

2012 RETIREMENT PLAN ENHANCEMENT BENEFIT FAQs



There are two components in the Chevron Phillips Chemical Company Retirement Plan. These two components are the Career Average Pay Benefit and the Variable Annuity Benefit. The receipt of an EIP payout enhances the amount payable under both benefits, as the EIP bonus amount is includable as covered earnings under the Retirement Plan. Generally, the same metrics that drive the overall EIP payout are also considered in determining the Variable Annuity success sharing credit. Please read the Summary Plan Description, found on the Web site (http://www.mycpchembenefits.com/Documents/SPDs/2012-SPDs/SO_401k-Savings2012.pdf), for additional details on the Retirement Plan.

Retirement Enhancement Q&A

Q: What is the Career Average Pay Benefit?

A: Each year, you earn a Career Average Pay Benefit equal to 1.5% of your compensation for that year in the Chevron Phillips Chemical Retirement Plan. The examples below show how the benefit would be calculated:

EXAMPLE — CAREER AVERAGE PAY BENEFIT			
Year	Salary (Including EIP)	Career Average Benefit @1.5%	Accrued Benefit (Annuity)
1	\$60,000	\$ 900	\$ 900
2	\$65,000	\$ 975	\$1,875
3	\$70,000	\$1,050	\$2,925
4	\$75,000	\$1,125	\$4,050
5	\$80,000	\$1,200	\$5,250

(continued)

Q: What is the Variable Annuity Benefit?

A: At the end of each month, Variable Annuity Benefit deposit credits are made to a bookkeeping account in the Chevron Phillips Chemical Retirement Plan set up in your name. The deposit credits equal 1% of your compensation for that month plus interest. Chevron Phillips will periodically review the Retirement Plan and consider increases to the Variable Annuity Benefit, referred to as success sharing credits. The example below shows how a Variable Annuity success sharing credit is calculated.

Example — Calculating the Variable Annuity Success Sharing Credit

The following is a breakdown of your Chevron Phillips Chemical Retirement Plan benefit showing a 9% success sharing credit enhancement to the Variable Annuity Benefit (given the assumptions listed below). The Variable Annuity success sharing credit enhancement is added to the amount of a participant’s variable annuity account balance at December 31 of the previous year (2012). Please note that for participants who terminated during the year, the Variable Annuity Benefit is weighted based on the number of months actively employed during the year. The 9% success sharing credit enhancement plus 3.0% interest credit totals 12.0% for the 2012 Plan Year.

EXAMPLE — ONE YEAR’S CHANGE IN VARIABLE ANNUITY BENEFIT UNIT ACCOUNT					
Assumptions: Monthly Pay Rate at 1/1 is \$5,000 EIP Bonus paid in March is \$4,200 Monthly Pay Rate effective 7/1 is \$5,200 Account Value at 1/1 is \$1,000 3.0% Interest Crediting Rate 9% Variable Annuity Success Sharing Credit					
Beginning of Month	Pay in Month	Account Value Beginning of Month	Deposit Credit for Month	Interest Credit for Month	Account Value End of Month (Lump-sum)
1	\$5,000.00	\$1,000.00	\$50.00	\$2.50	\$1,052.50
2	\$5,000.00	\$1,052.50	\$50.00	\$2.63	\$1,105.13
3	\$9,200.00	\$1,105.13	\$92.00	\$2.76	\$1,199.89
4	\$5,000.00	\$1,199.89	\$50.00	\$3.00	\$1,252.89
5	\$5,000.00	\$1,252.89	\$50.00	\$3.13	\$1,306.03
6	\$5,000.00	\$1,306.03	\$50.00	\$3.27	\$1,359.29
7	\$5,200.00	\$1,359.29	\$52.00	\$3.40	\$1,414.69
8	\$5,200.00	\$1,414.69	\$52.00	\$3.54	\$1,470.23
9	\$5,200.00	\$1,470.23	\$52.00	\$3.68	\$1,525.90
10	\$5,200.00	\$1,525.90	\$52.00	\$3.81	\$1,581.72
11	\$5,200.00	\$1,581.72	\$52.00	\$3.95	\$1,637.67
12	\$5,200.00	\$1,637.67	\$52.00	\$4.09	\$1,693.76

To calculate the Variable Annuity Benefit 9% enhancement, you perform the following calculation: \$1,693.76 x 9% = \$152.44, increasing the final balance to \$1,846.20.

Q: When will the Variable Annuity success sharing credit enhancement be posted to my Retirement Account?

A: The Variable Annuity success sharing credit enhancement is typically posted to your retirement account during the second quarter following the calendar year-end.

Q: Can I get an estimate of my Chevron Phillips Chemical retirement benefits?

A: You can receive an estimate of your Chevron Phillips Chemical retirement benefit by logging onto the Fidelity NetBenefits Web site at www.netbenefits.com. Once logged in to your account, you can model different retirement scenarios by varying data in key fields (such as retirement date, salary projection, etc.), review frequently asked questions and request forms.

You can also view your 401(k) balances, process transactions — such as loans and withdrawals — and make 401(k) investment election and deferral changes. You can contact Fidelity directly by calling the Chevron Phillips Chemical Pension and Savings Service Center at 1-866-771-5225.