

Edgar Filing: VALERO ENERGY CORP/TX - Form 425

 VALERO/UDS

=====

EQUALIZATION MECHANISM
 MM, EXCEPT PER SHARE FIGURES

TRANSACTION STRUCTURE

Total UDS Shares 72.3

CASH PORTION (VALUE OF \$55.00 OFFER AT 50%)

STOCK PORTION (

Cash Offer per Share

\$27.50

Stock Exchange

Cash Offered in Transaction (\$27.50 x 72.3 Shares) \$1,988

Number of Valero

VALERO SHARE PRICE	CASH VALUE AT 50%	EXCHANGE RATIO AT 50%	STOCK VALUE AT 50%	BLENDED TRANSACTION VALUE PER UDS SHARE	TOTAL CASH OFFERED BY VALERO	TOTAL VALUE OF STOCK OFFERED BY VALERO	TOTAL CONSIDERATION OFFERED BY VALERO	PERCENT OF UDS SHARES PURCH. CASH	TOTAL SHARES OFFERED BY VALERO
A	B	C	D	E	F	G	H	I	J
\$25.00	\$27.50	0.614x	\$15.35	[\$42.85]	\$1,766	\$1,332	\$3,098	57.0%	53.3
30.00	27.50	0.614x	18.42	[45.92]	1,892	1,428	3,320	57.0%	47.6
33.73*	27.50	0.614x	20.71	[48.21]	1,988	1,498	3,486	57.0%	44.4
35.00	27.50	0.614x	21.49	[48.99]	1,988	1,554	3,542	56.1%	44.4
40.00	27.50	0.614x	24.56	[52.06]	1,988	1,776	3,764	52.8%	44.4
45.00	27.50	0.614x	27.63	[55.13]	1,988	1,998	3,986	49.9%	44.4
50.00	27.50	0.614x	30.70	[58.20]	1,988	2,220	4,208	47.3%	44.4
			=AxC	=B+D	= \$1,988 - M	= A x J	= F + G	= F / H	= 44.4 + L

NOTES:

- o Assumes at least 43% of the consideration will be required to be paid in Valero stock in order to maintain the tax free status of the transaction with

Edgar Filing: VALERO ENERGY CORP/TX - Form 425

respect to the stock consideration. Pursuant to the terms of the merger agreement, the minimum percentage required to be paid in stock will not be determined until closing and may be higher or lower than the assumption made for this example.

- o \$33.73 represents the breakeven price below which additional stock may be issued to preserve tax-free treatment.

VALERO/UDS

=====

STATEMENTS CONTAINED IN THIS PRESS RELEASE THAT STATE THE COMPANY'S OR MANAGEMENT'S EXPECTATIONS OR PREDICTIONS OF THE FUTURE ARE FORWARD-LOOKING STATEMENTS INTENDED TO BE COVERED BY THE SAFE HARBOR PROVISIONS OF THE SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934. IT IS IMPORTANT TO NOTE THAT THE COMPANY'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE PROJECTED IN SUCH FORWARD-LOOKING STATEMENTS.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS THAT WILL BE SENT TO VALERO AND UDS STOCKHOLDERS REGARDING THE PROPOSED MERGER, WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. THE JOINT PROXY STATEMENT/PROSPECTUS WILL BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BY VALERO AND UDS. INVESTORS AND SECURITY HOLDERS MAY OBTAIN A FREE COPY OF THE JOINT PROXY STATEMENT/PROSPECTUS, WHEN IT IS AVAILABLE, AND OTHER DOCUMENTS FILED BY VALERO AND UDS WITH THE COMMISSION AT THE COMMISSION'S WEB SITE AT WWW.SEC.GOV. THE JOINT PROXY STATEMENT/PROSPECTUS AND THESE OTHER DOCUMENTS MAY ALSO BE OBTAINED, WHEN AVAILABLE, FREE OF CHARGE FROM VALERO AND UDS. STOCKHOLDERS SHOULD READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS CAREFULLY BEFORE MAKING A DECISION CONCERNING THE MERGER.

VALERO AND UDS, AND THEIR RESPECTIVE DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN OTHER OF THEIR RESPECTIVE EMPLOYEES, MAY BE SOLICITING PROXIES FROM THEIR RESPECTIVE STOCKHOLDERS IN FAVOR OF THE APPROVAL OF THE MERGER. INFORMATION REGARDING THE PERSONS WHO MAY, UNDER SEC RULES, BE DEEMED TO BE PARTICIPANTS IN THE SOLICITATION OF VALERO AND UDS STOCKHOLDERS IN CONNECTION WITH THE MERGER IS SET FORTH, IN THE CASE OF VALERO, IN VALERO'S PROXY STATEMENT FOR ITS 2001 ANNUAL MEETING, FILED WITH THE SEC ON MARCH 28, 2001, AND IN THE CASE OF UDS, IN UDS'S PROXY STATEMENT FOR ITS 2001 ANNUAL MEETING, FILED WITH THE SEC ON MARCH 27, 2001, AND ADDITIONAL INFORMATION WILL BE SET FORTH IN THE DEFINITIVE PROXY STATEMENT/PROSPECTUS REFERRED TO ABOVE WHEN IT IS FILED WITH THE SEC.