**Phillips 66**
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Participants: Robert A. Herman, *Executive Vice President, Refining, Phillips 66*
Jeff Dietert, *Vice President, Investor Relations, Phillips 66*
Doug Leggate, *Research Analyst, Bank of America Merrill Lynch*

Doug: Our speaker this morning is Bob Herman who's Executive Vice President of Refining. Bob, we'll have plenty of time for Q&A, but thank you for making the trip to New York.

Bob: Thanks, Doug, and good morning, everyone. It's a pleasure to be here at Bank of America Merrill Lynch with you this morning and I appreciate your interest in Phillips 66. In 2018, Phillips 66 delivered record earnings and operating cash flow. In addition to that, we strongly rewarded our shareholders last year with strong distributions. In our Refining portfolio last year, we were well-positioned to take advantage of the light/heavy crude diffs that came, particularly in the fourth quarter and the strong distillate margins that existed throughout most of the year.

We focused on the things that were in our control. We ran well, we ran reliably, we ran safely, and we were there to take the market when the market came. Today I'm not only going to talk about our success in 2018, but more forward-looking about our strategy execution and our commitment to returning a strong shareholder return.

Slide 2, obligatory Safe Harbor statement. I'll make some forward-looking comments today. Actual outcome may be different. Those differences are highlighted on the small print on this slide or in our filings with the SEC.

Moving on to Slide 3. As part of our ongoing strategy execution, we've made investments to grow our Midstream and Chemicals businesses and to improve our returns in Refining and Marketing. As you can see from the slide, we're delivering on those commitments. We're creating value for our shareholders. The capital projects we've completed in the last couple years have added $1.5 billion of EBITDA at mid-cycle type margins to our overall portfolio. We've built out our integrated midstream assets. We've increased our pipeline capacity to the U.S. Gulf Coast and expanded our export capacity. CPChem has expanded their ethylene and polyethylene capacity by 30% over the last two years. In Refining, we've improved our yield of high valued products and our ability to run advantaged crudes. In Marketing, we've been in the process of refreshing our branded sites and increasing sales volume through those sites.

Our strategy is built on the foundation of strong operating excellence, as demonstrated by our industry-leading safety performance and top tier reliability. Our execution is made possible by a high performing organization that's strongly aligned around our core values and our strategy. The results of our investments and strategy execution reflected very favorably in our 2018 results, and we've transformed our portfolio to an enterprise that is capable at mid-cycle type margins of generating $6 to $7 billion a year of operating cash flow.

Through our success, we've been able to strongly reward our shareholders. Since 2012, we've returned $22.5 billion through dividends, share repurchases, and share exchanges to our shareholders. Our dividend is increased at a compound annual growth rate of 27% since our first dividend in 2012.

Looking at Slide 4, operating excellence is fundamental to our strategy. We're committed to operating safely and reliably, while being very mindful of our environmental responsibilities. We do this not only because it's the right thing to do, but also because it protects and preserves shareholder value. We've got a great story to share. We finished 2018 with a total reportable incident rate as our safest year ever and tied with 2017. Across Phillips 66 and in our primary joint ventures, we are leading the industry in safety performance. Our Refining Tier 1 process safety event rate of 0.02 is industry-leading and is down 75% over the last five years. In 2018, we ran well across our refining system. We ran at 95% utilization rate across our crude capacity, as well as executing a very heavy turnaround schedule in 2018.

Slide 5. Our high standards for operating excellence directly translate into our environmental, social, and governance efforts. To us, they're one in the same. We've got a robust health, safety, and environmental program as demonstrated by our industry-leading performance, and we continue to seek improvement and truly believe that a zero incident, zero injury workplace is attainable. Our combined workforce injury rate is 25 times better than the average manufacturing facility in the United States. We achieved our 14$^{th}$ consecutive year of improved environmental compliance performance and we've reduced our emissions 22% since 2012.

