefit from increasing production in North America.

Phillips 66 recently announced its participation in two joint ventures to develop the Dakota Access Pipeline (DAPL) and Energy Transfer Crude Oil Pipeline (ETCOP). Phillips 66 owns 25 percent interests in both projects and its estimated share of construction cost is approximately \$1.2 billion. DAPL is expected to deliver 450,000 BPD of crude oil from the Bakken/Three Forks production area in North Dakota to market centers in the Midwest. ETCOP will provide crude oil transportation service from the Midwest to the Gulf Coast, including Phillips 66's Beaumont Terminal. The DAPL and ETCOP projects are expected to begin commercial operations in the fourth quarter of 2016.

In support of its advantaged crude oil strategy, the company ordered an additional 500 rail cars during the quarter and began operations at its 75,000 BPD rail rack at the Bayway Refinery. The 30,000 BPD rail rack at the Ferndale Refinery is expected to begin operations in the fourth quarter of 2014. In addition, Phillips 66 is constructing a rail-loading facility on land recently acquired in North Dakota. The facility is expected to have up to 200,000 BPD of capacity and further expand Phillips 66 and third-party access to Bakken crude oil.

As recently announced, Phillips 66 Partners LP will acquire the new rail-unloading facilities at Bayway and Ferndale, as well as the Cross-Channel Connector Pipeline, from Phillips 66. The \$340 million transaction is anticipated to close in early December 2014.

Construction continued on the Sweeny Fractionator One and Freeport LPG Export Terminal, with startup expected in the second half of 2015 and second half of 2016, respectively. The company also plans to develop a second NGL fractionator and a crude and condensate pipeline in Texas to meet growing demand for domestic crude oil and global market demand for U.S.-supplied products. In addition, the company is considering condensate processing options to meet customer demand.



The proposed 110,000 BPD Sweeny Fractionator Two will be located near the company's Sweeny Refinery and Sweeny Fractionator One. The planned crude and condensate pipeline will connect Eagle Ford production to the Sweeny Refinery and Phillips 66's terminal in Freeport, Texas. The pipeline, including gathering systems, will have an initial capacity of 200,000 BPD with the capability to expand to over 400,000 BPD.

The pipeline and Sweeny Fractionator Two projects are currently in the engineering design and permitting phase. Final investment decision for both projects is anticipated in mid-2015, with startup planned for late 2016 for the pipeline and 2017 for Sweeny Fractionator Two.

CPChem is investing in domestic growth projects to realize the benefits of low-cost petrochemical feedstocks in the U.S. Gulf Coast (USGC). Construction continued on its world-scale USGC Petrochemicals Project consisting of an ethane cracker and related polyethylene facilities, with startup anticipated in 2017. In addition, the ethylene production expansion project to add a tenth furnace at CPChem's Sweeny facility is expected to start up in the fourth quarter of 2014.

Later today, Phillips 66 Chairman and Chief Executive Officer Greg Garland; President Tim Taylor; and Executive Vice President and Chief Financial Officer Greg Maxwell will host a webcast at 11 a.m. EDT to discuss the company's third - quarter performance and provide an update on strategic growth projects. 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 "Events & Presentations." For detailed supplemental information, go to [www.phillips66.com/supplemental](http://www.phillips66.com/supplemental).

<b>Earnings</b>						
	<b>Millions of Dollars</b>					
	<b>2014</b>			<b>2013</b>		
	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Nine Months</b>	<b>Third Quarter</b>	<b>Nine Months</b>	
Midstream	\$ 108	\$ 115	\$ 411	\$ 147	\$ 348	
Chemicals	324	230	870	262	725	
Refining	390	558	1,254	(30)	1,329	
Marketing and Specialties	162	368	667	255	789	
Corporate and Other	(121)	(91)	(293)	(113)	(334)	
Discontinued Operations	—	—	706	14	43	
<b>Phillips 66</b>	<b>\$ 863</b>	<b>\$ 1,180</b>	<b>\$ 3,615</b>	<b>\$ 535</b>	<b>\$ 2,900</b>	

  

<b>Adjusted Earnings</b>						
	<b>Millions of Dollars</b>					
	<b>2014</b>			<b>2013</b>		
	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Nine Months</b>	<b>Third Quarter</b>	<b>Nine Months</b>	
Midstream	\$ 108	\$ 115	\$ 411	\$ 147	\$ 348	
Chemicals	324	299	939	262	725	
Refining	390	558	1,254	(30)	1,316	
Marketing and Specialties	162	259	558	255	780	
Corporate and Other	(121)	(91)	(293)	(113)	(334)	
<b>Phillips 66</b>	<b>\$ 863</b>	<b>\$ 1,140</b>	<b>\$ 2,869</b>	<b>\$ 521</b>	<b>\$ 2,835</b>	

## About Phillips 66

Built on more than 130 years of experience, Phillips 66 is a growing energy manufacturing and logistics company with high-performing Midstream, Chemicals, Refining, and Marketing and Specialties businesses. This integrated portfolio enables Phillips 66 to capture opportunities in the changing energy landscape. Headquartered in Houston, the company has 14,000 employees who are committed to operating excellence and safety. Phillips 66 had \$50 billion of assets as of Sept. 30, 2014. For more information, visit [www.phillips66.com](http://www.phillips66.com) or follow us on Twitter [@Phillips66Co](https://twitter.com/Phillips66Co).

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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, and refining and petrochemical margins; 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 from litigation or for remedial actions, including removal and reclamation obligations under environmental regulations; 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. 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 news release includes the terms adjusted earnings, adjusted earnings per share, adjusted effective tax rate, operating cash flow excluding working capital, and adjusted ROCE. These are non-GAAP financial measures that 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.*

*Prior period results have been recast to reflect realignment of certain businesses between segments and business lines. Within the Midstream segment, certain NGL pipelines were moved from the Transportation business to the NGL business. Sales commissions for specialty coke, polypropylene and solvents businesses are recorded in the M&S segment. Certain joint ventures, such as a base oil business, were moved from the Refining segment to the M&S segment.*

Millions of Dollars Except as Indicated						
	2014			2013		
	2Q	3Q	Sep YTD	3Q	Sep YTD	
<b>Reconciliation of Earnings to Adjusted Earnings</b>						
<b>Consolidated</b>						
<b>Earnings</b>	\$ 863	\$ 1,180	\$ 3,615	\$ 535	\$ 2,900	
Adjustments:						
Gain on asset dispositions	—	(109)	(109)	—	(23)	
Impairments	—	69	69	—	—	
Pending claims and settlements	—	—	—	—	(16)	
Exit of a business line	—	—	—	—	34	
Tax law impacts	—	—	—	—	(17)	
Discontinued operations	—	—	(706)	(14)	(43)	
<b>Adjusted earnings</b>	<b>\$ 863</b>	<b>\$ 1,140</b>	<b>\$ 2,869</b>	<b>\$ 521</b>	<b>\$ 2,835</b>	
<b>Earnings per share of common stock (dollars)</b>	<b>\$ 1.51</b>	<b>\$ 2.09</b>	<b>\$ 6.28</b>	<b>\$ 0.87</b>	<b>\$ 4.65</b>	
<b>Adjusted earnings per share of common stock (dollars)</b>	<b>\$ 1.51</b>	<b>\$ 2.02</b>	<b>\$ 4.98</b>	<b>\$ 0.85</b>	<b>\$ 4.54</b>	
<b>Chemicals</b>						
<b>Earnings</b>	\$ 324	\$ 230	\$ 870	\$ 262	\$ 725	
Adjustments:						
Impairments	—	69	69	—	—	
<b>Adjusted earnings</b>	<b>\$ 324</b>	<b>\$ 299</b>	<b>\$ 939</b>	<b>\$ 262</b>	<b>\$ 725</b>	
<b>Refining</b>						
<b>Earnings (loss)</b>	\$ 390	\$ 558	\$ 1,254	\$ (30)	\$ 1,329	
Adjustments:						
Tax law impacts	—	—	—	—	(13)	
<b>Adjusted earnings</b>	<b>\$ 390</b>	<b>\$ 558</b>	<b>\$ 1,254</b>	<b>\$ (30)</b>	<b>\$ 1,316</b>	
<b>Marketing and Specialties</b>						
<b>Earnings</b>	\$ 162	\$ 368	\$ 667	\$ 255	\$ 789	
Adjustments:						
Gain on asset dispositions	—	(109)	(109)	—	(23)	
Pending claims and settlements	—	—	—	—	(16)	
Exit of a business line	—	—	—	—	34	
Tax law impacts	—	—	—	—	(4)	
<b>Adjusted earnings</b>	<b>\$ 162</b>	<b>\$ 259</b>	<b>\$ 558</b>	<b>\$ 255</b>	<b>\$ 780</b>	

