

**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, 2017**

**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.)

**2331 CityWest Blvd., 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

On August 1, 2017, Phillips 66 issued a press release announcing the company's financial and operating results for the quarter ended June 30, 2017. 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, 2017. |
| 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/ Chukwuemeka A. Oyolu  
Chukwuemeka A. Oyolu  
Vice President and Controller

Date: August 1, 2017

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release issued by Phillips 66 on August 1, 2017.
99.2	Supplemental financial and operating information.



## **Phillips 66 Reports Second -Quarter Earnings of \$550 Million or \$1.06 Per Share**

*Adjusted earnings of \$569 million or \$1.09 per share*

### **Highlights**

- Refining utilization averaged 98 percent following major first-quarter turnarounds
- CPChem achieved 98 percent Olefins and Polyolefins utilization in Chemicals
- Realized strong margins and volumes in Marketing and Specialties
- Generated \$1.9 billion in cash from operations
- Increased quarterly dividend by 11 percent to 70 cents per common share
- Returned \$741 million to shareholders through dividends and share repurchases
- CPChem reached mechanical completion of its two U.S. Gulf Coast polyethylene units

HOUSTON, August 1, 2017 - Phillips 66 (NYSE: PSX), an energy manufacturing and logistics company, announces second-quarter 2017 earnings of \$550 million, compared with \$535 million in the first quarter of 2017. Excluding special items, adjusted earnings were \$569 million, compared with first-quarter adjusted earnings of \$294 million.

"We delivered good operating performance, generated strong cash flow and made significant progress in several growth initiatives during the quarter," said Greg Garland, chairman and CEO of Phillips 66. "The Bakken Pipeline and new storage capacity at the Beaumont Terminal were placed into service, and CPChem reached mechanical completion of two polyethylene units as part of its U.S. Gulf Coast Petrochemicals Project. Additionally, the Billings Refinery completed an advantaged crude project to enhance returns. The completion of these projects improves our future earnings and cash generation capability."

"In the quarter, we raised our dividend by 11 percent and increased share repurchases, returning \$741 million to shareholders. In our first five years as a company, we have increased the dividend at a 30 percent compound annual growth rate and have repurchased or exchanged 131 million shares, representing more than 20 percent of our initial shares outstanding."

## Midstream

	Millions of Dollars			
	Earnings		Adjusted Earnings	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017
Transportation	\$ 74	78	74	78
NGL	9	17	14	17
DCP Midstream	13	17	13	17
Midstream net income	96	112	101	112
Less: Noncontrolling interests*	37	35	37	35
<b>Midstream earnings</b>	<b>\$ 59</b>	<b>77</b>	<b>64</b>	<b>77</b>

\*Included in Transportation and NGL businesses.

Midstream's second -quarter earnings were \$59 million , compared with \$77 million in the first quarter of 2017 . Midstream earnings in the second quarter of 2017 included a \$5 million charge for pension settlement expense.

Transportation net income for the second quarter of 2017 was \$74 million , down \$4 million from first-quarter net income of \$78 million. This decrease was primarily due to seasonally higher maintenance costs, partially offset by improved volumes.

NGL second -quarter adjusted net income of \$14 million was \$3 million lower than first -quarter adjusted net income of \$17 million, mainly reflecting turnaround impacts at equity-owned fractionators and seasonally lower propane sales. These items were partially offset by improved results at the Sweeny Hub.

The company's equity investment in DCP Midstream generated net income of \$13 million in the second quarter, compared with \$17 million in the prior quarter. This decrease reflects lower commodity prices as well as increased operating and maintenance costs, partially offset by a gain on the sale of a non-core gathering system.

## Chemicals

	Millions of Dollars			
	Earnings		Adjusted Earnings	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017
Olefins and Polyolefins (O&P)	\$ 179	161	179	161
Specialties, Aromatics and Styrenics (SA&S)	21	25	21	45
Other	(4)	(5)	(4)	(5)
<b>Chemicals</b>	<b>\$ 196</b>	<b>181</b>	<b>196</b>	<b>201</b>

The Chemicals segment reflects Phillips 66's equity investment in Chevron Phillips Chemical Company LLC (CPCChem). Chemicals' second -quarter earnings were \$196 million , compared with \$181 million in the first quarter of 2017. Chemicals' earnings in the first quarter of 2017 included a charge of \$20 million related to an impairment of a CPCChem joint venture.

CPCChem's O&P business contributed \$179 million of earnings to Chemicals' second-quarter results. The \$18 million increase from the prior quarter was primarily due to improved margins and higher volumes. Global O&P utilization was 98 percent , up from 89 percent in the first quarter.

CPChem's SA&S business contributed \$21 million of adjusted earnings in the second quarter, a decrease of \$24 million from the prior quarter. The decrease primarily reflects lower equity earnings as a result of lower margins and unplanned downtime, as well as a \$10 million gain recorded in the first quarter on the sale of CPChem's K-Resin<sup>®</sup> SBC business.

## Refining

	Millions of Dollars			
	Earnings		Adjusted Earnings	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017
<b>Refining</b>	\$ 224	259	233	(2)

Refining's second-quarter earnings were \$224 million, compared with \$259 million in the first quarter of 2017. Second-quarter earnings included pension settlement expense of \$22 million, partially offset by an insurance claim reimbursement of \$13 million. Refining's earnings in the first quarter of 2017 included a \$261 million gain resulting from the consolidation of the MSLP petroleum coking venture following the resolution of an ownership dispute.

Refining's adjusted earnings were \$233 million in the second quarter. The \$235 million improvement from the prior quarter was largely driven by higher volumes and lower costs due to reduced turnaround activity. Realized margins for the quarter were \$8.44 per barrel, compared with \$8.55 per barrel in the first quarter. Phillips 66's worldwide crude utilization rate was 98 percent, up from 84 percent in the prior quarter. Pre-tax turnaround costs for the second quarter were \$154 million, compared with first-quarter costs of \$299 million. Clean product yield was 85 percent in the second quarter, unchanged from the first quarter.

## Marketing and Specialties

	Millions of Dollars			
	Earnings		Adjusted Earnings	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017
Marketing and Other	\$ 181	124	185	124
Specialties	33	17	33	17
<b>Marketing and Specialties</b>	\$ 214	141	218	141

Marketing and Specialties (M&S) second -quarter earnings were \$214 million, compared with \$141 million in the first quarter of 2017. M&S's second-quarter earnings included a charge of \$4 million for pension settlement expense.

Adjusted earnings for Marketing and Other were \$185 million in the second quarter, an increase of \$61 million. The increase was largely due to higher realized margins and volumes, reflecting seasonal demand. Refined product exports in the second quarter were 179,000 barrels per day (BPD), up from 144,000 BPD in the prior quarter.

Phillips 66's Specialties businesses generated earnings of \$33 million during the second quarter. The \$16 million increase from the prior quarter was mainly due to higher equity earnings from the Excel Paralubes joint venture, driven by improved base oil margins.

## Corporate and Other

	Millions of Dollars			
	Earnings		Adjusted Earnings	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017
Corporate and Other	\$ (143)	(123)	(142)	(123)

Corporate and Other's second -quarter net costs were higher than the prior quarter, mainly due to certain tax adjustments.

## Financial Position, Liquidity and Return of Capital

Phillips 66 generated \$1.9 billion in cash from operations during the second quarter, including \$422 million of cash distributions from equity affiliates. Excluding working capital impacts, operating cash flow was \$1.2 billion .

During the quarter, Phillips 66 funded \$458 million of capital expenditures and investments, and distributed \$360 million in dividends and \$381 million in share repurchases. The company ended the quarter with 512 million shares outstanding.

As of June 30, 2017 , cash and cash equivalents were \$2.2 billion , and consolidated debt was \$10.0 billion , including \$2.3 billion at Phillips 66 Partners (PSXP). The company's consolidated debt-to-capital ratio and net-debt-to-capital ratio were 30 percent and 25 percent , respectively. Excluding PSXP, the debt-to-capital ratio was 26 percent and net-debt-to-capital ratio was 20 percent.

## Strategic Update

Phillips 66 reached significant investment milestones during the second quarter as major capital projects were completed in Midstream, Chemicals and Refining.

