



STREAMLINE **66**

WOLFE REFINING CONFERENCE

March 2025

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EXECUTIVE SUMMARY

Phillips' refining assets have substantial scale and flexibility, affording it high reliability and strong earnings potential under the proper management

- **Phillips Has An Attractive Set Of Refining Assets:**

- ~2MMbbl/d refining system with 11 refineries
- Geographic and product diversity, allowing for resiliency across all market environments

- **Phillips' Assets Are Highly Competitive Vs. Peers:**

- **Central Corridor:** Heavy coking exposure at Wood River and Billings with large WCS loading in niche markets, leading to outsized profitability; Borger is highly complex with access to profitable Denver market
- **Atlantic Basin / Europe:** Bayway refinery is likely the most profitable in PADD 1 with substantial trade flexibility on Atlantic; Humber one of the most profitable refineries in Europe with specialty coking capabilities
- **US Gulf Coast:** Highly complex, high-conversion refineries with strong logistical flexibility, advantaged crude feedstock loading and ability to produce specialty products including needle coke, solvents and lubricant base oils

- **The Refining Kit Is Fundamentally Strong When Compared To Peers:**

- Similar fluid catalytic cracking (FCC), hydrocracking + distillate hydrotreating and octane capacity across the portfolio
- Elevated coking capacity at ~20% of total throughput vs. MPC / VLO at ~10-15% allows for heavier crude loading leading to a ~\$2-3/bbl crude input cost advantage vs. VLO

