Valero History

1980s

Started out in the natural gas industry

Grew to become the largest intrastate pipeline in Texas

6th-largest supplier of natural gas liquids in the U.S.

Built Valero Corpus Christi refinery

Last grassroots refinery in the United States

Today one of the most complex and profitable refineries in the world
1997

Sold natural gas assets to focus on refining & marketing

Goals was to have 2 million BPD capacity in 5 years

Purchased three Texas Gulf Coast refineries from Basis Petroleum

1998

Purchased Paulsboro, New Jersey refinery from Mobil
Valero History

2000
- Purchased Benicia, CA refinery from ExxonMobil
- Launched Valero retail brand
  - Included 80 company-owned retail sites and distributor chain of 270 Exxon stores

2001
- Acquired El Paso Corp.’s Corpus Christi refinery
2001

- Acquired Ultramar Diamond Shamrock in $6 billion transaction
- Put Valero at 2 million BPD ahead of schedule
- Added six more refineries
- 4,100 retail stores
- Gave Valero interest in master limited partnership consisting of crude and product pipelines and terminals

2003

- Acquired St. Charles, LA refinery from Orion Refining
Valero Today

#55 on the Fortune 500
20,000+ employees
Revenue = $38 billion
Total assets = $14 billion
14 refineries in 13 locations in the U.S. & Canada
Throughput capacity = more than 2 million BPD
10% of total U.S. refining capacity
4,500 retail sites
Branded *Diamond Shamrock*; *Valero*; *Ultramar*; *Beacon*; *Total*
Market products in 40 U.S. states, Canada and Latin America
Valero Today

A strong retail network

We greet over **500 million customers** per year

Our soft drink fountains sell the equivalent of **22 million 32-oz. cups** each year

Sell almost **1 billion ounces of Coke products** per year

Sold over **3 million gallons of coffee** in ‘03

Our customers buy **$330 million worth of tobacco products** annually

We sell a **Hershey’s candy bar every 4.3 seconds**

We sell nearly **20 million bags of Frito-Lay chips** each year
Valero Today

Valero L.P.

A publicly traded master limited partnership (NYSE: VLI)
Valero Energy owns 49.5%

Partnership has $764 million in assets:

4,100 miles of crude oil and refined product pipelines
18 refined product terminals with 170 tanks that have storage capacity of 3.9 million bbls.
8 storage facilities with 73 crude oil storage tanks that have storage capacity of 14.4 million bbls.

Partnership transports refined products from four of Valero Energy’s refineries to markets in the Mid-Continent, Southwest and Texas-Mexico border region

Pipeline/storage facilities primarily supply six of Valero Energy’s key refineries with crude oil and other feedstocks
Valero L.P. Map of Operations
Employees Are Valero’s #1 Asset

Valero consistently ranked among Fortune Magazine’s “100 Best Companies to Work for in America”

#32 in ‘04, up from #70 in ‘03

No layoffs in company history

Best pay and benefits in the industry

Most all-inclusive benefits plan in the industry

All-employee bonus

Traditional pension and thrift (401K) plan
Safety -- Valero’s TOP Priority

First thing listed in the Valero mission statement
Valero’s recordable injury rate is consistently better than industry average

2003 recordable injury rate = .95 -- twice as good as the industry average

A new measure of success -- Voluntary Protection Program (VPP) -- a U.S. Occupational Safety & Health Administration (OSHA) program that recognizes the best safety programs in the industry
Valero has 5 of only 16 VPP “Star Site” refineries in the U.S.

goal is to have all U.S. refineries VPP certified
Environmental Commitment

Have earned numerous prestigious environmental honors

“U.S. Refiner of the Year” World Refining Magazine

“Environmental Achievement Award”--America’s Clean Air Celebration

“Governor’s Award for Environmental Excellence,” State of Texas’ highest environmental honor

Significant investments in environmental initiatives

$2 billion to produce clean-burning fuels

$40 million in waste minimization/pollution prevention projects at Corpus Christi refinery

An additional $150 million in environmental protection technology implemented or planned for Houston, Texas City, Paulsboro and Ardmore refineries

$1.2-1.4 billion across system to meet future Tier II sulfur specifications for gasoline and diesel
Community Service

Community involvement is an integral part of Valero’s culture and part of Valero mission statement.

Employees gave record-breaking 160,000 hours volunteering for community projects in 2003.

Employee volunteer efforts encouraged and supported by top management.

$7.5 million United Way campaign

94 percent participation among employees.

Valero Texas Open/Valero Benefit for Children Golf Classic -- $2.8 million raised for charity.

$915,000 Muscular Dystrophy Association campaign.

$914,000 Children’s Miracle Network campaign.

National honors include United Way’s “Spirit of America Award” and Points of Light Foundation’s “Excellence in Corporate Community Service Award.”
Operational Expertise

Valero’s core business is in refining and marketing, and through acquisitions, upgrades/optimization and the sharing of best practices across our system, we have assembled the most complex refining system in the U.S.

Refining system complexity rating is 13 -- 30% higher than the U.S. average of 10 (Nelson Complexity Scale)

Valero has substantial sour crude processing expertise which gives us a competitive advantage over other refiners

70% of Valero’s feedstock slate is sour crude
Valero’s Crude Sources

Valero processed approximately 540 MM bbls in 2003

North America = 217 MM bbls
Middle East = 146 MM bbls
South America = 53 MM
Other = 124 MM bbls