In Midstream, Phillips 66 has a 25 percent interest in joint ventures that own the 520,000 BPD Dakota Access Pipeline and Energy Transfer Crude Oil Pipeline, collectively referred to as the Bakken Pipeline. Commercial operations started during the second quarter .

At the company's Beaumont Terminal, 1.2 million barrels of product storage was placed in service during the quarter. An additional 2.2 million barrels of crude storage is planned to be in service in the second half of 2018 . Expansion of the terminal's export facilities, from a current capacity of 400,000 BPD to 600,000 BPD, is scheduled to be completed in the first quarter of 2018.

Phillips 66 Partners is advancing its organic growth program. Progress continues on the Bayou Bridge Pipeline segment from Lake Charles to St. James, Louisiana, with commercial operations expected to begin in the first quarter of 2018.

DCP Midstream is expanding the Sand Hills NGL Pipeline capacity from 280,000 BPD to 365,000 BPD, with an expected in-service date in the fourth quarter of 2017. In addition, DCP announced plans to further expand the line to approximately 450,000 BPD. Sand Hills is owned two-thirds by DCP and one-third by Phillips 66 Partners. DCP is also expanding its footprint in the DJ Basin with construction of the Mewbourn 3 gas processing plant, which is expected to start up in the fourth quarter of 2018.



CPChem completed a major milestone of its U.S. Gulf Coast Petrochemicals Project as the two 1.1-billion-pound-per-year polyethylene derivative units reached mechanical completion in June. The ethane cracker is expected to be mechanically complete in the fourth quarter of 2017. This project will increase CPChem's global ethylene and polyethylene capacity by approximately one-third.

In Refining, the company increased its heavy crude processing capability at the Billings Refinery to 100 percent with the startup of a new vacuum distillation unit. At both the Bayway and Wood River refineries, the company is modernizing fluid catalytic cracking units to increase clean product yield. Both projects are expected to be complete in the first half of 2018. Phillips 66 is also implementing yield improvement efforts at several other refineries, including Ponca City, where a diesel recovery project is expected to be complete in the third quarter of 2017.

## Investor Webcast

Later today, members of Phillips 66 executive management will host a webcast at noon EDT to discuss the company's second - quarter performance and provide an update on strategic initiatives. To access the webcast 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).

## Earnings

	Millions of Dollars				
	2017			2016	
	Q2	Q1	Jun YTD	Q2	Jun YTD
Midstream	\$ 59	77	136	39	104
Chemicals	196	181	377	190	346
Refining	224	259	483	149	235
Marketing and Specialties	214	141	355	229	434
Corporate and Other	(143)	(123)	(266)	(111)	(238)
<b>Phillips 66</b>	<b>\$ 550</b>	<b>535</b>	<b>1,085</b>	<b>496</b>	<b>881</b>

## Adjusted Earnings

	Millions of Dollars				
	2017			2016	
	Q2	Q1	Jun YTD	Q2	Jun YTD
Midstream	\$ 64	77	141	39	79
Chemicals	196	201	397	190	346
Refining	233	(2)	231	152	238
Marketing and Specialties	218	141	359	229	434
Corporate and Other	(142)	(123)	(265)	(111)	(238)
<b>Phillips 66</b>	<b>\$ 569</b>	<b>294</b>	<b>863</b>	<b>499</b>	<b>859</b>

## About Phillips 66

Phillips 66 is a diversified energy manufacturing and logistics company. With a portfolio of Midstream, Chemicals, Refining, and Marketing and Specialties businesses, the company processes, transports, stores and markets fuels and products globally. Phillips 66 Partners, the company's master limited partnership, is an integral asset in the portfolio. Headquartered in Houston, the company has 14,600 employees committed to safety and operating excellence. Phillips 66 had \$52 billion of assets as of June 30, 2017. 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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### 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," "continues," "intends," "will," "would," "objectives," "goals," "projects," "efforts," "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 NGL, crude oil, and natural gas prices, and petrochemical and refining 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 NGL, crude oil, natural gas, 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, and adjusted net income. These are non-GAAP financial measures that are included to help facilitate comparisons of company operating performance across periods and with peer companies, by excluding items that don't reflect the core operating results of our businesses in the current period. This release also includes a debt-to-capital ratio excluding PSXP. This non-GAAP measure is provided to differentiate the capital structure of Phillips 66 compared with that of Phillips 66 Partners.*

*References in the release to earnings refer to net income attributable to Phillips 66. References to adjusted earnings refer to earnings excluding special items, as detailed in the tables to this release.*

	Millions of Dollars Except as Indicated				
	2017			2016	
	Q2	Q1	Jun YTD	Q2	Jun YTD
<b>Reconciliation of Earnings to Adjusted Earnings</b>					
<b>Consolidated Earnings</b>	<b>\$ 550</b>	<b>535</b>	<b>1,085</b>	<b>496</b>	<b>881</b>
Pre-tax adjustments:					
Pending claims and settlements	(24)	—	(24)	—	(45)
Pension settlement expense	55	—	55	—	—
Impairments by equity affiliates	—	33	33	—	6
Recognition of deferred logistics commitments	—	—	—	30	30
Gain on consolidation of business	—	(423)	(423)	—	—
Tax impact of adjustments*	(12)	149	137	(11)	3
Other tax impacts	—	—	—	(16)	(16)
<b>Adjusted earnings</b>	<b>\$ 569</b>	<b>294</b>	<b>863</b>	<b>499</b>	<b>859</b>
<b>Earnings per share of common stock (dollars)</b>	<b>\$ 1.06</b>	<b>1.02</b>	<b>2.07</b>	<b>0.93</b>	<b>1.65</b>
<b>Adjusted earnings per share of common stock (dollars) <sup>†</sup></b>	<b>\$ 1.09</b>	<b>0.56</b>	<b>1.65</b>	<b>0.94</b>	<b>1.61</b>
<b>Midstream Earnings</b>	<b>\$ 59</b>	<b>77</b>	<b>136</b>	<b>39</b>	<b>104</b>
Pre-tax adjustments:					
Pending claims and settlements	—	—	—	—	(45)
Impairments by equity affiliates	—	—	—	—	6
Pension settlement expense	8	—	8	—	—
Tax impact of adjustments*	(3)	—	(3)	—	14
<b>Adjusted earnings</b>	<b>\$ 64</b>	<b>77</b>	<b>141</b>	<b>39</b>	<b>79</b>
<b>Chemicals Earnings</b>	<b>\$ 196</b>	<b>181</b>	<b>377</b>	<b>190</b>	<b>346</b>
Pre-tax adjustments:					
Impairments by equity affiliates	—	33	33	—	—
Tax impact of adjustments*	—	(13)	(13)	—	—
<b>Adjusted earnings</b>	<b>\$ 196</b>	<b>201</b>	<b>397</b>	<b>190</b>	<b>346</b>
<b>Refining Earnings</b>	<b>\$ 224</b>	<b>259</b>	<b>483</b>	<b>149</b>	<b>235</b>
Pre-tax adjustments:					
Pending claims and settlements	(21)	—	(21)	—	—
Gain on consolidation of business	—	(423)	(423)	—	—
Recognition of deferred logistics commitments	—	—	—	30	30
Pension settlement expense	35	—	35	—	—
Tax impact of adjustments*	(5)	162	157	(11)	(11)
Other tax impacts	—	—	—	(16)	(16)
<b>Adjusted earnings</b>	<b>\$ 233</b>	<b>(2)</b>	<b>231</b>	<b>152</b>	<b>238</b>
<b>Marketing and Specialties Earnings</b>	<b>\$ 214</b>	<b>141</b>	<b>355</b>	<b>229</b>	<b>434</b>
Pre-tax adjustments:					
Pension settlement expense	7	—	7	—	—
Tax impact of adjustments*	(3)	—	(3)	—	—
<b>Adjusted earnings</b>	<b>\$ 218</b>	<b>141</b>	<b>359</b>	<b>229</b>	<b>434</b>

	Millions of Dollars Except as Indicated				
	2017			2016	
	Q2	Q1	Jun YTD	Q2	Jun YTD
<b>Reconciliation of Earnings to Adjusted Earnings (cont.)</b>					
<b>Corporate and Other Earnings (loss)</b>	<b>\$ (143)</b>	<b>(123)</b>	<b>(266)</b>	<b>(111)</b>	<b>(238)</b>
Pre-tax adjustments:					
Pending claims and settlements	(3)	—	(3)	—	—
Pension settlement expense	5	—	5	—	—
Tax impact of adjustments*	(1)	—	(1)	—	—
<b>Adjusted earnings (loss)</b>	<b>\$ (142)</b>	<b>(123)</b>	<b>(265)</b>	<b>(111)</b>	<b>(238)</b>

\*We generally tax effect taxable U.S.-based special items using a combined federal and state statutory income tax rate of approximately 38 percent. Taxable special items attributable to foreign locations likewise use a local statutory income tax rate. Nontaxable events reflect zero income tax. These events include, but are not limited to, most goodwill impairments, transactions legislatively exempt from income tax, transactions related to entities for which we have made an assertion that the undistributed earnings are permanently reinvested, or transactions occurring in jurisdictions with a valuation allowance.