	Millions of Dollars	
	3Q	
	2014	
Cash Flows from Operating Activities		
Net Cash Provided by Operating Activities, excluding working capital	\$	1,257
Changes in working capital		(828)
Net Cash Provided by Operating Activities	\$	429

Millions of  
Dollars  
2014 YTD

**Phillips 66 - ROCE**

**Numerator**

<b>Net income</b>	<b>\$ 3,639</b>
After-tax interest expense	126
<b>GAAP ROCE earnings</b>	<b>3,765</b>
Special items	(746)
<b>Adjusted ROCE earnings</b>	<b>\$ 3,019</b>

**Denominator**

<b>GAAP average capital employed*</b>	<b>\$ 28,477</b>
Discontinued operations	(96)
<b>Adjusted average capital employed</b>	<b>\$ 28,381</b>

<b>Annualized Adjusted ROCE (percent)</b>	<b>14%</b>
<b>Annualized GAAP ROCE (percent)</b>	<b>18%</b>

\*Total equity plus total debt.

Millions of  
Dollars  
3Q  
2014

**Effective Tax Rates**

Income before taxes	\$ 1,727
Special items	(21)
<b>Adjusted income before taxes</b>	<b>\$ 1,706</b>

Provision for taxes	\$ 538
Special items	19
<b>Adjusted provision for taxes</b>	<b>\$ 557</b>

<b>GAAP effective tax rate (percent)</b>	<b>31%</b>
<b>Adjusted effective tax rate (percent)</b>	<b>33%</b>

## Phillips 66 Earnings Release Supplemental Data



## CONSOLIDATED INCOME STATEMENT

Millions of Dollars

	2013					2014				
	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*	41,211	43,190	44,146	43,049	171,596	40,283	45,549	40,417		126,249
Equity in earnings of affiliates	1,039	618	647	769	3,073	778	764	511		2,053
Net gain on dispositions	1	41	8	5	55	7	9	109		125
Other income (loss)	23	49	(7)	20	85	31	17	11		59
<b>Total Revenues and Other Income</b>	<b>42,274</b>	<b>43,898</b>	<b>44,794</b>	<b>43,843</b>	<b>174,809</b>	<b>41,099</b>	<b>46,339</b>	<b>41,048</b>		<b>128,486</b>
<b>Costs and Expenses</b>										
Purchased crude oil and products	35,243	37,257	38,717	37,028	148,245	34,381	39,316	33,602		107,299
Operating expenses	978	1,032	992	1,204	4,206	1,090	1,077	1,104		3,271
Selling, general and administrative expenses	327	368	349	434	1,478	402	412	401		1,215
Depreciation and amortization	242	229	233	243	947	234	239	249		722
Impairments	24	1	1	3	29	1	3	12		16
Taxes other than income taxes*	3,324	3,501	3,624	3,670	14,119	3,638	3,832	3,874		11,344
Accretion on discounted liabilities	6	6	6	6	24	6	6	6		18
Interest and debt expense	70	69	68	68	275	68	66	60		194
Foreign currency transaction (gains) losses	2	(18)	—	(24)	(40)	(19)	29	13		23
<b>Total Costs and Expenses</b>	<b>40,216</b>	<b>42,445</b>	<b>43,990</b>	<b>42,632</b>	<b>169,283</b>	<b>39,801</b>	<b>44,980</b>	<b>39,321</b>		<b>124,102</b>
<b>Income from continuing operations before income taxes</b>	<b>2,058</b>	<b>1,453</b>	<b>804</b>	<b>1,211</b>	<b>5,526</b>	<b>1,298</b>	<b>1,359</b>	<b>1,727</b>		<b>4,384</b>
<b>Provision for income taxes</b>	<b>663</b>	<b>507</b>	<b>278</b>	<b>396</b>	<b>1,844</b>	<b>426</b>	<b>487</b>	<b>538</b>		<b>1,451</b>
<b>Income From Continuing Operations</b>	<b>1,395</b>	<b>946</b>	<b>526</b>	<b>815</b>	<b>3,682</b>	<b>872</b>	<b>872</b>	<b>1,189</b>		<b>2,933</b>
<b>Income from discontinued operations**</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>18</b>	<b>61</b>	<b>706</b>	<b>—</b>	<b>—</b>		<b>706</b>
<b>Net Income</b>	<b>1,410</b>	<b>960</b>	<b>540</b>	<b>833</b>	<b>3,743</b>	<b>1,578</b>	<b>872</b>	<b>1,189</b>		<b>3,639</b>

Less: net income attributable to noncontrolling interests	3	2	5	7	17	6	9	9	24
<b>Net Income Attributable to Phillips 66</b>	1,407	958	535	826	3,726	1,572	863	1,180	3,615
* Includes excise taxes on petroleum products sales:	3,258	3,428	3,568	3,612	13,866	3,522	3,743	3,781	11,046
** Net of provision for income taxes on discontinued operations:	8	7	8	11	34	5	—	—	5
<b>Amounts Attributable to Phillips 66 Common Stockholders:</b>									
Income from continuing operations	1,392	944	521	808	3,665	866	863	1,180	2,909
Income from discontinued operations	15	14	14	18	61	706	—	—	706
<b>Net Income Attributable to Phillips 66</b>	1,407	958	535	826	3,726	1,572	863	1,180	3,615
<b>Net Income Attributable to Phillips 66</b>									
<b>Per Share of Common Stock (dollars)</b>									
<b>Basic</b>									
Continuing operations	2.23	1.53	0.86	1.35	5.97	1.48	1.52	2.11	5.10
Discontinued operations	0.02	0.02	0.02	0.03	0.10	1.21	—	—	1.24
<b>Net Income Attributable to Phillips 66</b>									
<b>Per Share of Common Stock</b>	2.25	1.55	0.88	1.38	6.07	2.69	1.52	2.11	6.34
<b>Diluted</b>									
Continuing operations	2.21	1.51	0.85	1.34	5.92	1.47	1.51	2.09	5.05
Discontinued operations	0.02	0.02	0.02	0.03	0.10	1.20	—	—	1.23
<b>Net Income Attributable to Phillips 66</b>									
<b>Per Share of Common Stock</b>	2.23	1.53	0.87	1.37	6.02	2.67	1.51	2.09	6.28
<b>Average Common Shares Outstanding (in thousands)</b>									
<b>Basic</b>	625,030	619,143	608,934	598,553	612,918	584,053	565,799	559,492	569,692
<b>Diluted</b>	631,288	624,907	614,519	604,165	618,989	589,575	571,285	564,958	575,589