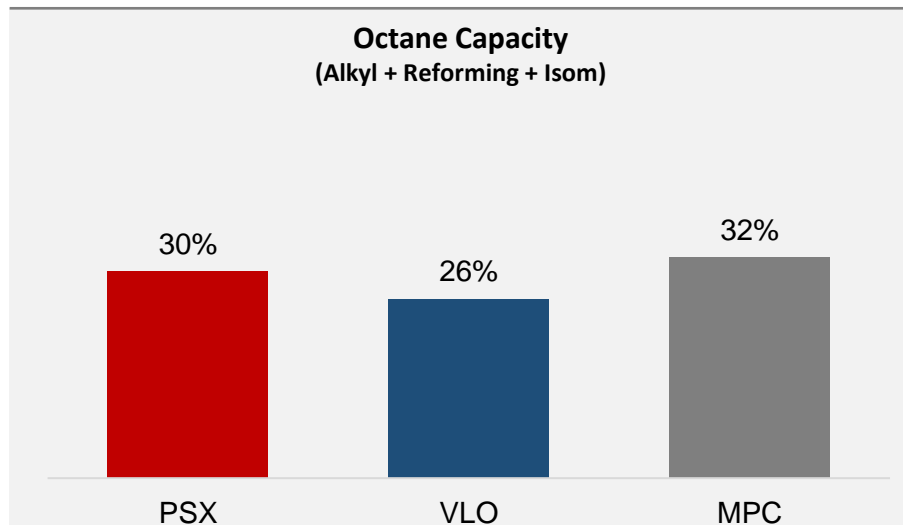
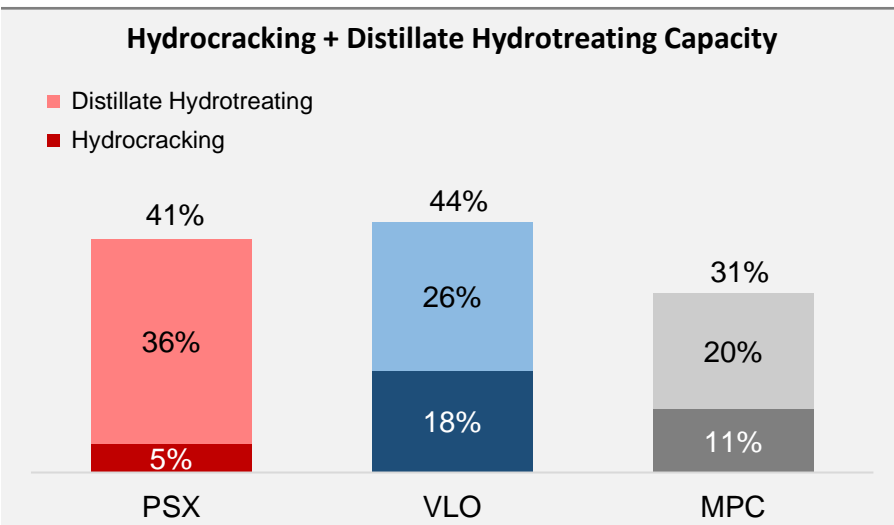
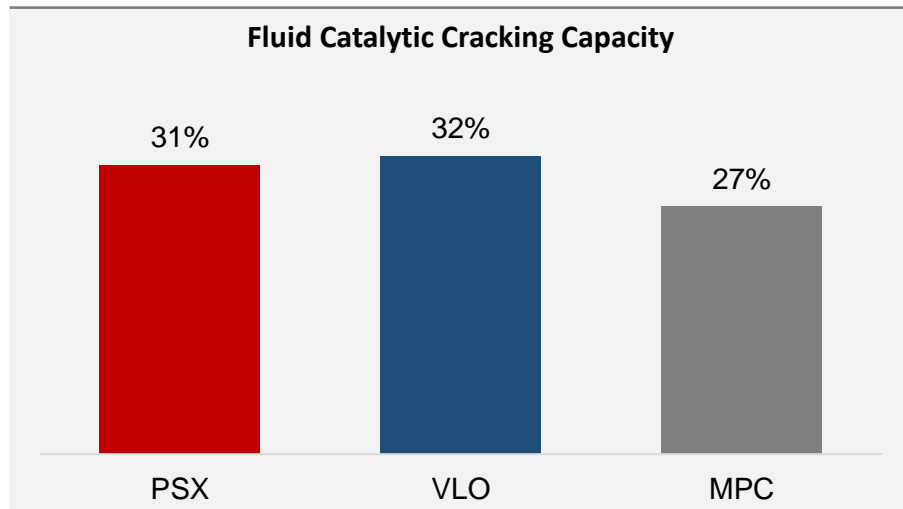
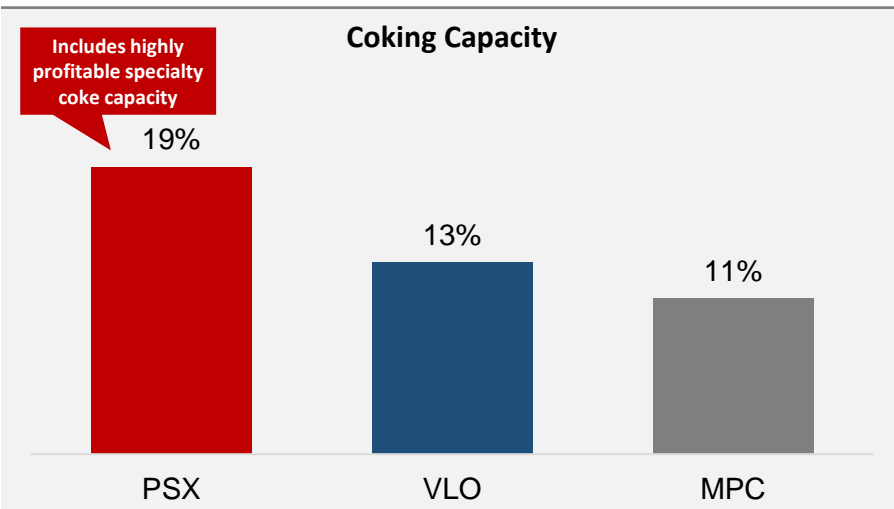
- **Despite This Advantaged Kit, Phillips Lags Peers Materially In EBITDA / Bbl Across Regions:**

- We believe poor profitability is driven primarily by weak cost controls and a lagging commercial function rather than assets quality
- Assets are often unfairly blamed for underperformance, though market perception of asset quality can improve significantly under competent management

PHILLIPS' REFINING KIT IS COMPARABLE TO PEERS MARATHON AND VALERO – UNDERPERFORMANCE IS PRIMARILY DRIVEN BY POOR OPERATIONS, RATHER THAN WORSE ASSETS

CONVERSION CAPACITY VS. PEERS

Phillips' refining kit exhibits similar capabilities to Marathon and Valero



Source: Baker & O'Brien estimates, in-line with Oil & Gas Journal reported metrics.
 Note: All metrics expressed as a % of crude capacity.