†Weighted-average diluted shares outstanding and income allocated to participating securities, if applicable, in the adjusted earnings per share calculation are the same as those used in the GAAP diluted earnings per share calculation.

	Millions of Dollars		
	Q2 2017		
	Phillips 66 Consolidated	PSXP*	Phillips 66 Excluding PSXP
<b>Debt-to-Capital Ratio</b>			
Total Debt	\$ 9,965	2,252	7,713
Total Equity	23,806	1,410	22,396
<b>Debt-to-Capital Ratio</b>	<b>30%</b>		<b>26%</b>
Total Cash	\$ 2,161	1	2,160
<b>Net-Debt-to-Capital Ratio</b>	<b>25%</b>		<b>20%</b>

\*PSXP's third-party debt and Phillips 66's noncontrolling interests attributable to PSXP.

## Phillips 66 Earnings Release Supplemental Data



## CONSOLIDATED INCOME STATEMENT

Millions of Dollars

	2017					2016				
	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*	22,894	24,087			46,981	17,409	21,849	21,624	23,397	84,279
Equity in earnings of affiliates	365	462			827	333	435	391	255	1,414
Net gain on dispositions	1	14			15	—	6	3	1	10
Other income	452	18			470	18	17	24	15	74
<b>Total Revenues and Other Income</b>	<b>23,712</b>	<b>24,581</b>			<b>48,293</b>	<b>17,760</b>	<b>22,307</b>	<b>22,042</b>	<b>23,668</b>	<b>85,777</b>
<b>Costs and Expenses</b>										
Purchased crude oil and products	17,679	18,353			36,032	11,930	16,198	15,961	18,379	62,468
Operating expenses	1,270	1,137			2,407	1,023	994	1,061	1,197	4,275
Selling, general and administrative expenses	384	439			823	386	421	411	420	1,638
Depreciation and amortization	315	320			635	280	290	293	305	1,168
Impairments	2	15			17	—	2	2	1	5
Taxes other than income taxes*	3,156	3,356			6,512	3,461	3,594	3,424	3,209	13,688
Accretion on discounted liabilities	5	6			11	5	5	5	6	21
Interest and debt expense	105	107			212	86	83	81	88	338
Foreign currency transaction (gains) losses	(1)	—			(1)	(7)	—	(9)	1	(15)
<b>Total Costs and Expenses</b>	<b>22,915</b>	<b>23,733</b>			<b>46,648</b>	<b>17,164</b>	<b>21,587</b>	<b>21,229</b>	<b>23,606</b>	<b>83,586</b>
Income before income taxes	797	848			1,645	596	720	813	62	2,191
Provision for income taxes	234	267			501	198	204	277	(132)	547
<b>Net Income</b>	<b>563</b>	<b>581</b>			<b>1,144</b>	<b>398</b>	<b>516</b>	<b>536</b>	<b>194</b>	<b>1,644</b>
Less: net income attributable to noncontrolling interests	28	31			59	13	20	25	31	89
<b>Net Income Attributable to Phillips 66</b>	<b>535</b>	<b>550</b>			<b>1,085</b>	<b>385</b>	<b>496</b>	<b>511</b>	<b>163</b>	<b>1,555</b>
* Includes excise taxes on petroleum products sales:	3,036	3,252			6,288	3,360	3,508	3,357	3,156	13,381
<b>Net Income Attributable to Phillips 66 Per Share of Common Stock (dollars)</b>										
Basic	1.02	1.06			2.08	0.72	0.94	0.97	0.31	2.94
Diluted	1.02	1.06			2.07	0.72	0.93	0.96	0.31	2.92
<b>Average Common Shares Outstanding (in thousands)</b>										
Basic	521,647	517,785			519,706	531,739	528,247	525,991	524,200	527,531
Diluted	524,520	520,160			522,329	534,709	531,060	528,798	526,279	530,066

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

Millions of Dollars

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	77	59			136	65	39	75	(1)	178
Chemicals	181	196			377	156	190	101	136	583
Refining	259	224			483	86	149	177	(38)	374
Marketing and Specialties	141	214			355	205	229	267	190	891
Corporate and Other	(123)	(143)			(266)	(127)	(111)	(109)	(124)	(471)
Consolidated	535	550			1,085	385	496	511	163	1,555

SUMMARY OF INCOME (LOSS) BEFORE INCOME TAXES BY SEGMENT

Millions of Dollars

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	153	130			283	121	84	141	56	402
Chemicals	251	294			545	228	264	176	171	839
Refining	390	307			697	127	207	274	(172)	436
Marketing and Specialties	208	328			536	315	345	400	201	1,261
Corporate and Other	(205)	(211)			(416)	(195)	(180)	(178)	(194)	(747)
Consolidated	797	848			1,645	596	720	813	62	2,191

EFFECTIVE TAX RATES

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	26.8%	26.2%			26.5%	33.9%	26.2%	27.0%	37.5 %	30.3%
Chemicals	27.9%	33.3%			30.8%	31.6%	28.0%	42.6%	20.5 %	30.5%
Refining	33.6%	27.0%			30.7%	32.3%	28.0%	35.4%	77.9 %	14.2%
Marketing and Specialties	32.2%	34.8%			33.8%	34.9%	33.6%	33.3%	5.5 %	29.3%
Corporate and Other	36.6%	29.4%			32.9%	33.8%	36.7%	37.1%	33.5 %	35.2%
Consolidated	29.4%	31.5%			30.5%	33.2%	28.3%	34.1%	(212.9)%	25.0%

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

Millions of Dollars

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream										
Transportation	56	51			107	72	65	63	44	244
NGL	4	—			4	(11)	(17)	3	(5)	(30)
DCP Midstream	17	13			30	(21)	(9)	9	(6)	(27)
Total Midstream	77	64			141	40	39	75	33	187
Chemicals	201	196			397	156	190	190	124	660
Refining										
Atlantic Basin/Europe	(50)	109			59	4	35	5	98	142
Gulf Coast	67	56			123	68	5	(13)	(51)	9
Central Corridor	62	29			91	20	55	142	19	236
West Coast	(81)	39			(42)	(6)	57	—	(161)	(110)
Total Refining	(2)	233			231	86	152	134	(95)	277

<b>Marketing and Specialties</b>								
Marketing and Other	124	185	309	162	199	228	114	703
Specialties	17	33	50	43	30	39	26	138
<b>Total Marketing and Specialties</b>	<b>141</b>	<b>218</b>	<b>359</b>	<b>205</b>	<b>229</b>	<b>267</b>	<b>140</b>	<b>841</b>
<b>Corporate and Other</b>	<b>(123)</b>	<b>(142)</b>	<b>(265)</b>	<b>(127)</b>	<b>(111)</b>	<b>(110)</b>	<b>(119)</b>	<b>(467)</b>
<b>Consolidated</b>	<b>294</b>	<b>569</b>	<b>863</b>	<b>360</b>	<b>499</b>	<b>556</b>	<b>83</b>	<b>1,498</b>