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

	Millions of Dollars									
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream</b>	111	90	147	121	469	188	108	115		411

Chemicals	282	181	262	261	986	316	324	230	870
Refining	904	455	(30)	418	1,747	306	390	558	1,254
Marketing and Specialties	190	344	255	105	894	137	162	368	667
Corporate and Other	(95)	(126)	(113)	(97)	(431)	(81)	(121)	(91)	(293)
Discontinued Operations	15	14	14	18	61	706	—	—	706
Consolidated	1,407	958	535	826	3,726	1,572	863	1,180	3,615

#### SUMMARY OF INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES BY SEGMENT

Millions of Dollars										
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	177	141	239	193	750	302	180	194		676
Chemicals	403	232	367	359	1,361	442	466	328		1,236
Refining	1,371	735	(8)	684	2,782	508	647	859		2,014
Marketing and Specialties	282	531	362	152	1,327	205	248	495		948
Corporate and Other	(175)	(186)	(156)	(177)	(694)	(159)	(182)	(149)		(490)
Consolidated	2,058	1,453	804	1,211	5,526	1,298	1,359	1,727		4,384

#### EFFECTIVE TAX RATES ON INCOME FROM CONTINUING OPERATIONS

	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	35.6%	34.8%	36.4 %	33.7%	35.2%	35.8%	35.0%	36.1%		35.7%
Chemicals	30.0%	22.0%	28.6 %	27.3%	27.6%	28.5%	30.5%	29.9%		29.6%
Refining	34.1%	38.1%	(275.0)%	38.9%	37.2%	39.8%	39.7%	35.0%		37.7%
Marketing and Specialties	32.6%	35.2%	29.6 %	30.9%	32.6%	33.2%	34.7%	25.7%		29.6%
Corporate and Other	45.7%	32.3%	27.6 %	45.2%	37.9%	49.1%	33.5%	38.9%		40.2%
Consolidated	32.2%	34.9%	34.6 %	32.7%	33.4%	32.8%	35.8%	31.2%		33.1%

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

Millions of Dollars										
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	111	90	147	121	469	188	108	115		411
Chemicals	282	181	262	261	986	316	324	299		939
Refining	891	455	(30)	418	1,734	306	390	558		1,254
Marketing and Specialties	204	321	255	105	885	137	162	259		558
Corporate and Other	(95)	(126)	(113)	(97)	(431)	(81)	(121)	(91)		(293)
Consolidated	1,393	921	521	808	3,643	866	863	1,140		2,869







**SPECIAL ITEMS INCLUDED IN NET INCOME ATTRIBUTABLE TO PHILLIPS 66  
(AFTER-TAX)**

	Millions of Dollars									
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream</b>	—	—	—	—	—	—	—	—		—
<b>Chemicals</b>										
Impairments	—	—	—	—	—	—	—	(69)		(69)
<b>Total Chemicals</b>	—	—	—	—	—	—	—	(69)		(69)
<b>Refining</b>										
Tax law impacts	13	—	—	—	13	—	—	—		—
<b>Total Refining</b>	13	—	—	—	13	—	—	—		—
<b>Marketing and Specialties</b>										
Gain on asset dispositions	—	23	—	—	23	—	—	109		109
Pending claims and settlements	16	—	—	—	16	—	—	—		—
Exit of a business line	(34)	—	—	—	(34)	—	—	—		—
Tax law impacts	4	—	—	—	4	—	—	—		—
<b>Total Marketing and Specialties</b>	(14)	23	—	—	9	—	—	109		109
<b>Corporate and Other</b>	—	—	—	—	—	—	—	—		—
<b>Discontinued Operations</b>	15	14	14	18	61	706	—	—		706
<b>Total Phillips 66</b>	14	37	14	18	83	706	—	40		746
<b>By Business Lines/Regions</b>										
<b>Midstream</b>										
Transportation	—	—	—	—	—	—	—	—		—
DCP Midstream	—	—	—	—	—	—	—	—		—
NGL	—	—	—	—	—	—	—	—		—
<b>Total Midstream</b>	—	—	—	—	—	—	—	—		—
<b>Refining</b>										
Atlantic Basin/Europe	7	—	—	—	7	—	—	—		—
Gulf Coast	—	—	—	—	—	—	—	—		—
Central Corridor	3	—	—	—	3	—	—	—		—
Western/Pacific	2	—	—	—	2	—	—	—		—
Other Refining	1	—	—	—	1	—	—	—		—
<b>Total Refining</b>	13	—	—	—	13	—	—	—		—

<b>Marketing and Specialties</b>									
Marketing and Other	20	—	—	—	20	—	—	109	109
Specialties	(34)	23	—	—	(11)	—	—	—	—
<b>Total Marketing and Specialties</b>	<b>(14)</b>	<b>23</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>109</b>	<b>109</b>

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

	Millions of Dollars									
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream</b>										
Transportation	—	—	—	—	—	—	—	—	—	—
DCP Midstream	—	—	—	—	—	—	—	—	—	—
NGL	—	—	—	—	—	—	—	—	—	—
<b>Total Midstream</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Chemicals</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(88)</b>	<b>—</b>	<b>(88)</b>
<b>Refining</b>										
Atlantic Basin/Europe	12	—	—	—	12	—	—	—	—	—
Gulf Coast	—	—	—	—	—	—	—	—	—	—
Central Corridor	5	—	—	—	5	—	—	—	—	—
Western/Pacific	3	—	—	—	3	—	—	—	—	—
Other Refining	2	—	—	—	2	—	—	—	—	—
<b>Total Refining</b>	<b>22</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Marketing and Specialties</b>										
Marketing and Other	31	—	—	—	31	—	—	109	—	109
Specialties	(54)	40	—	—	(14)	—	—	—	—	—
<b>Total Marketing and Specialties</b>	<b>(23)</b>	<b>40</b>	<b>—</b>	<b>—</b>	<b>17</b>	<b>—</b>	<b>—</b>	<b>109</b>	<b>—</b>	<b>109</b>
<b>Corporate and Other</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Discontinued Operations</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>29</b>	<b>95</b>	<b>711</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>711</b>
<b>Total Phillips 66</b>	<b>22</b>	<b>61</b>	<b>22</b>	<b>29</b>	<b>134</b>	<b>711</b>	<b>—</b>	<b>21</b>	<b>—</b>	<b>732</b>