We're also one of the few energy companies that does fundamental research and development. Our state-of-the-art research center in Bartlesville concentrates on improving the efficiency of our current refineries and our midstream assets, allowing us to use less energy and less water in our operations. Our researchers focus on three key areas: optimization of our current assets, sustainable technologies, and in future growth technologies that are outside of our current core businesses. Additionally, we value diversity and inclusion at our workplace. Our diversity efforts are embraced by our management team and our entire organization. Our inclusive and diverse company, where every voice is heard, results in better ideas, better decisions, and more alignment around our strategy. We also think it's important to give back to the communities where we live and work. In 2018, we gave $30 million back to those communities in the areas of safety and preparedness, environmental sustainability, civic enrichment and education. In addition to that, our employees gave back 78,000 hours of their time back into the communities where we operate.

Slide 6 shows our renewable fuels projects which is a new area for us. At our Humber Refinery we have a project ongoing to run used cooking oil in our existing FCC. We expect this project to be up and running in 2020 after very successful trial runs during 2018.

On the West Coast, we partnered with Ryze Renewables through a long-term supply and off-take agreement for their plants that are being constructed in Nevada. We'll supply them the feed. We'll take 100% of the renewable diesel that comes off that and place it into the West Coast markets.

We also have a project under development with Renewable Energy Group at our Ferndale Refinery where we will build a grassroots renewable diesel plant. They'll supply the feedstocks, which is really their niche of assembling used cooking oil, canola oil, soybean oil from around the globe, get it into Ferndale, and we'll take advantage of the infrastructure that's there to be able to store and transport renewable diesel up and down the West Coast.

Let's move on to our operating business in Slide 7. Our Midstream segment provides transportation, storage, processing, and export services for crude oil, refined products, and natural gas liquids. This segment includes our master limited partnership Phillips 66 Partners and our 50% joint venture interest in DCP Midstream. 2018 was a record year for our Midstream business. We generated $1.9 billion of EBITDA, and as you can see by the chart, the investments we've been making over the last few years in Midstream are starting to contribute significantly to our results. Midstream growth continues to be part of our core strategy. U.S. crude and NGL production is expected to grow, giving us the opportunity to continue to invest in the Midstream business and grow the current infrastructure that we've got. Our Midstream growth strategy focuses on three key areas: crude oil transportation from the major shale basins to the U.S. Gulf Coast, storage and export capacity expansion on the U.S. Gulf Coast, and then essentially the entire NGL value chain, whether it is storage, transportation, fractionation, or export.

For 2019 we're investing $1.6 billion in our Midstream business, $600 million of that is at the PSXP level. Our Midstream projects are generating good returns with build multiples that are in the six to eight times EBITDA range. Over the next two years with the Midstream projects that we expect to start up, you can expect to see an incremental $400 to $500 million of EBITDA in our Midstream segment. These investments are underpinned by long-term volume commitments by creditworthy customers.

We continue to invest in export capabilities. Today we have 1.8 million barrels per day of crude, product, and LPG export capability on the U.S. Gulf Coast and our other coastal refineries.

Phillips 66 Partners continues to be an integral part of our Midstream growth strategy. It's got a competitive cost to capital and maintains stable and predictable cash flows. Phillips 66 Partners grew rapidly from their IPO in 2013 and today is very capable of sustaining a large organic program on their own.

Our Midstream assets are integrated with our Refining, Marketing and Chemicals businesses. We're uniquely positioned we think to offer a full range of integrated services to our customers.

As you can see by the map, our Midstream strategy is focused on shale basins to the U.S. Gulf Coast, build out the export capability on the Gulf Coast, and integrate that with the refining assets we've got there.

Construction is progressing on Gray Oak Pipeline, our biggest signature pipe. We expect that project to be complete by the end of this year. When it starts up, it will be capable of 900,000 barrels a day. That line is fully contracted at this point. The line goes from the Permian and Eagle Ford basins down to Corpus Christi with a leg up to Freeport, Texas, and our Sweeny Refinery. We're currently in open season again with Gray Oak for an expansion of the leg up to the Houston area to offer more optionality to the many shippers that have signed up to be part of that line.

