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## **VALERO PLANS NEW 200-EMPLOYEE DISTRIBUTION CENTER**

Valero Energy Corp. (NYSE: VLO) will develop a new \$7 million distribution center that will create 200 local jobs in the Northeast San Antonio area. The firm is in final negotiations to lease a 130,000-square-foot distribution warehouse that was formerly occupied by Victory Packaging, according to Amy Madison, who is the community development director for Schertz -- where the building is located.

The new distribution center will supply merchandise for approximately 650 of Valero's Diamond Shamrock Corner Stores. San Francisco-based Core-Mark International Inc. will manage the center and provide distribution and logistics services for the facility. Core-Mark, which will hire most of the work force, estimates that the new jobs will generate a payroll of over \$6 million annually. Valero expects to have the facility in operation by April 2005. "This project is not only great news for the San Antonio area since it will generate local spending and jobs, it's also great news for Valero because it will improve our customer service, operations and profitability," says Valero Chairman and CEO Bill Greehey.

"With the new center, we will have more flexibility and control over the supply chain supporting our retail business," he adds. "As a result, we'll be able to supply our stores with the right products at the right time, more quickly and more often." Valero's plans are significant for both the city of Schertz and the Greater San Antonio area, says Madison, who refers to the Fortune 500 firm as a powerful presence for the city of Schertz.

"To see a company like this invest is a real benefit for us and the entire area," she says, "San Antonio, Bexar County and beyond." Madison adds that the company's announcement reinforces the import role that suburban cities play in attracting new businesses to the region, as well as enticing existing companies to expand their operations in the area. "Obviously, (businesses) would not be looking (in Schertz) if there weren't some distinct advantages," Madison says, adding that the city is working with Valero on an incentive package for the distribution facility. The new jobs that the facility is poised to create are also a boon for Schertz and neighboring cities, Madison says.

"We have a very strong work force in our own backyard, and in the neighboring suburban cities," she says. "But that work force has yet to be tapped; we are just getting started." The building that Valero will occupy is part of the Tri-County West Business & Industrial Park, a large-scale industrial project being marketed by locally based Cross & Co. Tri-County West is poised to add up to 1 million square feet of new industrial space in Schertz.