## CASH FLOW INFORMATION

Millions of Dollars

	2013					2014				
	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	1,410	960	540	833	3,743	1,578	872	1,189		3,639
Depreciation and amortization	242	229	233	243	947	234	239	249		722
Impairments	24	1	1	3	29	1	3	12		16
Accretion on discounted liabilities	6	6	6	6	24	6	6	6		18
Deferred taxes	82	80	120	312	594	(444)	(11)	(72)		(527)
Undistributed equity earnings	77	(98)	(55)	(278)	(354)	632	(253)	(19)		360
Net gain on dispositions	(1)	(41)	(8)	(5)	(55)	(7)	(9)	(109)		(125)
Income from discontinued operations	(15)	(14)	(14)	(18)	(61)	(706)	—	—		(706)
Other	(34)	35	33	161	195	(21)	90	1		70
Net working capital changes	400	(204)	1,076	(392)	880	123	(107)	(828)		(812)
Net cash provided by continuing operating activities	2,191	954	1,932	865	5,942	1,396	830	429		2,655
Net cash provided by discontinued operations	22	14	17	32	85	2	—	—		2
<b>Net Cash Provided by Operating Activities</b>	<b>2,213</b>	<b>968</b>	<b>1,949</b>	<b>897</b>	<b>6,027</b>	<b>1,398</b>	<b>830</b>	<b>429</b>		<b>2,657</b>
<b>Cash Flows From Investing Activities</b>										
Capital expenditures and investments	(382)	(366)	(408)	(623)	(1,779)	(572)	(561)	(1,514)		(2,647)
Proceeds from asset dispositions*	9	60	1,119	26	1,214	507	150	6		663
Advances/loans—related parties	—	—	(65)	—	(65)	—	(3)	—		(3)
Collection of advances/loans—related parties	55	45	—	65	165	—	—	—		—
Other	—	—	—	48	48	13	21	127		161
Net cash provided by (used in) continuing investing activities	(318)	(261)	646	(484)	(417)	(52)	(393)	(1,381)		(1,826)
Net cash provided by (used in) discontinued operations	(5)	(5)	(4)	(13)	(27)	(34)	32	—		(2)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(323)</b>	<b>(266)</b>	<b>642</b>	<b>(497)</b>	<b>(444)</b>	<b>(86)</b>	<b>(361)</b>	<b>(1,381)</b>		<b>(1,828)</b>
<b>Cash Flows From Financing Activities</b>										
Repayment of debt	(3)	(502)	(510)	(5)	(1,020)	(8)	(9)	(13)		(30)
Issuance of common stock	(6)	3	(1)	10	6	(20)	8	13		1
Repurchase of common stock	(382)	(546)	(674)	(644)	(2,246)	(640)	(616)	(494)		(1,750)
Share exchange—PSPI transaction	—	—	—	—	—	(450)	—	—		(450)
Dividends paid on common stock	(194)	(192)	(189)	(232)	(807)	(229)	(281)	(277)		(787)

Distributions to noncontrolling interests	—	(1)	—	(9)	(10)	(4)	(9)	(5)	(18)
Net proceeds from issuance of Phillips 66 Partners LP common units	—	—	404	—	404	—	—	—	—
Other	—	(3)	(1)	(2)	(6)	(4)	29	(2)	23
Net cash used in continuing financing activities	(585)	(1,241)	(971)	(882)	(3,679)	(1,355)	(878)	(778)	(3,011)
Net cash provided by (used in) discontinued operations	—	—	—	—	—	—	—	—	—
<b>Net Cash Used in Financing Activities</b>	<b>(585)</b>	<b>(1,241)</b>	<b>(971)</b>	<b>(882)</b>	<b>(3,679)</b>	<b>(1,355)</b>	<b>(878)</b>	<b>(778)</b>	<b>(3,011)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(26)</b>	<b>6</b>	<b>102</b>	<b>(60)</b>	<b>22</b>	<b>(31)</b>	<b>39</b>	<b>(118)</b>	<b>(110)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,279</b>	<b>(533)</b>	<b>1,722</b>	<b>(542)</b>	<b>1,926</b>	<b>(74)</b>	<b>(370)</b>	<b>(1,848)</b>	<b>(2,292)</b>
Cash and cash equivalents at beginning of period	3,474	4,753	4,220	5,942	3,474	5,400	5,326	4,956	5,400
<b>Cash and Cash Equivalents at End of Period</b>	<b>4,753</b>	<b>4,220</b>	<b>5,942</b>	<b>5,400</b>	<b>5,400</b>	<b>5,326</b>	<b>4,956</b>	<b>3,108</b>	<b>3,108</b>

\* Includes return of investments in equity affiliates.

## CAPITAL PROGRAM

	Millions of Dollars									
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Consolidated Capital Expenditures and Investments</b>										
Midstream	115	131	131	220	597	288	298	946		1,532
Chemicals	—	—	—	—	—	—	—	—		—
Refining	131	151	229	309	820	186	215	278		679
Marketing and Specialties	97	42	41	46	226	84	26	248		358
Corporate and Other	39	42	7	48	136	14	22	42		78
<b>Total Consolidated from Continuing Operations</b>	<b>382</b>	<b>366</b>	<b>408</b>	<b>623</b>	<b>1,779</b>	<b>572</b>	<b>561</b>	<b>1,514</b>		<b>2,647</b>
<b>Discontinued Operations</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>13</b>	<b>27</b>	<b>—</b>	<b>—</b>	<b>—</b>		<b>—</b>
<b>Proportional Share of Selected Equity Affiliates Capital Expenditures and Investments*</b>										
DCP Midstream (Midstream)	274	268	218	211	971	178	176	207		561
CPCChem (Chemicals)	106	142	172	193	613	155	224	244		623
WRB Refining (Refining)	29	30	19	31	109	23	38	35		96
<b>Select Equity Affiliates</b>	<b>409</b>	<b>440</b>	<b>409</b>	<b>435</b>	<b>1,693</b>	<b>356</b>	<b>438</b>	<b>486</b>		<b>1,280</b>
<b>Total Capital Program*</b>										
Midstream	389	399	349	431	1,568	466	474	1,153		2,093
Chemicals	106	142	172	193	613	155	224	244		623
Refining	160	181	248	340	929	209	253	313		775

<b>Marketing and Specialties</b>	97	42	41	46	226	84	26	248	358
<b>Corporate and Other</b>	39	42	7	48	136	14	22	42	78
<b>Discontinued Operations</b>	5	5	4	13	27	—	—	—	—
<b>Total Capital Program</b>	796	811	821	1,071	3,499	928	999	2,000	3,927

*\* Includes Phillips 66's portion of self-funded capital spending by DCP Midstream, LLC (DCP Midstream), Chevron Phillips Chemical Company LLC (CPChem) and WRB Refining.*