At our Sweeny Hub, we're adding two 150,000 barrel a day fractionators at our Sweeny Refinery and 6 million barrels of storage at our Phillips 66 Partners Clemens Caverns. Once completed in late 2020, our Sweeny Hub will have 400,000 barrels a day of fractionation capacity and almost 15 million barrels of storage capacity at the Clemens Caverns. All of this will be integrated with our 200,000 barrel a day LPG export facility down at Freeport. There's also strong customer interest for us to build Frac 4. We have the infrastructure in place to already build it and we're currently out securing customer commitments to provide the natural gas liquids to feed Frac 4. Once successful in securing those commitments, I think you'll see us move forward with that project.

The Sand Hills Pipeline, owned two-thirds by DCP, one-third by Phillips 66 Partners, an expansion was completed in the fourth quarter of 2018 by DCP expanding that line to 485,000 barrels a day. That is the primary pipe carrying the NGLs through the Sweeny Hub.

Our Beaumont Terminal, strategically located on the U.S. Gulf Coast in Beaumont, has 11 pipelines in and out of the facility including the Bakken and Bayou Bridge Pipelines, which PSXP has financial interest in. We ended the year with record volumes being moved across the docks in Beaumont and we continue to expand at Beaumont in both storage capacity and our ability to export across the dock. We currently have 2.2 million barrels of storage, crude oil storage, under construction there that will be completed in the first part of 2020. Those barrels have already been completely contracted out. That takes the storage capacity in Beaumont to 16.8 million barrels. We bought that facility in 2014. It had just under 7 million barrels of storage, so this one's been a great success story for us.

The South Texas Gateway Terminal is under development by Buckeye Partners and we have a 25% interest in that facility. We'll have about 7 million barrels of storage capacity and 800,000 barrels a day of export capability over two docks that are being constructed there. This would connect directly to the Gray Oak Pipeline that we're constructing today. We expect that facility to start up in mid-2020, just after the startup of Gray Oak in late 2019.

The Bakken Pipeline, in which Phillips 66 Partners owns a 25% interest, transports crude oil from the Bakken Field. The southern terminus of that pipeline is our Beaumont facility. The operator ran a successful open season at the back end of last year and we've expanded that pipe now to 570,000 barrels per day, and it is full.

The Bayou Bridge Pipeline out of our Beaumont Terminal and heading east. The first leg of that has been in operation for about a year and a half and connects to our Lake Charles Refinery, gives us access to just about any advantaged crude in the U.S. over to Lake Charles. The second leg of that pipe is currently in line fill. It goes from Lake Charles over to St. James, Louisiana. We expect commercial operations by the end of this quarter, which gives access to many Louisiana refineries to advantaged crude from anywhere in the U.S.

We have an additional project called the ACE Pipeline that is currently in open season. That would extend that line even further then, from St. James, a new line laid down to Clovelly, Louisiana, where it will connect with the CAM Pipeline system, allow us to move advantaged barrels into our Alliance Refinery as well as other kind of south of New Orleans refineries in the area to participate in that line. We expect that line to startup in mid-2020 with initial capacity of about 400,000 barrels per day.

Moving on to Chemicals. Our Chemicals segment consists of our 50% joint venture interest in CPChem. CPChem manufactures and markets petrochemicals and polymers worldwide, but their assets and facilities are mainly concentrated in the feedstock advantaged areas of the U.S. Gulf Coast and the Middle East.

CPChem is self-funded and has a very strong balance sheet. It gives them the capability to execute large, multi-billion-dollar capital projects on their own. The new ethylene cracker and polyethylene plants that we've started up over the last year in Baytown and down at Sweeny are up. They're running very well, and they're contributing significantly to the bottom line of CPChem. In 2018, CPChem returned $1 billion to Phillips 66.

