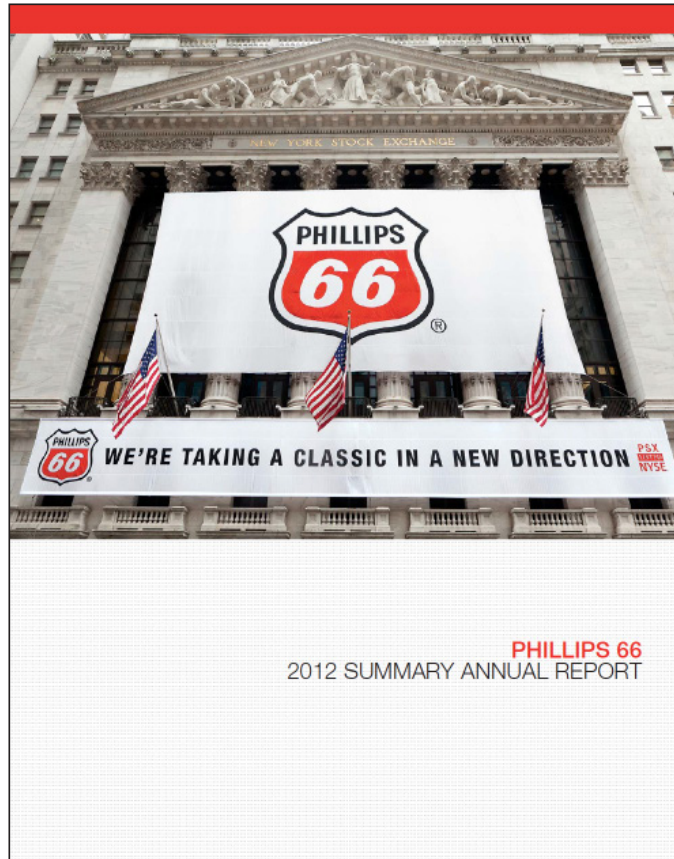


Phillips 66's True Motivation for the "Rail Spur" Project,  
as Per Their Corporate Annual Report Issued Early in 2013:

***"We're Taking a Classic Company in a New Direction:  
Crude-by-Rail"***



In this annual report (issued well prior to their "rail spur" application) Phillips said the crude oil revolution can "give Phillips a competitive advantage in the global marketplace. However, limited domestic pipeline creates a challenge to transporting lower-cost crudes. In 2012, we reached an agreement to manufacture 2,000 railcars for the transport of crude to our refineries." They called it their "crude-by-rail strategy". Never once did it mention reduced sources of California crude, nor problems with their Santa Maria Refinery.

**Phillips' CEO stated their national goal: "Our opportunity is to get advantaged (low cost) crudes to the West Coast ... moving Canadian crudes into California (by) building rail facilities.**

***"A savings of \$1 per barrel across our refining system is worth about \$450 million of net income to us."***

So their true motivation is to gain a competitive advantage and far higher profits. And their local refinery must fall in line with this new corporate dictate. It's a new business model, nationwide, to generate higher profits by delivering low-cost crude by rail. It's not about the Santa Maria Refinery going out of business and lost jobs.

In fact, Phillips' corporate spokesman, Dennis Nuss, was interviewed by the *New Times* newspaper. "When asked if Phillips had considered shutting the refinery if the rail spur wasn't approved, Nuss said such discussions hadn't occurred." So this is not about jobs -- it's about increasing profits via "crude-by-rail."

## 29 FACT-BASED REASONS to Oppose the Phillips 66 Rail Terminal Project

1. Phillips' Stated Motivation Is A *Misleading, Red Herring*; It's About *Increased Profits, Not Jobs*
2. The Project Is Not About "Energy Independence"; Phillips Is Engaged In A *Global Export* Strategy
3. Phillips Is Minimizing The *Enormous Scope* Of What They Intend To Bring To SLO County
4. Phillips Is Minimizing The Historical Odds Of *Accidents*; The Number Of Derailments Are *Accelerating*
5. The Project Is Well Beyond A "NIMBY" Issue - In Reality It Creates *Countywide & Statewide* Impacts
6. Rail Disasters Could Occur In Virtually *Any Of SLO County's Populated Areas*
7. Phillips' DOT-111 Rail Cars - They're *Not As Safe* As Claimed & They're *Banned* In The REIR
8. Sending Thousands Of Crude Oil Trains Down The *Cuesta Grade* Is Inviting A Monumental Disaster
9. Tar Sands Shipments Must Be *Diluted* With Flammable Substances - The *Combination* Is Explosive!
10. A Major Rail Accident Would Require A *Widespread County Evacuation*
11. Emergency Response: *Underfunded/Undertrained/Under-equipped/Unprepared/Preempted*
12. Phillips' Project Is *Inconsistent With SLO County's General Plan* To Protect Citizens
13. Federal *Preemption* Blocks SLO & Other Counties From Protecting Their Citizens' Health & Safety
14. Phillips Will Introduce *Obnoxious Noise Levels* Throughout California & SLO County
15. *Visual Impacts* Throughout SLO County Cannot Be Mitigated - Oil Tankers Would Be Our New "*Icon*"
16. The Project Would Put The *Reputation & Financial Well Being* Of SLO County In Grave Danger
17. Approving The Phillips Plan Will Negatively Impact SLO County's *Business Development*
18. The Impacts Could Devastate The Reputation Of SLO County's *Agricultural* Businesses
19. Phillips' Plan Will Put SLO County's *Tourism* Business At Severe Risk
20. Crude-By-Rail Puts *Jobs Throughout SLO County* At Risk
21. *Who Pays* When Phillips Crude-By-Rail Plan Goes Wrong? SLO County's *Taxpayers!*
22. A Rail Terminal Greatly Changes 60-Year Old Land Usage From *Passive To Highly Active*
23. The Project *Degrades* Our *Air Quality* Via Five Class I, "Significant/Unavoidable" Health Impacts
24. The Use Of *Emission Credits* By Phillips Is A Clear-Cut Health Danger To SLO County Citizens
25. The Refining Of *Tar Sands* Will Lead To Major Health Problems ... Including "Pet Coke" Dust
26. Visual Impacts Of The *Rail Terminal* Cannot Be Mitigated
27. Lighting Impacts At The *Rail Terminal* Cannot Be Mitigated
28. Phillips May Be Engaged In "*Piecemealing*", Which Is Illegal Under CEQA; Law Suits Under Way
29. The Proposal Benefits *Only* Phillips; The Citizens Of SLO County Become "*Collateral Damage*"