## MIDSTREAM

	2013					2014				
	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>										
Transportation	45	50	54	50	199	62	60	58		180
DCP Midstream	56	30	87	37	210	83	33	31		147
NGL	10	10	6	34	60	43	15	26		84
<b>Midstream Net Income Attributable to Phillips 66</b>	<b>111</b>	<b>90</b>	<b>147</b>	<b>121</b>	<b>469</b>	<b>188</b>	<b>108</b>	<b>115</b>		<b>411</b>
<b>Midstream Income before Income Taxes (\$ Millions)</b>										
Transportation	75	80	87	83	325	101	105	102		308
DCP Midstream	87	46	136	63	332	130	52	50		232
NGL	15	15	16	47	93	71	23	42		136
<b>Midstream Income before Income Taxes</b>	<b>177</b>	<b>141</b>	<b>239</b>	<b>193</b>	<b>750</b>	<b>302</b>	<b>180</b>	<b>194</b>		<b>676</b>
<b>Midstream Adjusted EBITDA</b>	<b>244</b>	<b>213</b>	<b>322</b>	<b>288</b>	<b>1,067</b>	<b>384</b>	<b>256</b>	<b>273</b>		<b>913</b>
<b>Depreciation and Amortization (\$ Millions)</b>										
Transportation	18	19	19	30	86	19	20	23		62
DCP Midstream	—	—	—	—	—	—	—	—		—
NGL	1	—	—	1	2	—	1	1		2
<b>Total</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>31</b>	<b>88</b>	<b>19</b>	<b>21</b>	<b>24</b>		<b>64</b>
<b>Operating and SG&amp;A Expense (\$ Millions)</b>										
Transportation	93	102	110	103	408	96	109	122		327
DCP Midstream	—	—	—	2	2	—	—	—		—
NGL	17	25	15	21	78	17	20	20		57
<b>Total</b>	<b>110</b>	<b>127</b>	<b>125</b>	<b>126</b>	<b>488</b>	<b>113</b>	<b>129</b>	<b>142</b>		<b>384</b>
<b>Transportation Volumes (MB/D)</b>										
Pipelines*	3,032	3,170	3,222	3,150	3,144	3,101	3,243	3,142		3,162
Terminals	1,041	1,194	1,419	1,435	1,274	1,477	1,609	1,763		1,617
Refining Logistics Assets	—	—	—	—	—	—	—	17		6
* Pipelines represent the sum of volumes transported through each separately tariffed pipeline segment, including our share of equity volumes in Yellowstone and Lake Charles pipelines.										
<b>PSX Other Volumes</b>										
NGL Fractionated (MB/D)*	117	113	123	109	115	112	117	110		113

\* Excludes DCP Midstream.

## 100% DCP Midstream Results

**Net Income Attributable, excludes parent company income tax related to DCP's earnings (\$ Millions)**

91 78 191 131 491 165 89 81 335

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

69 76 82 87 314 85 86 87 258

**Operating and SG&A Expense (\$ Millions)**

228 236 223 262 949 243 283 264 790

**Net Interest Expense (\$ Millions)\***

50 52 75 72 249 72 74 71 217

\* Net of interest income.

**Capital Expenditures and Investments (\$ Millions)**

547 537 435 422 1,941 355 353 414 1,122

**Selected DCP Volumes and Gross Margin by Major Contract Type (excludes current quarter)**

**Percentage of Proceeds (long NGL / long Gas)\***

Volume (TBtu/d)	4.8	5.0	5.3	5.2	5.1	5.3	5.6	**	5.5
Gross Margin (\$ Millions)	185	220	230	240	875	265	265	**	530

**Keep-whole (long NGL / short Gas)\***

Volume (TBtu/d)	0.6	0.6	0.6	0.6	0.6	0.5	0.4	**	0.5
Gross Margin (\$ Millions)	45	35	45	45	170	35	20	**	55

**Fee-based Gas (primarily gathering and transport)\***

Volume (TBtu/d)	4.5	4.7	4.7	4.6	4.6	4.6	4.5	**	4.6
Gross Margin (\$ Millions)	65	75	75	90	305	80	85	**	165

**Fee-based NGL Transport and Fractionation**

Volume (MB/d)	202	201	209	220	208	242	281	**	262
Gross Margin (\$ Millions)	19	19	25	23	86	26	27	**	53

**Other Gross Margin\*\*\***

Gross Margin (\$ Millions)	153	160	186	172	671	205	139	**	344
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**Total Throughput (TBtu/d)**

6.9 7.1 7.4 7.2 7.1 7.2 7.3 7.5 7.3

**NGL Production (MB/d)**

396 412 442 452 426 445 452 471 456

\* Certain volumes earn duplicate revenue streams (i.e. both fee plus processing economics).

\*\* Pending DCP Midstream release.

\*\*\* Includes NGL/Propane Marketing, MTM, Condensate Sales, Gas Marketing activity and other items.



**Weighted Average NGL Price\***

DCP Midstream (\$/BBL)	37.45	34.58	37.84	41.48	37.84	44.52	39.06	37.66	40.42
DCP Midstream (\$/gal)	0.89	0.82	0.90	0.99	0.90	1.06	0.93	0.90	0.96

*\* Based on index prices from the Mont Belvieu and Conway market hubs that are weighted by NGL component and location mix.*



## CHEMICALS

	2013					2014				
	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>	282	181	262	261	986	316	324	230		870
<b>Chemicals Adjusted EBITDA</b>	482	320	454	454	1,710	534	557	517		1,608
<b>100% CPChem Results</b>										
<b>Net Income (Loss), excludes parent company income tax related to CPChem's earnings (\$ Millions)</b>										
Olefins and Polyolefins	726	411	677	746	2,560	801	903	720		2,424
Specialties, Aromatics and Styrenics	56	73	72	—	201	97	52	(45)		104
Corporate and Other	29	(14)	(11)	(22)	(18)	(8)	(15)	(13)		(36)
<b>Total</b>	<b>811</b>	<b>470</b>	<b>738</b>	<b>724</b>	<b>2,743</b>	<b>890</b>	<b>940</b>	<b>662</b>		<b>2,492</b>
<b>Income (Loss) before Income Taxes (\$ Millions)*</b>										
Olefins and Polyolefins	736	421	688	756	2,601	815	918	735		2,468
Specialties, Aromatics and Styrenics	60	83	81	10	234	105	60	(36)		129
Corporate and Other	30	(14)	(11)	(22)	(17)	(8)	(14)	(12)		(34)
<b>Total</b>	<b>826</b>	<b>490</b>	<b>758</b>	<b>744</b>	<b>2,818</b>	<b>912</b>	<b>964</b>	<b>687</b>		<b>2,563</b>
<i>* Excludes CPChem discontinued operations.</i>										
<b>Depreciation and Amortization (\$ Millions)</b>	64	66	66	82	278	69	69	74		212
<b>Net Interest Expense (\$ Millions)</b>										
<b>*</b>	(1)	—	(1)	(1)	(3)	—	(1)	(1)		(2)
<i>* Net of interest income.</i>										
<b>Investing Cash Flows (\$ Millions)</b>										
Capital Expenditures and Investments	211	284	345	385	1,225	310	447	488		1,245
Advances to Equity Companies	45	19	5	98	167	5	21	18		44
Advance Repayments from Equity Companies	(43)	(12)	—	—	(55)	—	—	—		—
<b>Externally Marketed Sales Volumes (MM Lbs)</b>										
Olefins and Polyolefins	4,036	3,862	3,927	4,246	16,071	4,302	4,395	4,067		12,764

Specialties, Aromatics and Styrenics	1,496	1,485	1,577	1,672	6,230	1,569	1,530	1,571	4,670
Total	5,532	5,347	5,504	5,918	22,301	5,871	5,925	5,638	17,434
* Represents 100 percent of CPChem's outside sales of produced petrochemical products, as well as commission sales from equity affiliates.									
Olefins and Polyolefins Capacity Utilization (%)	91%	78%	87%	95%	88%	93%	95%	83%	90%
<b>Market Indicators</b>									
<b>U.S. Industry Prices*</b>									
Ethylene, Net Transaction Price (cents/lb)	48.00	46.33	45.83	46.50	46.67	48.25	47.17	51.83	49.08
HDPE Blow Molding (cents/lb)	91.67	93.67	96.67	100.00	95.50	102.67	104.00	105.00	103.89
<b>U.S. Industry Costs*</b>									
Ethylene, Cash Cost Weighted Average Feed (cents/lb)	13.80	15.66	16.47	18.60	16.13	19.84	17.05	14.47	17.12
HDPE, Total Cash Cost (cents/lb)	69.26	65.55	63.71	64.52	65.76	67.04	66.56	73.51	69.04

