



COMMONWEALTH OF VIRGINIA

July 13, 2005

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GOVERNOR WARNER ANNOUNCES FOOD CITY DISTRIBUTION CENTER TO EXPAND IN WASHINGTON COUNTY

- Company to invest \$19.35 million, create 110 new jobs -

ABINGDON - >Governor Mark R. Warner today announced that K-VA-T Food Stores, Inc., parent company for the Food City retail supermarket chain, will invest \$19.35 million to expand its current distribution facility, located on Hillman Highway in Washington County. The project – the construction of a 164,000 square foot freezer distribution facility -- will create 110 new jobs. Virginia successfully competed against Tennessee for the project.

“Last fall, I met with President and CEO of K-VA-T Food Stores Steve Smith to discuss the potential for bringing this major expansion to Virginia,” said Governor Warner. “Through the resources of the Virginia Tobacco Commission and the Governor’s Opportunity Fund, we were able to partner with Washington County to solve the company’s needs. This great corporate citizen has once again chosen to partner with Southwest Virginia, and I congratulate the company on its success.”

K-VA-T, a privately held company, is an acronym for its trade area, Kentucky, Virginia and Tennessee and is now the largest employer in the Tri-cities (Tennessee/Virginia) region and the fifth largest employer in Virginia. Headquartered in Abingdon, K-VA-T

operates 90 Food City supermarkets throughout southeast Kentucky, southwest Virginia and northeast Tennessee and serves a trade area population of over 2.5 million people and 980,000 households.

“Virginia plays a huge role in our company history, both past and present,” said Steve Smith, CEO, K-VA-T Food Stores. “Jack C. Smith, our founder and chairman of the Board opened his first (then Piggly Wiggly) supermarket in Grundy, Virginia in 1955. Although our company has shown tremendous growth through expansions, acquisitions and newly constructed sites, Abingdon has continued to serve as the location for our distribution center for more than 30 years. We have compiled an excellent workforce. Washington County and the Commonwealth of Virginia have been very helpful in meeting our development needs and we are very pleased to be strengthening our ties with the area and its residents.”

The Virginia Economic Development Partnership worked with Washington County to negotiate an incentive package to secure the project for Virginia. Governor Warner approved a \$250,000 grant from the Governor’s Opportunity Fund to assist Washington County with the project. The Virginia Tobacco Indemnification and Community Revitalization Commission approved \$250,000 in Tobacco Region Opportunity Funds for the project. The Virginia Department of Business Assistance will provide training through its Workforce Services Program.

"We are extremely proud to continue our strong partnership with K-VA-T," said John Roberts, Chairman of the Washington County Board of Supervisors. "K-VA-T provides valuable employment, competitive wages and benefits for over 1,000 employees in Washington County, Virginia and over 10,500 employees total, making them the largest employer in our region.

K-VA-T also sponsors the annual Food City 500 in March and Food City 250 in August at Bristol Motor Speedway, which generates significant local sales tax revenue. The company is involved in many other civic and charitable activities in our County, as well. Washington County is pleased to be providing land and \$250,000 in grading costs to help make this expansion project a reality.