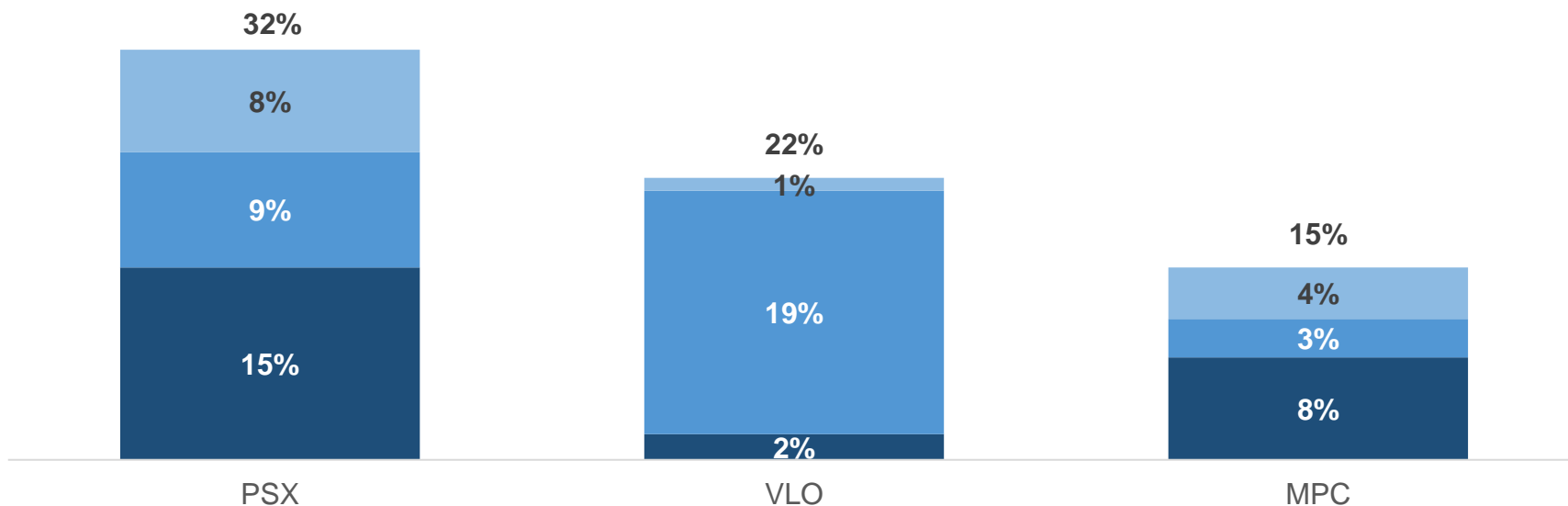
CRUDE INPUT COST ADVANTAGE VS. PEERS

Phillips loads a higher percentage of discounted crude vs peers, giving it an input cost advantage

% of Crude Fed

Phillips not only loads more discounted crudes than peers, but also receives lower pricing on its WCS due to Central Corridor positioning vs. peers primarily running WCS in the USGC

- San Juan Valley
- Maya & LatAm Heavy
- WCS



2024 Est. Crude Cost Advantage vs. VLO (\$/bbl)⁽¹⁾

+\$2.73

+\$1.20⁽²⁾

Source: Based on TPH & Co. Research estimates of crude loading.