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

Millions of Dollars

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream</b>										
Pending claims and settlements	—	—			—	29	—	—	—	29
Impairments by equity affiliates	—	—			—	(4)	—	—	—	(4)
Certain tax impacts	—	—			—	—	—	—	(13)	(13)
Equity affiliate ownership restructuring	—	—			—	—	—	—	(21)	(21)
Pension settlement expense	—	(5)			(5)	—	—	—	—	—
<b>Total Midstream</b>	—	(5)			(5)	25	—	—	(34)	(9)
<b>Chemicals</b>										
Impairments by equity affiliates	(20)	—			(20)	—	—	(89)	—	(89)
Certain tax impacts	—	—			—	—	—	—	12	12
<b>Total Chemicals</b>	(20)	—			(20)	—	—	(89)	12	(77)
<b>Refining</b>										
Pending claims and settlements	—	13			13	—	—	43	—	43
Certain tax impacts	—	—			—	—	16	—	82	98
Gain on consolidation of business	261	—			261	—	—	—	—	—
Recognition of deferred logistics commitments	—	—			—	—	(19)	—	—	(19)
Railcar lease residual value deficiencies and related costs	—	—			—	—	—	—	(25)	(25)
Pension settlement expense	—	(22)			(22)	—	—	—	—	—
<b>Total Refining</b>	261	(9)			252	—	(3)	43	57	97
<b>Marketing and Specialties</b>										
Certain tax impacts	—	—			—	—	—	—	50	50
Pension settlement expense	—	(4)			(4)	—	—	—	—	—
<b>Total Marketing and Specialties</b>	—	(4)			(4)	—	—	—	50	50
<b>Corporate and Other</b>										
Pending claims and settlements	—	2			2	—	—	1	—	1
Certain tax impacts	—	—			—	—	—	—	(5)	(5)
Pension settlement expense	—	(3)			(3)	—	—	—	—	—
<b>Total Corporate and Other</b>	—	(1)			(1)	—	—	1	(5)	(4)
<b>Total Phillips 66</b>	241	(19)			222	25	(3)	(45)	80	57
<b>By Business Lines/Regions</b>										
<b>Midstream</b>										
Transportation	—	—			—	—	—	—	2	2
NGL	—	(5)			(5)	—	—	—	(5)	(5)
DCP Midstream	—	—			—	25	—	—	(31)	(6)
<b>Total Midstream</b>	—	(5)			(5)	25	—	—	(34)	(9)

<b>Refining</b>								
Atlantic Basin/Europe	—	(2)	(2)	—	(3)	—	65	62
Gulf Coast	261	(3)	258	—	—	43	—	43
Central Corridor	—	(2)	(2)	—	—	—	(2)	(2)
West Coast	—	(2)	(2)	—	—	—	(6)	(6)
<b>Total Refining</b>	261	(9)	252	—	(3)	43	57	97
<b>Marketing and Specialties</b>								
Marketing and Other	—	(4)	(4)	—	—	—	44	44
Specialties	—	—	—	—	—	—	6	6
<b>Total Marketing and Specialties</b>	—	(4)	(4)	—	—	—	50	50

[illegible]

Transportation	—	—	—	—	—	—	—	—
NGL	—	(8)	(8)	—	—	—	—	—
DCP Midstream	—	—	—	39	—	—	(33)	6
<b>Total Midstream</b>	—	(8)	(8)	39	—	—	(33)	6
<b>Refining</b>								
Atlantic Basin/Europe	—	(4)	(4)	—	(30)	—	27	(3)
Gulf Coast	423	(5)	418	—	—	70	(16)	54
Central Corridor	—	(3)	(3)	—	—	—	(11)	(11)
West Coast	—	(2)	(2)	—	—	—	(8)	(8)
<b>Total Refining</b>	423	(14)	409	—	(30)	70	(8)	32
<b>Marketing and Specialties</b>								
Marketing and Other	—	(7)	(7)	—	—	—	—	—
Specialties	—	—	—	—	—	—	—	—
<b>Total Marketing and Specialties</b>	—	(7)	(7)	—	—	—	—	—

## CASH FLOW INFORMATION

Millions of Dollars

[illegible]

cash at beginning of period	2,711	1,636	2,711	3,074	1,723	2,232	2,337	3,074
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<b>1,636</b>	<b>2,161</b>	<b>2,161</b>	<b>1,723</b>	<b>2,232</b>	<b>2,337</b>	<b>2,711</b>	<b>2,711</b>

\* Includes return of investments in equity affiliates and working capital true-ups on dispositions.

\*\* Prior periods recasted to conform to the current year presentation.

## CAPITAL PROGRAM

	Millions of Dollars									
	2017					2016				
	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	182	199			381	446	284	315	408	1,453
Chemicals	—	—			—	—	—	—	—	—
Refining	259	216			475	261	277	289	322	1,149
Marketing and Specialties	15	23			38	15	22	26	35	98
Corporate and Other	14	20			34	28	37	31	48	144
<b>Total Consolidated</b>	<b>470</b>	<b>458</b>			<b>928</b>	<b>750</b>	<b>620</b>	<b>661</b>	<b>813</b>	<b>2,844</b>
<b>Proportional Share of Select Equity Affiliates Capital Expenditures and Investments*</b>										
DCP Midstream (Midstream)	44	60			104	35	20	21	23	99
CPChem (Chemicals)	256	131			387	247	294	205	241	987
WRB Refining (Refining)	42	22			64	37	43	36	48	164
<b>Select Equity Affiliates</b>	<b>342</b>	<b>213</b>			<b>555</b>	<b>319</b>	<b>357</b>	<b>262</b>	<b>312</b>	<b>1,250</b>
<b>Total Capital Program*</b>										
Midstream	226	259			485	481	304	336	431	1,552
Chemicals	256	131			387	247	294	205	241	987
Refining	301	238			539	298	320	325	370	1,313
Marketing and Specialties	15	23			38	15	22	26	35	98
Corporate and Other	14	20			34	28	37	31	48	144
<b>Total Capital Program</b>	<b>812</b>	<b>671</b>			<b>1,483</b>	<b>1,069</b>	<b>977</b>	<b>923</b>	<b>1,125</b>	<b>4,094</b>

\* 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 LP.



## MIDSTREAM

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream Net Income (Loss) Attributable to Phillips 66 (\$ Millions)</b>										
Transportation	56	51			107	72	65	63	46	246
NGL	4	(5)			(1)	(11)	(17)	3	(10)	(35)
DCP Midstream	17	13			30	4	(9)	9	(37)	(33)
<b>Midstream Net Income (Loss) Attributable to Phillips 66</b>	<b>77</b>	<b>59</b>			<b>136</b>	<b>65</b>	<b>39</b>	<b>75</b>	<b>(1)</b>	<b>178</b>
<b>Midstream Income (Loss) before Income Taxes (\$ Millions)</b>										
Transportation	107	102			209	123	116	112	90	441
NGL	19	6			25	(9)	(18)	15	7	(5)
DCP Midstream	27	22			49	7	(14)	14	(41)	(34)
<b>Midstream Income (Loss) before Income Taxes</b>	<b>153</b>	<b>130</b>			<b>283</b>	<b>121</b>	<b>84</b>	<b>141</b>	<b>56</b>	<b>402</b>
<b>Midstream Adjusted EBITDA (\$ Millions)*</b>										
PSXP**	147	154			301	69	90	108	144	411
Other Midstream	46	31			77	93	58	75	14	240
EBITDA attributable to Phillips 66 noncontrolling interests	(44)	(45)			(89)	(18)	(28)	(35)	(43)	(124)
Transportation and NGL	149	140			289	144	120	148	115	527
DCP Midstream	71	65			136	44	64	97	69	274
<b>Midstream Adjusted EBITDA</b>	<b>220</b>	<b>205</b>			<b>425</b>	<b>188</b>	<b>184</b>	<b>245</b>	<b>184</b>	<b>801</b>
* See reconciliation of net income to adjusted EBITDA on next page.										
** PSXP at 100%. Does not include certain PSXP adjustments made for PSXP stand-alone reporting purposes.										
<b>Depreciation and Amortization (\$ Millions)</b>										
Transportation	33	35			68	30	32	36	33	131
NGL	35	34			69	18	18	20	28	84
DCP Midstream	—	—			—	—	—	—	—	—
<b>Total</b>	<b>68</b>	<b>69</b>			<b>137</b>	<b>48</b>	<b>50</b>	<b>56</b>	<b>61</b>	<b>215</b>
<b>Operating and SG&amp;A Expense (\$ Millions)</b>										
Transportation	161	177			338	122	136	145	153	556
NGL	57	63			120	45	45	38	49	177
DCP Midstream	—	(1)			(1)	(1)	—	(1)	(1)	(3)
<b>Total</b>	<b>218</b>	<b>239</b>			<b>457</b>	<b>166</b>	<b>181</b>	<b>182</b>	<b>201</b>	<b>730</b>
<b>Transportation Volumes (MB/D)</b>										
Pipelines*	3,469	3,430			3,449	3,488	3,638	3,495	3,424	3,511
Terminals**	2,395	2,581			2,489	2,209	2,442	2,417	2,619	2,422

\* 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.