Polyethylene demand grew at about 6% in the world in 2018. The new capacity that's coming online is being absorbed quite quickly by the market. We've seen some softness in margins as crude oil prices came off in the later months of 2018 and a lot of new capacity had come on, but we're seeing demand begin to strengthen as oil prices now have moderated and are rising. We're seeing the ethane to polyethylene chain margins continuing to expand. We really do expect strong seasonal demand as we head into spring for CPChem's polyethylene.

As part of our long-term strategy, we continue to make investments to grow our Chemicals business. Global demand for petrochemical products is going to continue to grow at something greater than GDP. The new capacity that has come on is being absorbed, which we think opens up another wave of crackers to come, particularly in the U.S. with the amount of cost advantaged ethane that's hitting the market.

A second Gulf Coast project is under development for us at CPChem. We expect to make an investment decision on that sometime in 2020, which would set you up for another project completion some time out in 2024. In addition to that, CPChem has quite a few debottleneck projects on the books. These tend to be high return, quicker hit projects that we'll be able to execute between now and the next wave of crackers coming online.

Let's turn to Refining. In our Refining segment, we refine crude oil and other feedstocks to make gasoline distillates and other products at 13 refineries across the U.S. and Europe, 2.2 million barrels a day for us.

In Refining, our strategy is very simple: be efficient and low-cost. We maintain a lot of capital discipline. We only invest in growth projects that expand our ability to make higher value products or run cheaper crudes.

2018 was a great year to be a refiner – I've been in this business 37 years and for the first time it really felt good to be a refiner. We ran well. We were there to capture the strong margins, especially that came from advantaged crude feedstocks. Strong free cash flow that comes off Refining goes right back in the company and funds the growth program in the rest of Phillips 66.

In 2018, we did invest in both our Wood River and Bayway FCCs to increase the amount of high valued products coming off those FCCs. At Lake Charles we made some investments to increase their ability to run more advantaged domestic crudes as we substituted that for what we used to previously run as Venezuelan barrels there.

We also have a project underway at our Sweeny Refinery right now to modernize and upgrade the FCC there. That project will come on in mid-2020, and it really ups our ability to make petrochemical feedstocks off of that FCC in conjunction with CPChem's assets right next door.

Slide 11, we have the right portfolio in place to capture the margins in the current environment and certainly in the IMO environment that we expect to come in the back half of '19 and on into '20 and '21.

Our refineries have the highest coking capacity, both U.S. and globally, of any of our competitors, and we process a higher percentage of heavy crude than our peer group. Our fuel oil production is very low and really positions us to take advantage of IMO 2020 and what we expect to be a very strong distillate crack environment and a wide light/heavy diff environment. Our distillate yield at 38% is higher than many of our peers and really does set us up in this current environment and the next few years as we go forward.

Our domestic refineries run mainly at a crude slate of 90% advantaged crudes. We're the largest importer of Canadian crudes at about 500,000 barrels per day. And in 2018, nine of our refineries were able to run Western Canadian crudes and take advantage of that very wide light/heavy diff that existed particularly in the fourth quarter. Between that and our firm transportation commitments, we were able to optimize completely across our system and take full advantage of those differentials.

Turning to Slide 12, our Marketing and Specialties business is a high return business for us. It generates pretty stable earnings and is a low capital intensity business. We've got over 7,500 branded sites in the U.S. They're closely aligned with our refineries and our historical transportation assets. They ensure ratable pull through particularly in the Midwest and on the West Coast for us in those refineries. We're focused on programs to increase the pull through of those branded outlets.

We continue to roll out an updated image and to date, we've reimaged over 2,600 sites with 1,300 of those being in 2018. We'll complete that in the U.S. by the end of 2020, and what we're seeing on those sites that we're reimaging is we get about a 2% bump year on year in sales through each one of those sites. It really does help with the pull through off of the refineries.

In Europe, we've got a strong high returning business in the JET and COOP brands. In the UK, Germany, Austria, and Switzerland as the joint venture COOP brand. We've got 1,600 sites and we continue to add to that network in Europe. Last year we completed 20 new JET and COOP sites and we'll add about 25 or 30 more sites this year.

