VALERO

Investor Presentation

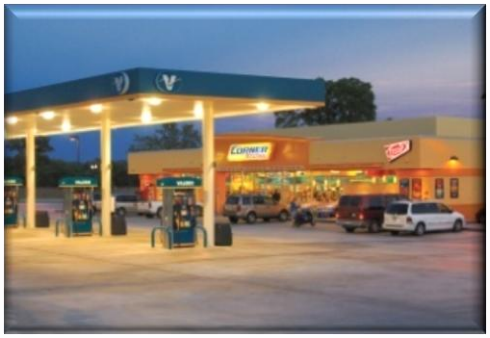
September 2012

Safe Harbor Statement

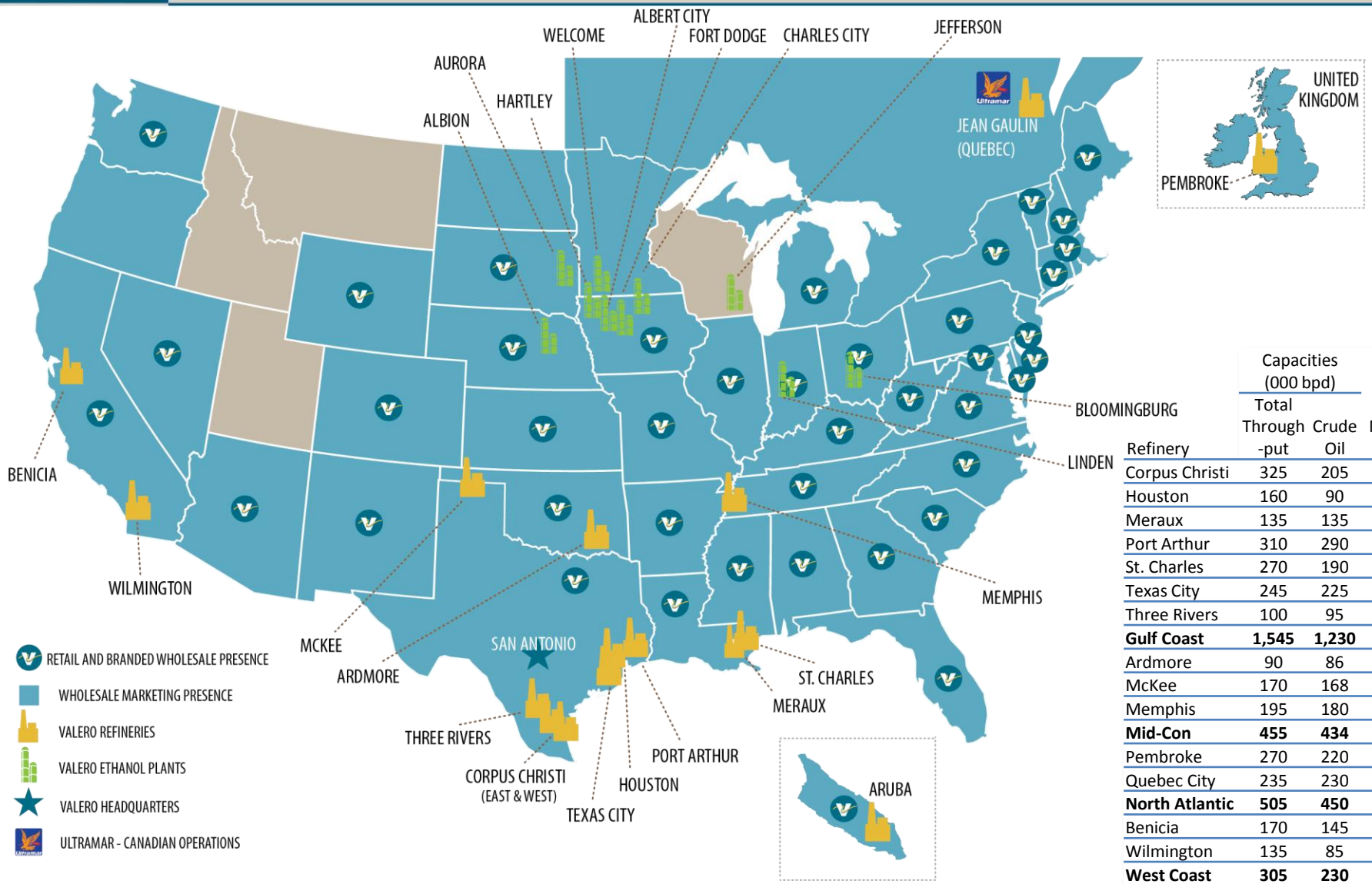
Statements contained in this presentation that state the Company's or management's expectations or predictions of the future are forward–looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "believe," "expect," "should," "estimates," and other similar expressions identify forward–looking statements. It is important to note that **actual results could differ materially from those projected in such forward–looking statements. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K and quarterly reports on Form 10-Q**, filed with the Securities and Exchange Commission, and available on Valero's website at www.valero.com.