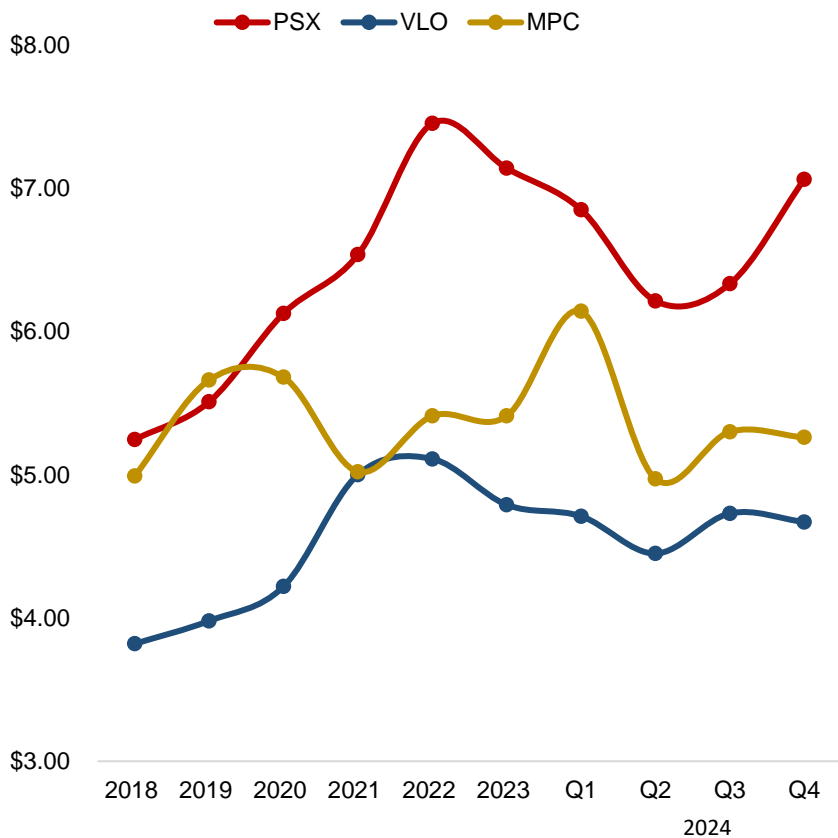
1) Calculated based on multiplying estimated % crude inputs by 2024 average \$/bbl for the given crude. See the Appendix for details.

2) MPC estimated to have a lower-cost total crude slate vs. VLO despite loading less advantaged crude due to VLO loading an estimated ~20% LLS & Eagle Ford Crudes, which trade at a premium to WTI.

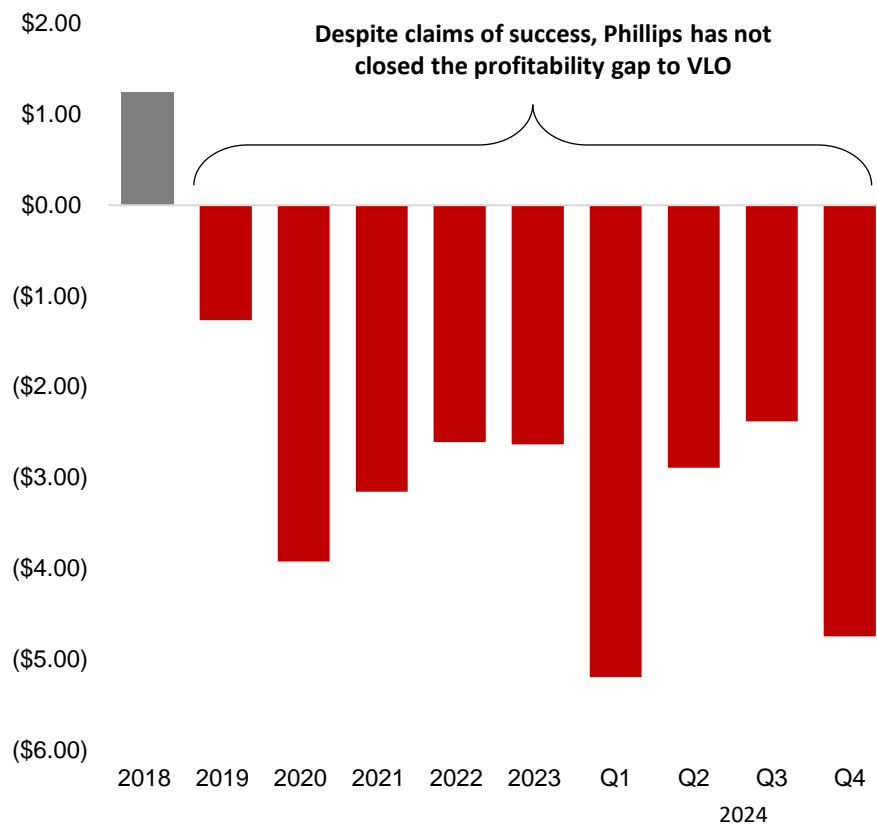
DESPITE FUNDAMENTALLY STRONG ASSETS, PHILLIPS REFINING LAGS PEERS

Phillips remains the clear laggard versus peers VLO and MPC, with recent Q4 '24 EBITDA per barrel exceptionally weak on a relative basis