**\*\* Terminals include Bayway and Ferndale crude oil rail rack volumes.**

## PSX Other Volumes

NGL Fractionated (MB/D)*	175	177	176	161	174	173	172	170
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\* Excludes DCP Midstream.

## 100% DCP Midstream Results

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

	53	42	95	24	(29)	25	(83)	(63)
--	----	----	----	----	------	----	------	------

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

	94	94	188	95	95	94	94	378
--	----	----	-----	----	----	----	----	-----

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

	240	254	494	245	241	204	281	971
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**Net Interest Expense (\$ Millions)\***

	76	73	149	79	79	78	86	322
--	----	----	-----	----	----	----	----	-----

\* Net of interest income.

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

	87	121	208	69	41	41	46	197
--	----	-----	-----	----	----	----	----	-----

## Selected DCP Operating Statistics

Total Throughput (TBtu/D)	5.7	5.7	5.7	6.9	6.7	6.4	6.1	7.1
NGL Production (MB/D)	341	367	354	382	416	403	371	393

## Weighted Average NGL Price\*

DCP Midstream (\$/BBL)	25.31	22.94	24.13	15.34	19.26	18.98	23.19	19.19
DCP Midstream (\$/gal)	0.60	0.55	0.57	0.37	0.46	0.45	0.55	0.46

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

## MLP Distributions (\$ Millions)\*

GP Distribution from PSXP to Phillips 66	32	36	68	16	21	26	28	91
LP Distribution from PSXP to Phillips 66	37	40	77	28	30	34	36	128
GP Distribution from DCP Midstream, LP to DCP Midstream***	23	**	23	31	31	31	31	124
LP Distribution from DCP Midstream, LP to DCP Midstream***	41	**	41	19	19	19	19	76

\* Cash distributions declared attributable to general partner interest, common unit ownership and incentive distribution rights. These distributions are eliminated in the respective sponsors consolidated financial statements.

\*\* Pending DCP Midstream release.

\*\*\* Represents 100 percent of DCP Midstream's distributions from DCP Midstream, LP (formerly DCP Midstream Partners, LP).

**MIDSTREAM (continued)**

Millions of Dollars

	2017					2016				
	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	112	96			208	80	62	103	35	280
Plus:										
Provision for income taxes	41	34			75	41	22	38	21	122
Interest revenue	(1)	—			(1)	—	—	—	—	—
Depreciation and amortization	68	69			137	48	50	56	61	215
<b>Midstream EBITDA</b>	<b>220</b>	<b>199</b>			<b>419</b>	<b>169</b>	<b>134</b>	<b>197</b>	<b>117</b>	<b>617</b>
Special Item Adjustments (pre-tax):										
Pending claims and settlements	—	—			—	(45)	—	—	—	(45)
Impairments by equity affiliates	—	—			—	6	—	—	—	6
Equity affiliate ownership restructuring	—	—			—	—	—	—	33	33
Pension settlement expense	—	8			8	—	—	—	—	—
<b>Midstream EBITDA, Adjusted for Special Items</b>	<b>220</b>	<b>207</b>			<b>427</b>	<b>130</b>	<b>134</b>	<b>197</b>	<b>150</b>	<b>611</b>
Other Adjustments (pre-tax):										
EBITDA attributable to Phillips 66 noncontrolling interests	(44)	(45)			(89)	(18)	(28)	(35)	(43)	(124)
Proportional share of selected equity affiliates income taxes	—	1			1	1	1	—	—	2
Proportional share of selected equity affiliates net interest	17	16			33	32	33	32	32	129
Proportional share of selected equity affiliates depreciation and amortization	27	26			53	43	44	51	45	183
<b>Midstream Adjusted EBITDA*</b>	<b>220</b>	<b>205</b>			<b>425</b>	<b>188</b>	<b>184</b>	<b>245</b>	<b>184</b>	<b>801</b>
<i>* Proportional share of selected equity affiliates is net of noncontrolling interests.</i>										
<b>Midstream Adjusted EBITDA by Business Line</b>										
<b>100% PSXP Results</b>										
PSXP net income	97	103			200	94	100	112	102	408
Plus:										
Provision for income taxes	—	1			1	—	1	—	1	2
Net interest expense	24	24			48	10	11	10	21	52
Depreciation and amortization	26	26			52	23	23	25	25	96
<b>PSXP EBITDA</b>	<b>147</b>	<b>154</b>			<b>301</b>	<b>127</b>	<b>135</b>	<b>147</b>	<b>149</b>	<b>558</b>
Adjustments (pre-tax):										
EBITDA attributable to predecessors	—	—			—	(58)	(45)	(39)	(5)	(147)
<b>PSXP Adjusted EBITDA*</b>	<b>147</b>	<b>154</b>			<b>301</b>	<b>69</b>	<b>90</b>	<b>108</b>	<b>144</b>	<b>411</b>
<i>* Does not include certain PSXP adjustments made for PSXP stand-alone reporting purposes.</i>										
<b>Total Transportation and NGL</b>										



Total Transportation and NGL net income	95	83	178	76	71	94	72	313
Plus:								
Provision for income taxes	31	25	56	38	27	33	25	123
Interest revenue	(1)	—	(1)	—	—	—	—	—
Depreciation and amortization	68	69	137	48	50	56	61	215
<b>Total Transportation and NGL EBITDA*</b>	<b>193</b>	<b>177</b>	<b>370</b>	<b>162</b>	<b>148</b>	<b>183</b>	<b>158</b>	<b>651</b>
Special Item Adjustments (pre-tax):								
Pension settlement expense	—	8	8	—	—	—	—	—
<b>Total Transportation and NGL EBITDA, Adjusted for Special Items*</b>	<b>193</b>	<b>185</b>	<b>378</b>	<b>162</b>	<b>148</b>	<b>183</b>	<b>158</b>	<b>651</b>
<i>* Includes PSXP at 100%.</i>								
Other Adjustments (pre-tax):								
EBITDA attributable to Phillips 66 noncontrolling interests	(44)	(45)	(89)	(18)	(28)	(35)	(43)	(124)
<b>Total Transportation and NGL Adjusted EBITDA</b>	<b>149</b>	<b>140</b>	<b>289</b>	<b>144</b>	<b>120</b>	<b>148</b>	<b>115</b>	<b>527</b>
<b>DCP Midstream</b>								
DCP Midstream net income	17	13	30	4	(9)	9	(37)	(33)
Plus:								
Provision for income taxes	10	9	19	3	(5)	5	(4)	(1)
<b>DCP Midstream EBITDA</b>	<b>27</b>	<b>22</b>	<b>49</b>	<b>7</b>	<b>(14)</b>	<b>14</b>	<b>(41)</b>	<b>(34)</b>
Special Item Adjustments (pre-tax):								
Pending claims and settlements	—	—	—	(45)	—	—	—	(45)
Impairments by equity affiliates	—	—	—	6	—	—	—	6
Equity affiliate ownership restructuring	—	—	—	—	—	—	33	33
<b>DCP Midstream EBITDA, Adjusted for Special Items</b>	<b>27</b>	<b>22</b>	<b>49</b>	<b>(32)</b>	<b>(14)</b>	<b>14</b>	<b>(8)</b>	<b>(40)</b>
Other Adjustments (pre-tax):								
Proportional share of selected equity affiliates income taxes	—	1	1	1	1	—	—	2
Proportional share of selected equity affiliates net interest	17	16	33	32	33	32	32	129
Proportional share of selected equity affiliates depreciation and amortization	27	26	53	43	44	51	45	183
<b>DCP Midstream Adjusted EBITDA*</b>	<b>71</b>	<b>65</b>	<b>136</b>	<b>44</b>	<b>64</b>	<b>97</b>	<b>69</b>	<b>274</b>
<i>* Proportional share of selected equity affiliates is net of noncontrolling interests.</i>								