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



## REFINING

	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Refining Net Income (Loss) Attributable to Phillips 66 (\$ Millions)</b>										
Atlantic Basin/Europe	95	24	47	(139)	27	16	(10)	125		131
Gulf Coast	35	(82)	(79)	185	59	77	118	43		238
Central Corridor	588	395	119	379	1,481	222	229	300		751
Western/Pacific	63	33	(94)	42	44	(47)	65	(3)		15
Other Refining	123	85	(23)	(49)	136	38	(12)	93		119
<b>Refining Net Income (Loss) Attributable to Phillips 66</b>	<b>904</b>	<b>455</b>	<b>(30)</b>	<b>418</b>	<b>1,747</b>	<b>306</b>	<b>390</b>	<b>558</b>		<b>1,254</b>
<b>Refining Income (Loss) before Income Taxes (\$ Millions)</b>										
Atlantic Basin/Europe	136	41	59	(191)	45	34	5	184		223
Gulf Coast	43	(109)	(118)	282	98	122	183	65		370
Central Corridor	923	626	193	589	2,331	359	367	463		1,189
Western/Pacific	95	59	(123)	74	105	(63)	101	16		54
Other Refining	174	118	(19)	(70)	203	56	(9)	131		178
<b>Refining Income (Loss) before Income Taxes</b>	<b>1,371</b>	<b>735</b>	<b>(8)</b>	<b>684</b>	<b>2,782</b>	<b>508</b>	<b>647</b>	<b>859</b>		<b>2,014</b>
<b>Refining Adjusted EBITDA</b>	<b>1,560</b>	<b>937</b>	<b>199</b>	<b>887</b>	<b>3,583</b>	<b>722</b>	<b>883</b>	<b>1,098</b>		<b>2,703</b>
<b>Realized Refining Margins (\$/BBL) *</b>										
Atlantic Basin/Europe	8.61	6.83	6.59	5.12	6.87	7.46	6.06	9.99		7.82
Gulf Coast	8.08	3.89	3.35	9.12	6.04	8.64	8.12	6.80		7.81
Central Corridor	27.29	19.45	9.80	18.50	18.62	15.21	14.91	16.87		15.66
Western/Pacific	9.64	8.80	4.77	9.51	8.20	7.02	10.53	8.71		8.79
Worldwide	13.78	9.70	5.94	10.50	9.90	9.88	9.66	10.89		10.15
* Based on total processed inputs and includes proportional share of refining margins contributed by certain equity affiliates.										
<b>Depreciation and Amortization (\$ Millions)*</b>										
Atlantic Basin/Europe	42	43	43	42	170	46	47	48		141
Gulf Coast	52	54	50	50	206	49	50	52		151
Central Corridor	27	22	21	23	93	23	22	24		69
Western/Pacific	53	50	51	52	206	51	52	52		155
Other Refining	3	(1)	5	3	10	3	3	2		8
<b>Total</b>	<b>177</b>	<b>168</b>	<b>170</b>	<b>170</b>	<b>685</b>	<b>172</b>	<b>174</b>	<b>178</b>		<b>524</b>

\* Excludes D&A of all equity affiliates.

**Operating and SG&A Expense (\$ Millions)\***

Atlantic Basin/Europe	262	279	238	354	1,133	274	248	242	764
Gulf Coast	330	297	309	326	1,262	363	329	363	1,055
Central Corridor	98	98	114	116	426	113	123	114	350
Western/Pacific	185	200	199	222	806	227	223	227	677
Other Refining	26	40	35	85	186	27	33	29	89
<b>Total</b>	<b>901</b>	<b>914</b>	<b>895</b>	<b>1,103</b>	<b>3,813</b>	<b>1,004</b>	<b>956</b>	<b>975</b>	<b>2,935</b>

\* Excludes Operating and SG&A Expense of all equity affiliates.

**Turnaround Expense (\$ Millions), included in Operating and SG&A Expense\***

Atlantic Basin/Europe	12	35	15	108	170	23	9	16	48
Gulf Coast	64	12	18	28	122	75	35	67	177
Central Corridor	6	4	16	11	37	5	4	3	12
Western/Pacific	4	11	7	12	34	22	13	15	50
<b>Total</b>	<b>86</b>	<b>62</b>	<b>56</b>	<b>159</b>	<b>363</b>	<b>125</b>	<b>61</b>	<b>101</b>	<b>287</b>

\* Excludes Turnaround Expense of all equity affiliates.

**Taxes Other than Income Taxes, excluding Excise Taxes (\$ Millions)**

Atlantic Basin/Europe	18	15	14	15	62	17	15	15	47
Gulf Coast	22	19	14	14	69	23	21	19	63
Central Corridor	9	9	8	8	34	10	7	9	26
Western/Pacific	27	26	26	26	105	29	26	25	80
Other Refining	(3)	(4)	(3)	1	(9)	3	—	2	5
<b>Total</b>	<b>73</b>	<b>65</b>	<b>59</b>	<b>64</b>	<b>261</b>	<b>82</b>	<b>69</b>	<b>70</b>	<b>221</b>

**Foreign Currency Gains (Losses) After-Tax (\$ Millions)**

	16	9	(2)	18	41	14	(18)	(6)	(10)
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**Refining—Equity Affiliate Information (\$ Millions)**

Equity in earnings of affiliates	503	274	69	261	1,107	150	173	55	378
Less: Share of equity affiliate gross margin included in Realized Refining Margin and other equity affiliate-related costs*	(691)	(428)	(221)	(387)	(1,727)	(352)	(364)	(248)	(964)

**Equity-affiliate-related expenses not included in Realized Refining Margins**

	(188)	(154)	(152)	(126)	(620)	(202)	(191)	(193)	(586)
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**Regional Totals**

Gulf Coast	(21)	1	19	34	33	11	13	3	27
Central Corridor	(121)	(112)	(110)	(115)	(458)	(167)	(156)	(159)	(482)
Other Regions**	(46)	(43)	(61)	(45)	(195)	(46)	(48)	(37)	(131)
<b>Total</b>	<b>(188)</b>	<b>(154)</b>	<b>(152)</b>	<b>(126)</b>	<b>(620)</b>	<b>(202)</b>	<b>(191)</b>	<b>(193)</b>	<b>(586)</b>

\* Other costs associated with equity affiliates which do not flow through equity earnings.

\*\* Combined equity affiliates reported in Atlantic Basin/Europe and Western/Pacific.





