

2016 PROFIT-SHARING* ANNOUNCEMENT & FAQs



Chevron Phillips Chemical (CPChem) is pleased to announce that it has awarded its employees with a **3% profit-sharing contribution** for 2016. We believe that this benefit is an important part of your overall compensation package and have provided the following Q&As to help you better understand this benefit. The profit-sharing contribution is applicable to all CPChem salaried and hourly employees; salaried Performance Pipe employees; and Performance Pipe employees paid on an hourly basis at Reno and Knoxville hired prior to January 1, 2004.

Profit-Sharing Q&A

Q: What is profit-sharing?

A: Profit-sharing is a performance-based component of the CPChem 401(k) Savings and Profit-Sharing Plan. This feature allows employees to share in the success of CPChem. Generally, the same metrics that drive the financial component of the EIP payout (please refer to the EIP Web site for more information regarding these metrics) are also considered in determining the profit-sharing contribution.

Q: Who is eligible to receive profit-sharing?

A: To be eligible to receive a profit-sharing contribution, you must have been an active participant in the CPChem 401(k) Savings and Profit-Sharing Plan on December 31 of the previous plan year. Employees are typically eligible to join the 401(k) plan on their first day of employment. Profit-sharing is also allocated to the accounts of employees who have retired, became totally disabled, or died during the plan year.

Q: How much is the profit-sharing contribution?

A: The regular annual employer matching contribution to the 401(k) plan equaled 75% of the first 6% of an employee's eligible pre-tax and/or Roth after-tax contributions. Company performance can increase this benefit through profit-sharing. Under this feature, profit-sharing contributions can equal up to 8% of an employee's eligible pay, rather than the 6% limit for regular employer matching contributions.

Profit-sharing contributions will vary from year to year depending upon CPChem's performance and its ability to support additional contributions, based on that performance. There may be years in which there is no profit-sharing match.

The profit-sharing contribution is limited to your 401(k) pre-tax and/or Roth after-tax contributions made throughout the plan year. The chart on the following page shows the basic CPChem employer match plus the 3% CPChem profit-sharing contribution for the 2016 plan year.

* 401(k) employer contribution percentages in this notice apply only to eligible U.S. dollar-paid employees, excluding most hourly employees in Performance Pipe, who have separate 401(k) employer contribution provisions.

(continued)

EXAMPLE — 401(k) SAVINGS AND PROFIT-SHARING CONTRIBUTIONS			
Employee Pre-Tax and/or Roth After-Tax Contribution Rate (% of Eligible Earnings)	Basic CPChem Match	CPChem Profit-Sharing Contribution	Total Employee + CPChem Contributions*
1%	.75%	1%	2.75%
2%	1.5%	2%	5.5%
3%	2.25%	3%	8.25%
6%	4.5%	3%	13.5%
7%	4.5%	3%	14.5%
8%	4.5%	3%	15.5%
10%	4.5%	3%	17.5%

* Subject to annual Internal Revenue Service contribution limits. 2016 Maximum allowed by IRS is the lesser of 100% or \$53,000 of eligible pay.

Q: When will I receive my profit-sharing contribution?

A: The profit-sharing contribution is typically posted to your 401(k) account at the end of the first quarter following the calendar year-end.

Q: In what form will I receive the profit-sharing contribution?

A: Profit-sharing contributions are pre-tax employer contributions and will be invested according to your current 401(k) plan investment elections. You can view your 401(k) account on the Fidelity NetBenefits Web site at www.netbenefits.com/.