

# [***Phillips 66 Announces 2017 Capital Program; Budget Lower as Major Projects Reach Completion***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5MC2-F9Y1-DXY3-00S4-00000-00&context=1516831)

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**Body**

Phillips 66 (NYSE: PSX), an energy manufacturing and logistics company, announces its 2017 capital budget of $2.7 billion. The plan includes $1.3 billion for midstream growth and $0.9 billion directed toward enhancing refining returns and supporting operating excellence.

"The 2017 capital program is consistent with our disciplined approach to capital allocation," said chairman and CEO Greg Garland. "Returns on our investments are important, and the reduction in capital spending from prior years reflects that fewer projects meet our return thresholds in the current business ***environment***. We continue to invest sustaining capital to ensure our assets run safely and reliably. We are committed to maintaining a strong balance sheet and financial flexibility, which allows us to return significant capital to shareholders through the business cycle, in the form of share repurchases and a growing, secure dividend."

In Midstream, Phillips 66 plans to invest $1.5 billion in its Natural Gas Liquids (NGL) and Transportation businesses, with 85 percent of that targeting growth projects. The company is focused on development around its existing infrastructure's footprint, including continued expansion of the Beaumont Terminal and investment in pipelines and other terminals.

Midstream capital encompasses spending expected by Phillips 66 Partners of $437 million, including $56 million of maintenance capital. Expansion capital at the partnership will be in support of organic projects, such as the Bayou Bridge Pipeline, which will connect the Beaumont Terminal with St. James, Louisiana. The western leg of the pipeline began operation in April 2016, while the eastern leg, with service from Lake Charles, Louisiana, to St. James, is expected to be completed in the second half of 2017.

Phillips 66 plans $905 million of capital expenditures and investments in Refining, with 65 percent of that for reliability, safety and environmental projects. Growth capital in Refining will be directed toward small, high-return, quick pay-out projects, primarily to reduce feedstock costs and improve clean product yields. These include a project at the Billings Refinery to increase heavy crude processing capabilities and yield improvement projects at the Bayway and Ponca City refineries.

In Marketing and Specialties, the company plans to invest $132 million of growth and sustaining capital. The growth investment reflects Phillips 66's continued plans to expand and enhance its fuels marketing business.

In Corporate and Other, the company plans to fund $112 million in projects, primarily related to information technology and facilities.

Phillips 66's proportionate share of capital spending by joint ventures Chevron Phillips Chemical Company LLC (CPChem), DCP Midstream, LLC (DCP Midstream) and WRB Refining LP (WRB) is expected to be $1.1 billion. Including these equity affiliates, the company's total 2017 capital program is projected to be $3.8 billion.

In Chemicals, CPChem is investing in projects aimed at capturing cost-advantaged petrochemical feedstocks on the U.S. Gulf Coast. Phillips 66's share of CPChem's 2017 capital expenditures is expected to be $675 million. Funding will support completion of CPChem's 3.3 billion-pound-per-year ethane cracker and two 1.1 billion-pound-per-year polyethylene facilities being constructed in the Gulf Coast region. The expected startup for the polyethylene facilities is mid-2017, with the ethane cracker expected to be in operation in the second half of next year. Once completed, these facilities will increase CPChem's global ethylene and polyethylene capacity by approximately one-third. Phillips 66's expected share of DCP Midstream's 2017 capital spending is $243 million, while its anticipated share of WRB's capital expenditures is $135 million. Capital spending by these three joint ventures is expected to be self-funded.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Millions of Dollars | | | | | | | | | |
|  |  |  |  | Sustaining Capital | |  |  |  | Growth Capital |  |  |  | Capital Program |
| Midstream |  |  |  |  | |  |  |  |  |  |  |  |  |
| Phillips 66 |  |  |  | $ | 170 |  |  |  | 942 |  |  |  | 1,112 |
| Phillips 66 Partners |  |  |  |  | 56 |  |  |  | 381 |  |  |  | 437 |
|  |  |  |  |  | 226 |  |  |  | 1,323 |  |  |  | 1,549 |
| Chemicals |  |  |  |  | - |  |  |  | - |  |  |  | - |
| Refining (1) |  |  |  |  | 588 |  |  |  | 317 |  |  |  | 905 |
| Marketing and Specialties |  |  |  |  | 57 |  |  |  | 75 |  |  |  | 132 |
| Corporate and Other |  |  |  |  | 110 |  |  |  | 2 |  |  |  | 112 |
| Phillips 66 Consolidated |  |  |  |  | 981 |  |  |  | 1,717 |  |  |  | 2,698 |
| DCP |  |  |  |  | 68 |  |  |  | 175 |  |  |  | 243 |
| CPChem |  |  |  |  | 225 |  |  |  | 450 |  |  |  | 675 |
| WRB |  |  |  |  | 107 |  |  |  | 28 |  |  |  | 135 |
| Selected Equity Affiliates |  |  |  |  | 400 |  |  |  | 653 |  |  |  | 1,053 |
| Total Capital Program |  |  |  | $ | 1,381 |  |  |  | 2,370 |  |  |  | 3,751 |
| (1) Includes non-cash capitalized leases of $14 million in Refining. | | | | | | | | | | | | | |

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 14,000 employees committed to safety and operating excellence. Phillips 66 had $50 billion of assets as of Sept. 30, 2016. For more information, visit [*www.phillips66.com*](http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.phillips66.com&esheet=51476007&newsitemid=20161209005525&lan=en-US&anchor=www.phillips66.com&index=1&md5=cced246f8710a9ff6350f1dd38f85653) or follow us on Twitter   [*@Phillips66Co*](http://cts.businesswire.com/ct/CT?id=smartlink&url=https%3A%2F%2Ftwitter.com%2FPhillips66Co&esheet=51476007&newsitemid=20161209005525&lan=en-US&anchor=%40Phillips66Co&index=2&md5=b8bb57a5abcbacebf7496d0badcbae11) .

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 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.

The disaggregation of capital spending between sustaining and growth is not a distinction recognized under generally accepted accounting principles in the United States. The company provides such disaggregated information to demonstrate management's return expectations with respect to capital spending.

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