## CHEMICALS

	2017					2016				
	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>	181	196			377	156	190	101	136	583
<b>100% CPChem Results</b>										
<b>Net Income (Loss), excludes parent company income tax related to CPChem's earnings (\$ Millions)</b>										
Olefins and Polyolefins	461	537			998	422	478	460	290	1,650
Specialties, Aromatics and Styrenics	53	61			114	49	64	(90)	63	86
Corporate and Other	(11)	(8)			(19)	(12)	(13)	(15)	(9)	(49)
<b>Total</b>	<b>503</b>	<b>590</b>			<b>1,093</b>	<b>459</b>	<b>529</b>	<b>355</b>	<b>344</b>	<b>1,687</b>
<b>Income (Loss) before Income Taxes (\$ Millions)</b>										
Olefins and Polyolefins	470	546			1,016	432	493	471	291	1,687
Specialties, Aromatics and Styrenics	62	65			127	56	72	(86)	71	113
Corporate and Other	(11)	(8)			(19)	(12)	(13)	(13)	(9)	(47)
<b>Total</b>	<b>521</b>	<b>603</b>			<b>1,124</b>	<b>476</b>	<b>552</b>	<b>372</b>	<b>353</b>	<b>1,753</b>
<b>Depreciation and Amortization (\$ Millions)</b>	73	75			148	77	77	79	83	316
<b>Net Interest Expense (\$ Millions)*</b>	(1)	(1)			(2)	—	—	(1)	—	(1)
<i>* Net of interest income.</i>										
<b>Investing Cash Flows (\$ Millions)</b>										
Capital Expenditures and Investments	512	262			774	493	588	411	482	1,974
Advances to Equity Companies	6	2			8	14	23	10	6	53
Advance Repayments from Equity Companies	(7)	—			(7)	—	(6)	(26)	(31)	(63)
<b>Externally Marketed Sales Volumes (MM Lbs)*</b>										
Olefins and Polyolefins	4,016	4,137			8,153	4,002	4,139	4,155	3,715	16,011
Specialties, Aromatics and Styrenics	1,206	1,175			2,381	1,254	1,212	1,284	1,161	4,911
<b>Total</b>	<b>5,222</b>	<b>5,312</b>			<b>10,534</b>	<b>5,256</b>	<b>5,351</b>	<b>5,439</b>	<b>4,876</b>	<b>20,922</b>
<i>* Represents 100 percent of CPChem's outside sales of produced petrochemical products, as well as commission sales from equity affiliates.</i>										
<b>Olefins and Polyolefins Capacity Utilization (%)*</b>	89%	98%			93%	94%	92%	93%	86%	91%
<i>* Revised to exclude polyethylene pipe operations.</i>										
<b>Market Indicators*</b>										
<b>U.S. Industry Prices</b>										
Ethylene, Average Acquisition Contract (cents/lb)	31.87	29.61			30.74	23.95	27.99	33.11	30.11	28.79

HDPE Blow Molding, Domestic Spot (cents/lb)	55.83	58.00	56.92	47.42	52.58	54.17	54.67	52.21
<b>U.S. Industry Costs</b>								
Ethylene, Cash Cost Weighted Average Feed (cents/lb)	11.80	12.54	12.17	9.80	12.04	10.59	14.31	11.69
HDPE Blow Molding, Total Cash Cost (cents/lb)	44.90	42.59	43.75	36.50	40.60	45.95	42.96	41.50
Ethylene to High-Density Polyethylene Chain Cash Margin (cents/lb)	31.00	32.48	31.74	25.07	27.93	30.74	27.51	27.81
* Source: IHS, Inc.								
<b>Reconciliation of Chemicals Net Income to Adjusted EBITDA (\$ Millions)</b>								
Chemicals net income	181	196	377	156	190	101	136	583
Plus:								
Provision for income taxes	70	98	168	72	74	75	35	256
<b>Chemicals EBITDA</b>	<b>251</b>	<b>294</b>	<b>545</b>	<b>228</b>	<b>264</b>	<b>176</b>	<b>171</b>	<b>839</b>
Special Item Adjustments (pre-tax):								
Impairments by equity affiliates	33	—	33	—	—	89	—	89
<b>Chemicals EBITDA, Adjusted for Special Items</b>	<b>284</b>	<b>294</b>	<b>578</b>	<b>228</b>	<b>264</b>	<b>265</b>	<b>171</b>	<b>928</b>
Other Adjustments (pre-tax):								
Proportional share of selected equity affiliates income taxes	20	14	34	18	26	20	13	77
Proportional share of selected equity affiliates net interest	1	2	3	2	3	1	2	8
Proportional share of selected equity affiliates depreciation and amortization	69	70	139	71	70	70	74	285
<b>Chemicals Adjusted EBITDA</b>	<b>374</b>	<b>380</b>	<b>754</b>	<b>319</b>	<b>363</b>	<b>356</b>	<b>260</b>	<b>1,298</b>



<b>included in</b>								
<b>Operating and SG&amp;A Expense*</b>								
Atlantic Basin/Europe	83	19	102	26	10	17	20	73
Gulf Coast	72	23	95	23	26	55	51	155
Central Corridor	27	79	106	10	17	18	15	60
West Coast	117	33	150	56	16	27	119	218
<b>Total</b>	<b>299</b>	<b>154</b>	<b>453</b>	<b>115</b>	<b>69</b>	<b>117</b>	<b>205</b>	<b>506</b>
* Excludes Turnaround Expense of all equity affiliates.								
<b>Taxes Other than Income Taxes, excluding Excise Taxes (\$ Millions)</b>								
Atlantic Basin/Europe	16	13	29	17	15	13	13	58
Gulf Coast	27	23	50	23	21	12	17	73
Central Corridor	14	13	27	13	12	7	10	42
West Coast	20	21	41	22	20	21	19	82
<b>Total</b>	<b>77</b>	<b>70</b>	<b>147</b>	<b>75</b>	<b>68</b>	<b>53</b>	<b>59</b>	<b>255</b>
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>								
	—	1	1	5	—	5	—	10
<b>Refining—Equity Affiliate Information (\$ Millions)</b>								
Equity in earnings of affiliates	(6)	22	16	(9)	80	68	24	163
Less: Share of equity affiliate gross margin included in Realized Refining Margin and other equity-affiliate-related costs*	239	(191)	48	(146)	(229)	(145)	(165)	(685)
<b>Equity-affiliate-related expenses not included in Realized Refining Margins</b>	<b>233</b>	<b>(169)</b>	<b>64</b>	<b>(155)</b>	<b>(149)</b>	<b>(77)</b>	<b>(141)</b>	<b>(522)</b>
<b>Regional Totals</b>								
Atlantic Basin/Europe	(17)	(18)	(35)	(18)	(17)	(16)	(12)	(63)
Gulf Coast	428	(2)	426	14	17	77	15	123
Central Corridor	(178)	(149)	(327)	(151)	(149)	(138)	(144)	(582)
<b>Total</b>	<b>233</b>	<b>(169)</b>	<b>64</b>	<b>(155)</b>	<b>(149)</b>	<b>(77)</b>	<b>(141)</b>	<b>(522)</b>