## REFINING (continued)

	2013					2014				
	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)	571	555	574	483	546	551	562	538		550
Total Charge Input (MB/D)	614	597	606	489	576	585	612	588		595
Crude Oil Capacity Utilization (%)	97%	94%	98%	82%	93%	94%	96%	92%		94%
Clean Product Yield (%)	85%	84%	84%	79%	83%	84%	83%	86%		84%
* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.										
<b>Gulf Coast</b>										
Crude Oil Charge Input (MB/D)	584	664	671	682	651	613	673	710		666
Total Charge Input (MB/D)	643	741	767	762	729	705	771	794		757
Crude Oil Capacity Utilization (%)	80%	91%	92%	93%	89%	84%	92%	97%		91%
Clean Product Yield (%)	81%	83%	82%	82%	82%	81%	79%	79%		80%
<b>Central Corridor*</b>										
Crude Oil Charge Input (MB/D)	457	474	480	479	472	466	493	476		478
Total Charge Input (MB/D)	473	488	495	494	488	481	511	492		495
Crude Oil Capacity Utilization (%)	96%	100%	101%	100%	99%	96%	102%	98%		99%
Clean Product Yield (%)	87%	86%	88%	88%	87%	88%	88%	90%		89%
* Includes our proportionate share of the Borger Refinery and Wood River Refinery.										
<b>Western/Pacific*</b>										
Crude Oil Charge Input (MB/D)	401	417	403	419	410	395	424	390		403
Total Charge Input (MB/D)	441	448	430	450	442	427	450	423		433
Crude Oil Capacity Utilization (%)	91%	95%	91%	95%	93%	90%	96%	89%		92%
Clean Product Yield (%)	83%	86%	84%	85%	85%	84%	85%	83%		84%
* Includes our proportionate share of a refinery in Melaka, Malaysia.										
<b>Worldwide—including Proportionate Share of Equity Affiliates</b>										
Crude Oil Charge Input (MB/D)	2,013	2,110	2,128	2,063	2,079	2,025	2,152	2,114		2,097
Total Charge Input (MB/D)	2,171	2,274	2,298	2,195	2,235	2,198	2,344	2,297		2,280
Crude Oil Capacity Utilization (%)	90%	94%	95%	92%	93%	90%	96%	94%		93%
Clean Product Yield (%)	84%	85%	84%	84%	84%	84%	83%	84%		84%
<b>Refined Products Production (MB/D)</b>										
<b>Atlantic Basin/Europe*</b>										
Gasoline	240	239	241	175	224	231	244	247		241
Distillates	264	249	252	204	242	245	248	240		244
Other	114	110	116	107	112	112	123	106		114
Total	618	598	609	486	578	588	615	593		599

\* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.

### Gulf Coast

Gasoline	252	292	304	293	285	276	300	296	291
Distillates	247	292	295	297	283	270	286	299	285
Other	147	164	175	184	168	171	197	203	190
Total	646	748	774	774	736	717	783	798	766

### Central Corridor\*

Gasoline	242	242	257	254	249	247	262	256	255
Distillates	168	175	174	179	174	173	187	181	181
Other	65	71	66	63	66	63	64	57	61
Total	475	488	497	496	489	483	513	494	497

\* Includes our proportionate share of the Borger Refinery and Wood River Refinery.

### Western/Pacific\*

Gasoline	188	198	188	191	191	181	198	182	187
Distillates	177	189	173	193	183	179	186	167	177
Other	80	65	71	69	71	69	70	76	72
Total	445	452	432	453	445	429	454	425	436

\* Includes our proportionate share of a refinery in Melaka, Malaysia.

### Worldwide—including Proportionate Share of Equity Affiliates

Gasoline	922	971	990	913	949	935	1,004	981	974
Distillates	856	905	894	873	882	867	907	887	887
Other	406	410	428	423	417	415	454	442	437
Total	2,184	2,286	2,312	2,209	2,248	2,217	2,365	2,310	2,298

### Market Indicators

#### Crude and Crude Differentials (\$/BBL)

WTI	94.29	94.12	105.80	97.38	97.90	98.75	103.05	97.48	99.76
Brent	112.55	102.44	110.36	109.27	108.66	108.22	109.63	101.85	106.57
LLS	113.92	104.63	109.89	100.94	107.34	104.43	105.55	100.95	103.64
ANS	111.02	104.52	110.52	104.67	107.68	105.74	109.23	101.51	105.49
WTI less Maya	(8.54)	(3.55)	6.47	8.12	0.63	9.41	7.27	6.64	7.77
WTI less WCS	27.02	16.71	23.07	31.23	24.51	20.83	19.15	18.22	19.40

#### Natural Gas (\$/MCF)

Henry Hub	3.48	4.01	3.55	3.84	3.72	5.08	4.58	3.94	4.53
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#### Product Margins (\$/BBL)

##### Atlantic Basin/Europe

East Coast Gasoline less Brent	9.70	14.83	13.05	2.95	10.13	5.12	15.23	15.44	11.93
East Coast Distillate less Brent	18.78	19.09	17.43	16.35	17.91	22.28	14.30	16.63	17.74

##### Gulf Coast

Gulf Coast Gasoline less LLS	3.41	9.14	5.86	2.89	5.33	5.25	11.53	8.54	8.44
Gulf Coast Distillate less LLS	15.67	15.52	16.66	21.48	17.33	18.63	17.00	16.26	17.30

##### Central Corridor

Central Gasoline less WTI	24.04	26.18	14.55	3.23	17.00	13.15	16.09	14.05	14.43
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Central Distillate less WTI	35.72	29.35	22.95	25.52	28.39	25.94	21.07	21.85	22.95
<b>Western/Pacific</b>									
West Coast Gasoline less ANS	18.34	20.59	12.39	8.71	15.01	11.75	20.88	16.59	16.41
West Coast Distillate less ANS	20.67	16.84	18.42	19.60	18.89	17.55	17.16	20.19	18.30
<b>Worldwide Market Crack Spread (\$/BBL)*</b>									
	15.50	17.56	13.44	9.62	14.03	12.44	15.94	14.85	14.41

\* Weighted average based on Phillips 66 crude capacity.



## MARKETING AND SPECIALTIES

	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Marketing and Specialties Net Income Attributable to Phillips 66 (\$ Millions)</b>										
Marketing and Other	177	258	199	54	688	93	119	325		537
Specialties	13	86	56	51	206	44	43	43		130
<b>Marketing and Specialties Net Income Attributable to Phillips 66</b>	190	344	255	105	894	137	162	368		667
<b>Marketing and Specialties Income before Income Taxes (\$ Millions)</b>										
Marketing and Other	259	391	273	71	994	135	179	425		739
Specialties	23	140	89	81	333	70	69	70		209
<b>Marketing and Specialties Income before Income Taxes</b>	282	531	362	152	1,327	205	248	495		948
<b>Marketing and Specialties Adjusted EBITDA</b>	338	516	384	175	1,413	226	271	410		907
<b>Realized Marketing Fuel Margin (\$/BBL)*</b>										
U.S.	1.02	1.77	1.25	0.74	1.21	1.19	1.17	1.78		1.38
International	3.16	4.93	5.55	3.76	4.36	3.72	4.52	6.10		4.79
* On third-party petroleum products sales.										
<b>Realized Margins not included in Marketing Fuel Margin (\$ Millions)*</b>										
Marketing and Other	210	184	141	121	656	139	160	169		468
Specialties	83	135	112	113	443	106	102	108		316
<b>Total</b>	293	319	253	234	1,099	245	262	277		784
* Excludes Gain on Dispositions and Excise Tax Income.										
<b>Depreciation and Amortization (\$ Millions)</b>										
Marketing and Other	30	23	21	21	95	20	21	21		62
Specialties	3	2	1	2	8	1	2	3		6
<b>Total</b>	33	25	22	23	103	21	23	24		68