Operating Expense per Barrel (excl. TAR) (\$/bbl)



EBITDA per Barrel (excl. TAR) Spread to VLO (\$/bbl)



Source: Company filings, Elliott analysis.

Note: Phillips and Valero Refining EBITDA based on definitions in the appendix of Streamline66 presentation publicly released on February 11, 2025. Utilizes most recent re-casting.

LAGGING REFINING PERFORMANCE DRIVEN BY INEFFICIENT OPERATIONS

Phillips' quality assets are operated inefficiently

WEAK COMMERCIAL FUNCTION

- **Charge & yield are not optimized to match the market**; clean product and other production does not seem to fluctuate with specialty product (needle coke, lubes, etc.) margins
- **Ineffective commercial leadership and suboptimal organizational structure** constrain ability to adjust operations to capture market opportunities
- Nearly **non-existent capital allocation to commercial function** limits ability to create cheap optionality

POOR EXECUTION AND COST CONTROL

- **Corporate leadership does not know what good looks like in refining**, and has lost focus and discipline in driving operating performance
- Top talent is **frustrated with corporate leadership** given clear lack of support for the refining business
- **Over-sized corporate function relative to peers** (substantially higher back-office and corporate functions relative to peers, high-cost R&D facility in Bartlesville with questionable value add to refining, etc.)
- **Overstaffed organization that relies heavily on expensive consultants for cost-saving guidance**

Note: Perspectives based on range of conversations with industry experts.

PHILLIPS WAS PREVIOUSLY VIEWED AS HAVING TOP-TIER ASSETS

The narrative that Phillips has sub-par assets is the result of recent operational shortcomings, with the market previously viewing the assets as best-in-class

“ Furthermore, **PSX’s refinery assets are some of the best-in-class vs overall industry** with a Nelson Complexity Index of 11.1

UBS, January 26, 2021

“ Relative to our coverage group, **we think that PSX (a) has a strong portfolio of assets, (b) checks all of the boxes in terms of management quality and balanced capital allocation,** and (c) has an increasingly compelling valuation versus both the majors and the refiners.

JP Morgan, October 30, 2018

Note: Emphasis added.

STREAMLINE **66**

- ✓ Streamline Portfolio
- ✓ Operating Review
- ✓ Enhanced Oversight

We welcome the opportunity to engage with Phillips 66 shareholders on this remarkable opportunity

Appendix

PHILLIPS HAS A DIVERSE SET OF QUALITY REFINING ASSETS

Central Corridor, Atlantic Basin / Europe and US Gulf Coast assets are fundamentally attractive and should drive equivalent profitability with peers on a constant accounting basis



Source: Company presentations.

CRUDE INPUT COST CALCULATIONS

		<u>2024 Avg</u>	<u>Diff vs WTI</u>	<u>PSX</u>	<u>VLO</u>	<u>MPC</u>
Advantaged Crudes	WCS	\$60.99 ⁽¹⁾	(\$14.84)	15%	2%	8%
	Maya & LatAm Heavy	\$68.35	(\$7.48)	9%	19%	3%
	San Juan Valley	\$69.20	(\$6.63)	<u>8%</u>	<u>1%</u>	<u>4%</u>
	Total			32%	22%	15%
Par & Near-Par Crudes	WTI Cushing	\$75.83	–	12%	10%	9%
	WTI Midland	\$76.81	\$0.98	5%	8%	6%
	Bakken & Canadian Light	\$74.41	(\$1.42)	5%	3%	23%
	UT/WY/CO	\$73.63 ⁽²⁾	(\$2.20)	–	–	2%
	Mediums / Other	\$75.83 ⁽³⁾	–	<u>37%</u>	<u>38%</u>	<u>33%</u>
	Total			59%	59%	73%
Premium Crudes	LLS & Eagle Ford	\$78.29 ⁽⁴⁾	\$2.46	<u>9%</u>	<u>20%</u>	<u>12%</u>
	Total			9%	20%	12%