Moving on to Slide 13. As I said, 2018 was a great year for our company all around. We generated record earnings and we're seeing the results of our recent capital improvements to our bottom line. Strong returns from those projects have added to our adjusted ROCE, which was 16% in 2018.

We've got a strong balance sheet, investment grade credit rating, and a very efficient cost of capital. Phillips 66, on a consolidated basis, has $11.2 billion of debt on the books giving us a 29% debt to cap ratio. If you exclude PXSP, we've got $8.1 billion of debt and a 25% debt to capital ratio.

Our financial discipline and the focus on prudent capital allocation really allows us to invest through the various commodity cycles in both refining and chemicals.

Slide 14 brings us to capital allocation. With completion of over a dozen large projects over the last few years, as I said, we've added $1.5 billion of EBITDA across Midstream, Chemicals, and Refining. Our mid-cycle cash flows, we've really grown the company from $4 to $5 billion of cash flow in a mid-cycle environment, to $6 to $7 billion a year of cash flow in that same environment; a billion and a half coming from the investments in growth that we made and about a half billion coming from improved U.S. tax structure.

Disciplined capital allocation is fundamental to our strategy. We look to reinvest 60% of our cash flow back into our business for continued growth, continued yield improvement, continued abilities to run advantaged feedstocks, and we've returned 40% to our shareholders through increased dividends and share buybacks. We've got a robust portfolio of capital projects that we're very excited about across Midstream, Chemicals, and Refining.

Our capital budget at PSX/PSXP for 2019 is $2.9 billion, reflecting $1.9 billion for growth. The other billion is in sustaining capex across our operations. With our mid-cycle cash flow, we can continue to drive a growth program in the future, while still maintaining nice returns and give backs back to our shareholders. Last year we repurchased 10% of the shares outstanding in Phillips 66. We increased our quarterly dividend by 14% and we would expect to raise our dividend by double digits again this year.

Since 2012, we returned $22.5 billion to our shareholders through dividends, share repurchases, and exchanges. We bought 30% of the outstanding shares in the company back in since we spun out in 2012.

In conclusion, we've got the right strategy, the right portfolio, and the right organization in place to really compete and deliver superior returns to our shareholders. Through our commitment to operating excellence, growth based on good returns, and disciplined capital allocation we continue to be a compelling investment opportunity. Thanks today for your interest in Phillips 66.

Doug: Bob, thank you very much indeed. Why don't you come sit over here? I think Jeff is going to join us on the stage as well. Obviously a very comprehensive overview, but I want to take this down to a very simple level to kick off your bailiwick, which obviously is focused on the refining piece in particular. IMO is the topic of the day. If everybody knows that there's theoretically going to be so good for diesel cracks and so bad for fuel oil, why does it not get competed away and if you could, in addressing the question, obviously you guys are in a tremendous position, big diesel – I think the largest diesel producer and one of the heaviest crude slates – diesel cracks right now forward price looks pretty flat and the light/heavy differentials are obviously pretty tight. What resolves that going into 2020? And I know it's a long question, but I'll repeat a question I asked someone earlier. Is this forward strip telling us that maybe the industry is already reacting to this from a supply side?

Bob: I think there's a little bit of emotion and politics maybe in the forward strip right now and maybe I'll just leave it at that and not get in trouble. I think you're seeing people start to store distillate in order to ramp up the system. And to your fundamental question, why doesn't it get competed away, I think some of it will over time as people understand that the, what I believe, is the distillate margins will be above gasoline margins for as far as we can see. I think we're in a distillate driven crack environment for a long time. The industry will figure out how to put away some of this high sulfur resid that's going to be on the market. We, I can tell you, as the largest coker company in the world, we're sweeping the corners now for where we can put the next molecule in our coker. What can we do? Is there a low-hanging fruit out there to expand? I suspect all our competitors are doing the same thing and you'll see some of that expansion. You'll get some cycle oils that come off those cokers coming back into the distillate pool that way.