Operating and SG&A Expenses / \$

<b>Millions)</b>									
Marketing and Other	189	231	220	271	911	274	284	295	853
Specialties	35	32	29	31	127	32	30	35	97
<b>Total</b>	<b>224</b>	<b>263</b>	<b>249</b>	<b>302</b>	<b>1,038</b>	<b>306</b>	<b>314</b>	<b>330</b>	<b>950</b>
<b>Marketing Petroleum Products Sales (MB/D)</b>									
<b>U.S. Marketing</b>									
Gasoline	1,016	1,138	1,111	1,059	1,081	1,030	1,142	1,093	1,088
Distillates	763	817	761	759	775	748	784	750	761
Other	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>1,779</b>	<b>1,955</b>	<b>1,872</b>	<b>1,818</b>	<b>1,856</b>	<b>1,778</b>	<b>1,926</b>	<b>1,843</b>	<b>1,849</b>
<b>International Marketing</b>									
Gasoline	89	95	95	92	93	89	95	95	93
Distillates	193	190	190	192	192	196	186	190	191
Other	16	18	18	17	17	16	19	17	17
<b>Total</b>	<b>298</b>	<b>303</b>	<b>303</b>	<b>301</b>	<b>302</b>	<b>301</b>	<b>300</b>	<b>302</b>	<b>301</b>
<b>Worldwide Marketing</b>									
Gasoline	1,105	1,233	1,206	1,151	1,174	1,119	1,237	1,188	1,181
Distillates	956	1,007	951	951	967	944	970	940	952
Other	16	18	18	17	17	16	19	17	17
<b>Total</b>	<b>2,077</b>	<b>2,258</b>	<b>2,175</b>	<b>2,119</b>	<b>2,158</b>	<b>2,079</b>	<b>2,226</b>	<b>2,145</b>	<b>2,150</b>
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>									
	3	1	1	—	5	—	(3)	(3)	(6)



## CORPORATE AND OTHER

	2013					2014				
	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) Attributable to Phillips 66 (\$ Millions)</b>	(95)	(126)	(113)	(97)	(431)	(81)	(121)	(91)		(293)
<b>Detail of Net Income (Loss) Attributable to Phillips 66 (\$ Millions)</b>										
Net interest expense	(43)	(42)	(41)	(40)	(166)	(41)	(39)	(36)		(116)
Corporate overhead	(34)	(36)	(32)	(43)	(145)	(40)	(44)	(32)		(116)
Technology	(12)	(12)	(12)	(14)	(50)	(13)	(14)	(14)		(41)
Other	(6)	(36)	(28)	—	(70)	13	(24)	(9)		(20)
<b>Total</b>	<b>(95)</b>	<b>(126)</b>	<b>(113)</b>	<b>(97)</b>	<b>(431)</b>	<b>(81)</b>	<b>(121)</b>	<b>(91)</b>		<b>(293)</b>
<b>Before-Tax Net Interest Expense (\$ Millions)</b>										
Interest expense	(70)	(69)	(68)	(68)	(275)	(69)	(69)	(66)		(204)
Capitalized interest	—	—	—	—	—	1	3	6		10
Interest revenue	5	4	5	6	20	5	6	5		16
Premium on early debt retirement	—	(1)	(2)	—	(3)	—	—	—		—
<b>Total</b>	<b>(65)</b>	<b>(66)</b>	<b>(65)</b>	<b>(62)</b>	<b>(258)</b>	<b>(63)</b>	<b>(60)</b>	<b>(55)</b>		<b>(178)</b>
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>	(1)	—	(1)	—	(2)	—	—	—		—
<b>Phillips 66 Total Company Debt</b>										
Total Debt (\$ Millions)	6,971	6,469	6,156	6,155	6,155	6,217	6,212	6,213		6,213
Debt-to-Capital Ratio (%)	25%	23%	22%	22%	22%	22%	22%	22%		22%
<b>Total Equity (\$ Millions)</b>	<b>21,378</b>	<b>21,690</b>	<b>21,994</b>	<b>22,392</b>	<b>22,392</b>	<b>21,829</b>	<b>21,955</b>	<b>22,194</b>		<b>22,194</b>



## NON-GAAP FINANCIAL MEASURES RECONCILIATION

Millions of Dollars										
	2013					2014				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Reconciliation of Midstream Net Income to Adjusted EBITDA</b>										
Midstream net income	114	92	152	128	486	194	117	124		435
Plus:										
Provision for income taxes	63	49	87	65	264	108	63	70		241
Depreciation and amortization	19	19	19	31	88	19	21	24		64
<b>Midstream EBITDA</b>	<b>196</b>	<b>160</b>	<b>258</b>	<b>224</b>	<b>838</b>	<b>321</b>	<b>201</b>	<b>218</b>		<b>740</b>
Adjustments (pretax):										
EBITDA attributable to Phillips 66 noncontrolling interests	(5)	(4)	(7)	(8)	(24)	(8)	(12)	(13)		(33)
Proportional share of selected equity affiliates income taxes	—	2	1	1	4	2	—	2		4
Proportional share of selected equity affiliates net interest	22	22	33	33	110	30	31	29		90
Proportional share of selected equity affiliates depreciation and amortization	31	33	37	38	139	39	36	37		112
<b>Midstream Adjusted EBITDA*</b>	<b>244</b>	<b>213</b>	<b>322</b>	<b>288</b>	<b>1,067</b>	<b>384</b>	<b>256</b>	<b>273</b>		<b>913</b>
* Proportional share of selected equity affiliates is net of noncontrolling interests.										
<b>Reconciliation of Chemicals Net Income to Adjusted EBITDA</b>										
Chemicals net income	282	181	262	261	986	316	324	230		870
Plus:										
Provision for income taxes	121	51	105	98	375	126	142	98		366
<b>Chemicals EBITDA</b>	<b>403</b>	<b>232</b>	<b>367</b>	<b>359</b>	<b>1,361</b>	<b>442</b>	<b>466</b>	<b>328</b>		<b>1,236</b>
Adjustments (pretax):										
Proportional share of selected equity affiliates income taxes	19	25	25	24	93	27	28	35		90
Proportional share of selected equity affiliates net interest	2	3	2	3	10	3	1	2		6
Proportional share of selected equity affiliates depreciation and amortization	58	60	60	68	246	62	62	64		188
Impairments	—	—	—	—	—	—	—	88		88
<b>Chemicals Adjusted EBITDA</b>	<b>482</b>	<b>320</b>	<b>454</b>	<b>454</b>	<b>1,710</b>	<b>534</b>	<b>557</b>	<b>517</b>		<b>1,608</b>
<b>Reconciliation of Refining Net Income to Adjusted EBITDA</b>										
Refining net income (loss)	904	455	(30)	418	1,747	306	390	558		1,254



amortization	147	150	157	168	622	162	159	162	483
Gain on asset dispositions	—	(40)	—	—	(40)	—	—	(109)	(109)
Impairments	—	—	—	—	—	—	—	88	88
Exit of a business line	54	—	—	—	54	—	—	—	—
Tax law impacts	(28)	—	—	—	(28)	—	—	—	—
Pending claims and settlements	(25)	—	—	—	(25)	—	—	—	—
<b>Phillips 66 Adjusted EBITDA</b>	<b>2,527</b>	<b>1,883</b>	<b>1,290</b>	<b>1,708</b>	<b>7,408</b>	<b>1,792</b>	<b>1,866</b>	<b>2,227</b>	<b>5,885</b>

**Use of Non-GAAP Financial Information** —This earnings release supplemental data includes the terms EBITDA and adjusted EBITDA. These are non-GAAP financial measures. EBITDA and adjusted EBITDA are included to help facilitate comparisons of operating performance across periods, to help facilitate comparisons with other companies in our industry and to help facilitate determination of enterprise value. The GAAP measure most directly comparable to EBITDA and adjusted EBITDA is net income.