Weighted Avg Cost of Crude	\$72.60	\$75.33	\$74.14
Cost Advantage vs VLO	(\$2.73)	–	(\$1.20)

Source: Crude slate percentages based on TPH & Co. report. Market pricing per S&P Global Commodity Insights.

- 1) Price reflects WCS at Hardisty. Analysis assumes 100% of crude prices at Hardisty. VLO and MPC likely price WCS more at Houston which would be more expensive vs. PSX, given higher coking capacity on the Gulf Coast.
- 2) Price reflects Wyoming Sweet.
- 3) Assumed flat to WTI Cushing.
- 4) Price reflects LLS.

CERTAIN INFORMATION CONCERNING THE PARTICIPANTS

Elliott Investment Management L.P., together with the other participants named herein (collectively, “Elliott”), has filed a preliminary proxy statement and accompanying GOLD universal proxy card with the Securities and Exchange Commission (“SEC”) to be used to solicit proxies with respect to the election of Elliott’s slate of highly qualified director candidates and the other proposals to be presented at the 2025 annual meeting of stockholders of Phillips 66, a Delaware corporation (“Phillips” or the “Company”).

THE PARTICIPANTS STRONGLY ADVISE ALL STOCKHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT AND OTHER PROXY MATERIALS, INCLUDING A PROXY CARD, AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC’S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE, WHEN AVAILABLE, UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS’ PROXY SOLICITOR.

The participants in the solicitation are Elliott Investment Management L.P. (“Elliott Management”), Elliott Associates, L.P. (“Elliott Associates”), Elliott International, L.P. (“Elliott International”), The Liverpool Limited Partnership (“Liverpool”), Elliott Investment Management GP LLC (“EIM GP”), Paul E. Singer, Brian S. Coffman, Sigmund L. Cornelius, Michael A. Heim, Alan J. Hirshberg, Gillian A. Hobson, Stacy D. Nieuwoudt and John Pike.

As of March 5, 2025, Elliott holds a 5.6% economic interest in the Company. As of March 5, 2025, Elliott Management, the investment manager of Elliott Associates and Elliott International (together, the “Elliott Funds”) with respect to investments in the Company by the Elliott Funds and/or their respective subsidiaries, beneficially owns 16,925,000 shares of the Company’s Common Stock, \$0.01 par value per share (the “Common Stock”), including 14,425,000 shares of Common Stock and 2,500,000 shares of Common Stock underlying certain exercisable call option contracts held by the Elliott Funds. As of March 5, 2025, the Elliott Funds are party to notional principal amount derivative agreements in the form of cash settled swaps with respect to an aggregate of 5,952,500 shares of Common Stock and hold exercisable over-the-counter American-style call option contracts with respect to an aggregate of 2,500,000 shares of Common Stock having a strike price of \$135.00 and expiring on June 20, 2025 (collectively, “Derivative Agreements”). Elliott Associates, Elliott International and Liverpool are the direct holders of the shares of Common Stock beneficially owned by Elliott Management, and are party to the Derivative Agreements. Liverpool is a wholly-owned subsidiary of Elliott Associates. EIM GP is the sole general partner of Elliott Management. Mr. Singer is the sole managing member of EIM GP. As of March 5, 2025, Mr. Cornelius may be deemed to beneficially own 20,000 shares of Common Stock, which are held jointly in an account with his spouse, and Mr. Hirshberg may be deemed to beneficially own an aggregate of 27,018 shares of Common Stock, which are held personally and through two estate planning vehicles of which he serves as trustee and co-general partner, respectively. As of March 5, 2025, neither Mses. Nieuwoudt or Hobson, nor Messrs. Coffman, Heim or Pike beneficially own any shares of Common Stock.