I think over time you'll see more scrubbers show up on the ships. But I think fundamentally we're going to go through a shift in the refining industry across the world that we've never seen before, we've never had to react so quickly to before, and if you think about our project cycles being four to six years, tied to turnaround cycles and permitting opportunities, the margin's going to exist for a while, but I do think the market will compete a good chunk of it away over the next 10 years.

Doug: Jeff does a lot of the commodity and market work for Phillips, so please, I'd love your insight.

Jeff: If you look at the 2009 to 2017 average for diesel cracks and you compare that to the forward curve, it's about $5, $5.50 a barrel higher and now the 2019, the front of the curve has come up, so it is flat, but it's easily $5 higher than what we've averaged historically. If you look at many of the consultants' estimates, they're expecting $5 to $10 a barrel wider diesel crack versus that historical average. While the curve is flat, I think once the demand kicks in and we see the incremental diesel demand it'll have an impact on prices.

Doug: I want to make sure, folks on the floor, if you've got any questions, please make yourself known. We'll get a microphone to you. But Jeff, I guess you're as knowledgeable in these markets as anybody, but I guess the issue really still comes down to the fact that there's no certainty on this outcome. I think Greg has probably been amongst the most measured in my opinion anyway of the senior executives across the industry. What is your prognosis? What is your planning assumption? I understand the consultants have got a view, but what's the Phillips view as prognosis on scale, duration, and ultimately how impactful this is?

Jeff: I think it's a great question, a great point. Within Phillips 66, we've got a bunch of very knowledgeable people with a wide range of views on how this is going to play out. To try to put too fine a point on it is not really fair. We don't publicize our planning scenarios. We really just point to where the forward curve is and highlight our exposures. Every dollar per barrel change in diesel crack is $300 million a year in EBITDA. Every dollar per barrel change in heavy sour discount is $250 million a year of EBITDA. I think those sensitivities are helpful for people to put their own forecast into the model.

Doug: No question. The other side of the equation, Bob, however is something else we've been talking about this morning, which is gasoline weakness. You've probably heard, you've been in some meetings I guess, but we're sitting with the highest API slate in the history of the industry. Utilization was obviously incentivized by very wide differentials which have somewhat gone away. How does the gasoline side of the equation evolve, because that API issue in particular is probably pretty sticky? What was behind my question is if the industry reacts to IMO by increasing utilization, specifically in Europe, does it kill the gasoline market?

Bob: I think if you look overall, our view would be that light crude in the U.S. refining system is probably saturated at this point. We're probably at the peak. You're right, we were incented to run very hard and the industry ran uncharacteristically well in the fourth quarter generating a lot of distillate and the gasoline that went with it. But if you look at the inventory curves today, we're following a normal draw curve at this point and I heard Eric before me talking about people pulling maintenance forward, but in the sum of things, that's still kind of the normal springtime operation. We're now switching, starting to switch RVP seasons in the U.S. Gulf Coast and we'll move north over the next eight weeks. That's call it 8% of the gasoline pool that's butane is about to come out. Characteristically we'd be moving toward max gasoline at this point, and there's no margin out there, no incentive to do that.

Gasoline cracks have come up significantly over the last two, three weeks, but they're still a third of what distillate cracks are. So we're going to stay in this distillate only mode core through the driving season and I think we'll see heavy draws on the gasoline pool through the summer and into the back half of the year. I think the growth in the light crude is going to have find its way offshore and end up primarily in the Far East. At the end of the day I think it's the marginal barrel. It's hard to understand how the U.S. runs much more light crude without cutting crude runs significantly. Everybody can run more light crude, but you can't run it at the same level you're running today if you're optimized today.

Doug: I want to come back to that in some of the time you've got left. Jeff, Bob alluded to the exports issue. Obviously, you've been one of the more active companies in diversifying your portfolio, so your perspective on exports is perhaps better than most on the Midstream side. Do you see a bottleneck in the Gulf Coast as the infrastructure builds down there or do you think it kind of keeps pace in terms of export capacity?