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



### REFINING (continued)

	2017					2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Reconciliation of Refining Net Income to Adjusted EBITDA (\$ Millions)</b>										
Refining net income	259	224			483	86	149	177	(38)	374
Plus:										
Provision for income taxes	131	83			214	41	58	97	(134)	62
Depreciation and amortization	199	204			403	186	196	188	199	769
<b>Refining EBITDA</b>	<b>589</b>	<b>511</b>			<b>1,100</b>	<b>313</b>	<b>403</b>	<b>462</b>	<b>27</b>	<b>1,205</b>
Special Item Adjustments (pre-tax):										
Pending claims and settlements	—	(21)			(21)	—	—	(70)	—	(70)
Certain tax impacts	—	—			—	—	—	—	(32)	(32)
Gain on consolidation of business	(423)	—			(423)	—	—	—	—	—
Recognition of deferred logistics commitments	—	—			—	—	30	—	—	30
Railcar lease residual value deficiencies and related costs	—	—			—	—	—	—	40	40
Pension settlement expense	—	35			35	—	—	—	—	—
<b>Refining EBITDA, Adjusted for Special Items</b>	<b>166</b>	<b>525</b>			<b>691</b>	<b>313</b>	<b>433</b>	<b>392</b>	<b>35</b>	<b>1,173</b>
Other Adjustments (pre-tax):										
Proportional share of selected equity affiliates income taxes	—	—			—	—	—	—	—	—
Proportional share of selected equity affiliates net interest	—	(1)			(1)	—	—	—	—	—
Proportional share of selected equity affiliates depreciation and amortization	65	65			130	63	64	65	65	257
<b>Refining Adjusted EBITDA</b>	<b>231</b>	<b>589</b>			<b>820</b>	<b>376</b>	<b>497</b>	<b>457</b>	<b>100</b>	<b>1,430</b>
<b>Operating Statistics</b>										
<b>Atlantic Basin/Europe*</b>										
Crude Oil Charge Input (MB/D)	366	533			450	577	594	573	529	568
Total Charge Input (MB/D)	446	569			508	607	626	607	570	602
Crude Oil Capacity Utilization (%)	70%	103%			87%	98%	101%	100%	102%	100%
Clean Product Yield (%)	88%	87%			88%	83%	84%	85%	89%	85%
* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.										
<b>Gulf Coast</b>										
Crude Oil Charge Input (MB/D)	668	715			691	679	738	701	701	704
Total Charge Input (MB/D)	743	795			769	748	807	770	775	775
Crude Oil Capacity Utilization (%)	90%	96%			93%	91%	99%	94%	94%	95%
Clean Product Yield (%)	80%	81%			81%	79%	80%	81%	82%	80%
<b>Central Corridor*</b>										

Crude Oil Charge Input (MB/D)	470	465	468	472	500	487	479	485
Total Charge Input (MB/D)	488	480	484	491	514	505	498	502
Crude Oil Capacity Utilization (%)	95%	94%	95%	96%	101%	99%	97%	98%
Clean Product Yield (%)	90%	88%	89%	88%	89%	86%	89%	88%
* Includes our proportionate share of the Borger Refinery and Wood River Refinery.								
<b>West Coast</b>								
Crude Oil Charge Input (MB/D)	279	366	323	323	348	344	257	318
Total Charge Input (MB/D)	304	388	346	351	370	372	287	345
Crude Oil Capacity Utilization (%)	78%	102%	90%	90%	97%	96%	71%	88%
Clean Product Yield (%)	87%	87%	87%	81%	87%	88%	86%	85%
<b>Worldwide — Including Proportionate Share of Equity Affiliates</b>								
Crude Oil Charge Input (MB/D)	1,783	2,079	1,932	2,051	2,180	2,105	1,966	2,075
Total Charge Input (MB/D)	1,981	2,232	2,107	2,197	2,317	2,254	2,130	2,224
Crude Oil Capacity Utilization (%)	84%	98%	91%	94%	100%	97%	93%	96%
Clean Product Yield (%)	85%	85%	85%	82%	84%	84%	86%	84%
<b>Refined Products Production (MB/D)</b>								
<b>Atlantic Basin/Europe*</b>								
Gasoline	213	252	233	249	256	252	250	252
Distillates	163	228	195	241	250	246	239	244
Other	81	95	88	121	123	113	89	111
<b>Total</b>	<b>457</b>	<b>575</b>	<b>516</b>	<b>611</b>	<b>629</b>	<b>611</b>	<b>578</b>	<b>607</b>
* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.								
<b>Gulf Coast</b>								
Gasoline	296	324	309	286	321	309	321	309
Distillates	275	292	284	277	306	291	293	292
Other	178	185	182	192	190	176	169	182
<b>Total</b>	<b>749</b>	<b>801</b>	<b>775</b>	<b>755</b>	<b>817</b>	<b>776</b>	<b>783</b>	<b>783</b>
<b>Central Corridor*</b>								
Gasoline	253	241	247	254	270	250	260	258
Distillates	181	180	180	175	185	183	183	181
Other	59	64	62	65	65	77	59	67
<b>Total</b>	<b>493</b>	<b>485</b>	<b>489</b>	<b>494</b>	<b>520</b>	<b>510</b>	<b>502</b>	<b>506</b>
* Includes our proportionate share of the Borger Refinery and Wood River Refinery.								
<b>West Coast</b>								
Gasoline	154	197	176	161	185	189	142	169
Distillates	110	141	126	123	137	137	105	126
Other	41	50	45	66	49	48	38	50
<b>Total</b>	<b>305</b>	<b>388</b>	<b>347</b>	<b>350</b>	<b>371</b>	<b>374</b>	<b>285</b>	<b>345</b>
<b>Worldwide—Including Proportionate Share of Equity Affiliates</b>								
Gasoline	916	1,014	965	950	1,032	1,000	973	988
Distillates	729	841	785	816	878	857	820	843
Other	359	394	377	444	427	414	355	410
<b>Total</b>	<b>2,004</b>	<b>2,249</b>	<b>2,127</b>	<b>2,210</b>	<b>2,337</b>	<b>2,271</b>	<b>2,148</b>	<b>2,241</b>







# REFINING (continued)

	2017					2016				
	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	51.83	48.24			50.04	33.27	45.48	44.88	49.18	43.20
Brent	53.78	49.83			51.80	33.89	45.57	45.85	49.46	43.69
LLS	53.51	50.31			51.91	35.14	47.34	46.53	50.54	44.88
ANS	53.83	50.68			52.26	34.46	45.72	44.78	50.14	43.77
WTI less Maya	7.10	4.29			5.69	7.21	7.70	5.86	6.38	6.79
WTI less WCS	13.79	9.99			11.89	13.63	12.92	14.22	15.02	13.95
<b>Natural Gas (\$/MMBtu)</b>										
Henry Hub	3.00	3.05			3.02	1.98	2.10	2.85	2.99	2.48
<b>Product Margins (\$/BBL)</b>										
<b>Atlantic Basin/Europe</b>										
East Coast Gasoline less Brent	9.46	15.53			12.50	11.54	17.92	13.37	13.44	14.07
East Coast Distillate less Brent	12.93	13.29			13.11	10.79	12.54	12.59	15.67	12.89
<b>Gulf Coast</b>										
Gulf Coast Gasoline less LLS	9.92	10.86			10.39	7.81	11.05	10.17	8.58	9.40
Gulf Coast Distillate less LLS	12.26	11.59			11.92	7.92	9.07	11.01	13.39	10.35
<b>Central Corridor</b>										
Central Gasoline less WTI	12.77	14.11			13.44	10.24	13.67	14.16	9.40	11.87
Central Distillate less WTI	14.00	14.59			14.29	11.08	11.75	15.38	14.03	13.06
<b>West Coast</b>										
West Coast Gasoline less ANS	17.28	21.08			19.18	17.66	20.15	16.08	13.26	16.79
West Coast Distillate less ANS	14.84	14.32			14.58	11.19	14.70	14.82	17.34	14.51
<b>Worldwide Market Crack Spread (\$/BBL)*</b>										
	12.24	14.06			13.15	10.64	13.84	12.96	12.10	12.39

\* Weighted average based on Phillips 66 crude capacity.



