

Phillips 66
Form 10-Q
November 01, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2012**
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **001-35349**

Phillips 66

(Exact name of registrant as specified in its charter)

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

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

3010 Briarpark Drive, Houston, Texas 77042
(Address of principal executive offices) (Zip Code)

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

600 North Dairy Ashford, Houston, Texas 77079
(Former address, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 625,806,484 shares of common stock, \$.01 par value, outstanding as of September 30, 2012.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****Consolidated Statement of Income****Phillips 66**

	Millions of Dollars			
	Three Months Ended		Nine Months Ended	
	September 30 2012	2011	September 30 2012	2011
Revenues and Other Income				
Sales and other operating revenues*	\$ 42,945	50,610	135,475	147,983
Equity in earnings of affiliates	959	856	2,508	2,330
Net gain (loss) on dispositions	(1)	(221)	189	(175)
Other income	4	18	82	28
Total Revenues and Other Income	43,907	51,263	138,254	150,166
Costs and Expenses				
Purchased crude oil and products	36,189	43,905	116,915	129,853
Operating expenses	884	1,027	2,960	3,087
Selling, general and administrative expenses	432	372	1,261	1,042
Depreciation and amortization	229	222	669	667
Impairments	248	486	566	488
Taxes other than income taxes*	3,410	3,674	10,305	10,785
Accretion on discounted liabilities	7	5	18	16
Interest and debt expense	74	4	170	11
Foreign currency transaction (gains) losses	(15)	18	(22)	(56)
Total Costs and Expenses	41,458	49,713	132,842	145,893
Income before income taxes	2,449	1,550	5,412	4,273
Provision for income taxes	848	499	1,991	1,505
Net income	1,601	1,051	3,421	2,768
Less: net income attributable to noncontrolling interests	2	2	5	4
Net Income Attributable to Phillips 66	\$ 1,599	1,049	3,416	2,764
Net Income Attributable to Phillips 66 Per Share of Common Stock (dollars)**				
Basic	\$ 2.53	1.67	5.43	4.40
Diluted	2.51	1.65	5.37	4.36
Dividends Paid Per Share of Common Stock (dollars)	\$ 0.20		0.20	

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Average Common Shares Outstanding (in thousands)**

Basic	630,672	627,628	628,940	627,628
Diluted	637,913	634,645	636,585	634,645

* Includes excise taxes on petroleum products sales:

\$ 3,312 3,596 10,022 10,533

** See Note 10 Earnings Per Share.

See Notes to Consolidated Financial Statements.

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	Millions of Dollars			
	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2012	2011	2012	2011
Net Income	\$ 1,601	1,051	3,421	2,768
Other comprehensive income (loss)				
Defined benefit plans				
Prior service cost:				
Amortization to net income of prior service cost			1	
Actuarial gain/loss:				
Amortization to net income of net actuarial loss	22		37	2
Actuarial gain arising during the period			90	
Plans sponsored by equity affiliates	6	6	14	16
Income taxes on defined benefit plans	(10)	(2)	(52)	(7)
Defined benefit plans, net of tax	18	4	90	11
Foreign currency translation adjustments	210	(15)	151	2
Income taxes on foreign currency translation adjustments		(21)	48	(81)
Foreign currency translation adjustments, net of tax	210	(36)	199	(79)
Hedging activities	1		1	2
Income taxes on hedging activities				(1)
Hedging activities, net of tax	1		1	1
Other Comprehensive Income (Loss), Net of Tax	229	(32)	290	(67)
Comprehensive Income	1,830	1,019	3,711	2,701
Less: comprehensive income attributable to noncontrolling interests	2	2	5	4
Comprehensive Income Attributable to Phillips 66	\$ 1,828	1,017	3,706	2,697

See Notes to Consolidated Financial Statements.

Table of Contents**Consolidated Balance Sheet****Phillips 66**

	Millions of Dollars	
	September 30	December 31
	2012	2011
Assets		
Cash and cash equivalents	\$ 4,430	
Accounts and notes receivable (net of allowance of \$52 million in 2012 and \$13 million in 2011)	9,136	8,354
Accounts and notes receivable related parties	1,657	1,671
Inventories	5,743	3,466
Prepaid expenses and other current assets	907	457
Total Current Assets	21,873	13,948
Investments and long-term receivables	10,800	10,306
Net properties, plants and equipment	15,311	14,771
Goodwill	3,344	3,332
Intangibles	726	732
Other assets	176	122
Total Assets	\$ 52,230	43,211
Liabilities		