Jeff: As we've worked on our Gray Oak Pipeline, producers, shippers clearly wanted access to the water and the ability to export. That was a big criteria. I think most of the pipelines you see have export facilities associated with them. As we're constructing Gray Oak Pipeline, we expect it to come online in the fourth quarter of this year. The South Texas Gateway Terminal, which is the export facility associated with it, is operated by Buckeye. They've increased the scope of that project and it'll be completely operational by the middle of 2020. I think there could be some timing differences between the completions of pipes and the startup of export facilities, but Gray Oak has access to a number of other export facilities in Corpus Christi. It also has the ability to bring crude into our Sweeny Refinery, so there will be opportunities for those barrels to go other places. We may see some short-term tightness, but I think over the long term there'll be enough export capability.

Q: Following on from this topic is there's a battle now between Corpus Christi and MEH, the Houston area, for the light sweet Gulf Coast marker, let's call it that. Which one is going to win?

Jeff: I think both will be important. I think the east Houston marker has a lot of flexibility coming in. Cushing barrels will come there, Permian barrels will come in there. There's access for Bakken barrels through the Bakken Pipeline and so I think there are a lot of advantages to the Houston location. But as Corpus Christi grows as an export hub, that pricing will be important as well. It's lower cost from the Permian to get to Corpus Christi than to Houston, so there'll be an advantage there for exports.

Doug: We have limited time. I'm going to try and close out with a couple of rapid fire questions and not sure we'll get rapid fire answers, but we'll try. Bob, real quick, everybody's obviously interested on how flexible folks are to be able to swing between light and heavy. You guys are the biggest heavy oil, one of the biggest importers of Canadian heavy oil. How much have you swung your system away from heavy in response to what's happened to differentials?

Bob: We really haven't, Doug. If you look at Phillips 66, we're 65% medium light, slight 35% heavy and even at the differentials we saw, with our firm transportation commitments, it still made sense to run that heavy in most of our facilities.

Doug: Earlier this year gasoline was obviously very weak. It's still, as you pointed out, quite weak. Greg has talked periodically about run cuts, economic run cuts. Is that something Phillips is participating in this time around?

Bob: We look at them every day and we've had very minimal economic run cuts. We've seen a little bit out on the West Coast, but we, like others, pulled some maintenance forward in the extremely weak periods here and kind of took care of the economic run cuts that way.

Doug: Last one for you and then one for Jeff. The VGO partial solution to the bunker fuel market, you agree or not?

Bob: I'm not a big believer. If you think about the volume expansion you get across an FCC and you get a certain amount of diesel coming off the back of that FCC anyway, it's going to take a really wide price signal to incent people, I think, to not put the VGOs into their cat crackers, particularly in the U.S. Might happen in some less efficient cats in other parts of the world, but I think the U.S. keeps the cats full.

Doug: Finally, for Jeff, 60/40 the split of investment versus distribution, you guys have led the market with that model. Why is that the right split.

Jeff: It's really a factor of our cash flow capability and the investment opportunities that are available across our portfolio. And so there's a constant tension between growth capital and buying back stock. Obviously, our dividends are going to be secure, competitive, and growing. We're going to spend the sustaining capital to maintain our portfolio, so those two are given. It's a battle between do we have enough growth projects to move higher into that range if growth capital's one to two billion dollars a year. We're moving to the higher end of that range for 2019 because of Gray Oak, because of Frac 2 and 3 at Sweeny, because we had strong return projects. If you look back at 2017, we were under a billion dollars of growth because there weren't as many attractive growth projects there. In that year and last year, we bought back more stock. We look at intrinsic value for our stock, and when we're trading below intrinsic value, we're in the market buying.

Doug: Great. Guys we really appreciate it. This is our 15th year doing this conference. Since you spun out from ConocoPhillips, you've been here every year. We really appreciate your support. Thanks very much.