## MARKETING AND SPECIALTIES

	2017					2016				
	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	124	181			305	162	199	228	158	747
Specialties	17	33			50	43	30	39	32	144
<b>Marketing and Specialties Net Income Attributable to Phillips 66</b>	<b>141</b>	<b>214</b>			<b>355</b>	<b>205</b>	<b>229</b>	<b>267</b>	<b>190</b>	<b>891</b>
<b>Marketing and Specialties Income before Income Taxes (\$ Millions)</b>										
Marketing and Other	181	275			456	246	298	339	161	1,044
Specialties	27	53			80	69	47	61	40	217
<b>Marketing and Specialties Income before Income Taxes</b>	<b>208</b>	<b>328</b>			<b>536</b>	<b>315</b>	<b>345</b>	<b>400</b>	<b>201</b>	<b>1,261</b>
<b>Realized Marketing Fuel Margin (\$/BBL)*</b>										
U.S.	1.47	1.74			1.61	1.83	1.79	1.88	1.10	1.64
International	3.70	4.95			4.33	3.16	4.16	5.19	3.68	4.05
<i>* On third-party petroleum products sales.</i>										
<b>Realized Margins not included in Marketing Fuel Margin (\$ Millions)*</b>										
Marketing and Other	133	142			275	123	147	143	129	542
Specialties	72	97			169	112	92	104	88	396
<b>Total</b>	<b>205</b>	<b>239</b>			<b>444</b>	<b>235</b>	<b>239</b>	<b>247</b>	<b>217</b>	<b>938</b>
<i>* Excludes Gain on Dispositions and Excise Tax Income.</i>										
<b>Depreciation and Amortization (\$ Millions)</b>										
Marketing and Other	22	21			43	20	22	24	21	87
Specialties	5	5			10	5	5	5	5	20
<b>Total</b>	<b>27</b>	<b>26</b>			<b>53</b>	<b>25</b>	<b>27</b>	<b>29</b>	<b>26</b>	<b>107</b>
<b>Operating and SG&amp;A Expense (\$ Millions)</b>										
Marketing and Other	245	283			528	244	271	261	262	1,038
Specialties	38	37			75	35	38	38	41	152
<b>Total</b>	<b>283</b>	<b>320</b>			<b>603</b>	<b>279</b>	<b>309</b>	<b>299</b>	<b>303</b>	<b>1,190</b>
<b>Marketing Petroleum Products Sales (MB/D)</b>										
<b>U.S. Marketing</b>										
Gasoline	1,073	1,188			1,131	1,086	1,171	1,158	1,183	1,150
Distillates	667	751			709	706	782	780	773	760
Other	—	—			—	—	1	—	—	—

<b>Total</b>	1,740	1,939	1,840	1,792	1,954	1,938	1,956	1,910
<b>International Marketing</b>								
Gasoline	82	87	84	90	90	89	82	88
Distillates	168	161	165	197	193	189	168	187
Other	15	18	16	15	18	17	17	16
<b>Total</b>	265	266	265	302	301	295	267	291
<b>Worldwide Marketing</b>								
Gasoline	1,155	1,275	1,215	1,176	1,261	1,247	1,265	1,238
Distillates	835	912	874	903	975	969	941	947
Other	15	18	16	15	19	17	17	16
<b>Total</b>	2,005	2,205	2,105	2,094	2,255	2,233	2,223	2,201
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>	1	—	1	(1)	1	—	(1)	(1)
<b>Reconciliation of Marketing and Specialties Net Income to Adjusted EBITDA (\$ Millions)</b>								
Marketing and Specialties net income	141	214	355	205	229	267	190	891
Plus:								
Provision for income taxes	67	114	181	110	116	133	11	370
Depreciation and amortization	27	26	53	25	27	29	26	107
<b>Marketing and Specialties EBITDA</b>	235	354	589	340	372	429	227	1,368
Special Item Adjustments (pre-tax):								
Pension settlement expense	—	7	7	—	—	—	—	—
<b>Marketing and Specialties EBITDA, Adjusted for Special Items</b>	235	361	596	340	372	429	227	1,368
Other Adjustments (pre-tax):								
None	—	—	—	—	—	—	—	—
<b>Marketing and Specialties Adjusted EBITDA</b>	235	361	596	340	372	429	227	1,368



## CORPORATE AND OTHER

	2017					2016				
	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>	(123)	(143)			(266)	(127)	(111)	(109)	(124)	(471)
<b>Detail of Net Income (Loss) Attributable to Phillips 66 (\$ Millions)</b>										
Net interest expense	(65)	(65)			(130)	(54)	(52)	(49)	(55)	(210)
Corporate overhead	(39)	(47)			(86)	(42)	(40)	(39)	(40)	(161)
Technology	(15)	(14)			(29)	(14)	(14)	(15)	(15)	(58)
Other	(4)	(17)			(21)	(17)	(5)	(6)	(14)	(42)
<b>Total</b>	<b>(123)</b>	<b>(143)</b>			<b>(266)</b>	<b>(127)</b>	<b>(111)</b>	<b>(109)</b>	<b>(124)</b>	<b>(471)</b>
<b>Pre-Tax Net Interest Expense (\$ Millions)</b>										
Interest expense	(114)	(113)			(227)	(105)	(104)	(103)	(107)	(419)
Capitalized interest	9	6			15	19	21	22	19	81
Interest revenue	5	7			12	4	3	7	4	18
Premium on early debt retirement	—	—			—	(1)	—	—	—	(1)
<b>Total</b>	<b>(100)</b>	<b>(100)</b>			<b>(200)</b>	<b>(83)</b>	<b>(80)</b>	<b>(74)</b>	<b>(84)</b>	<b>(321)</b>
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>	—	(1)			(1)	1	—	—	1	2
<b>Phillips 66 Total Company Debt</b>										
Total Debt (\$ Millions)	10,210	9,965			9,965	8,835	8,862	8,858	10,138	10,138
Debt-to-Capital Ratio (%)	30%	30%			30%	27%	27%	27%	30%	30%
<b>Total Equity (\$ Millions)</b>	<b>23,725</b>	<b>23,806</b>			<b>23,806</b>	<b>23,643</b>	<b>24,066</b>	<b>24,311</b>	<b>23,725</b>	<b>23,725</b>
<b>Reconciliation of Phillips 66 Net Income to Adjusted EBITDA (\$ Millions)</b>										
Net income	563	581			1,144	398	516	536	194	1,644
Plus:										
Provision for income taxes	234	267			501	198	204	277	(132)	547
Net interest expense	99	100			199	83	80	74	84	321
Depreciation and amortization	315	320			635	280	290	293	305	1,168
<b>Phillips 66 EBITDA</b>	<b>1,211</b>	<b>1,268</b>			<b>2,479</b>	<b>959</b>	<b>1,090</b>	<b>1,180</b>	<b>451</b>	<b>3,680</b>
<b>Special Item Adjustments (pre-tax):</b>										
Impairments by equity affiliates	33	—			33	6	—	89	—	95
Pending claims and settlements	—	(21)			(21)	(45)	—	(70)	—	(115)
Certain tax impacts	—	—			—	—	—	—	(32)	(32)
Gain on consolidation of business	(423)	—			(423)	—	—	—	—	—

Equity affiliate ownership restructuring	—	—	—	—	—	—	33	33
Recognition of deferred logistics commitments	—	—	—	—	30	—	—	30
Railcar lease residual value deficiencies and related costs	—	—	—	—	—	—	40	40
Pension settlement expense	—	55	55	—	—	—	—	—
<b>Phillips 66 EBITDA, Adjusted for Special Items</b>	<b>821</b>	<b>1,302</b>	<b>2,123</b>	<b>920</b>	<b>1,120</b>	<b>1,199</b>	<b>492</b>	<b>3,731</b>
Other Adjustments (pre-tax):								
EBITDA attributable to Phillips 66 noncontrolling interests	(44)	(45)	(89)	(18)	(28)	(35)	(43)	(124)
Proportional share of selected equity affiliates income taxes	20	15	35	19	27	20	13	79
Proportional share of selected equity affiliates net interest	18	17	35	34	36	33	34	137
Proportional share of selected equity affiliates depreciation and amortization	161	161	322	177	178	186	184	725
<b>Phillips 66 Adjusted EBITDA</b>	<b>976</b>	<b>1,450</b>	<b>2,426</b>	<b>1,132</b>	<b>1,333</b>	<b>1,403</b>	<b>680</b>	<b>4,548</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.