Valero Energy Today

- World's largest independent refiner
  - 16 refineries
  - 3 million barrels per day (BPD) of throughput capacity, with average capacity of 190,000 BPD (187,000 BPD excluding Aruba)
- Approximately 6,800 branded marketing sites
  - Nearly 1,300 company operated in U.S. and Canada
  - Announced intention to separate Retail segment
- One of the largest renewable fuels companies
  - 10 efficient corn ethanol plants with total of 1.1 billion gallons/year (72,000 BPD) of nameplate production capacity
    - All plants located in resource-advantaged U.S. corn belt
  - Diamond Green Diesel JV under construction (renewable diesel from waste cooking oil and animal fat)
    - 10,000 BPD capacity, 50% to Valero
- Approximately 22,000 employees



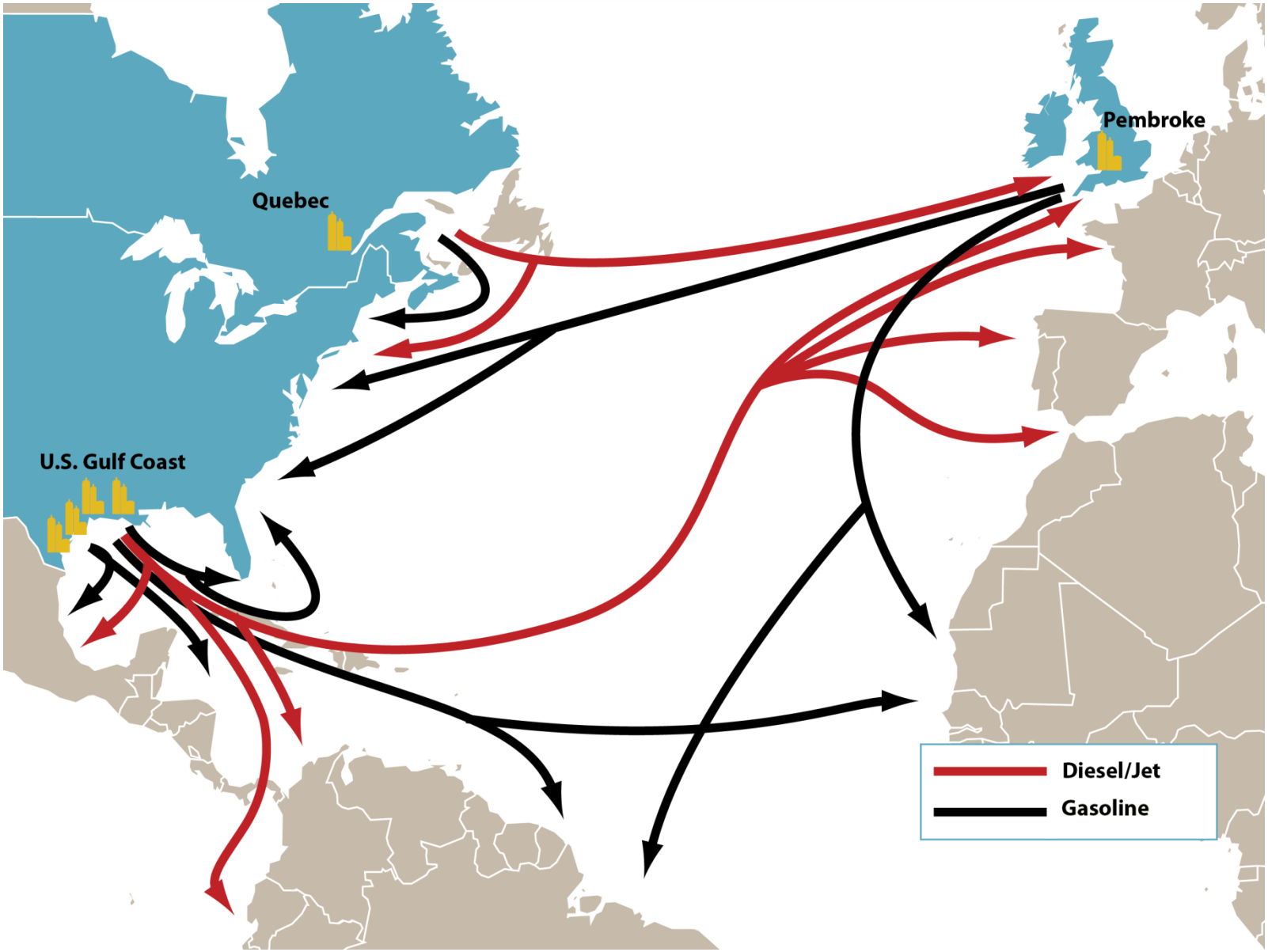
Valero's Geographically Diverse Operations



Refinery	Capacities (000 bpd) Total Through -put	Crude Oil	Nelson Index
Corpus Christi	325	205	20.6
Houston	160	90	15.1
Meraux	135	135	10.2
Port Arthur	310	290	12.7
St. Charles	270	190	15.2
Texas City	245	225	11.1
Three Rivers	100	95	12.4
Gulf Coast	**1,545**	**1,230**	**14.0**
Ardmore	90	86	12.0
McKee	170	168	9.5
Memphis	195	180	7.5
Mid-Con	**455**	**434**	**9.2**
Pembroke	270	220	11.8
Quebec City	235	230	7.7
North Atlantic	**505**	**450**	**9.7**
Benicia	170	145	15.0
Wilmington	135	85	15.8
West Coast	**305**	**230**	**15.3**
Total or Avg.	**2,810**	**2,344**	**12.4**

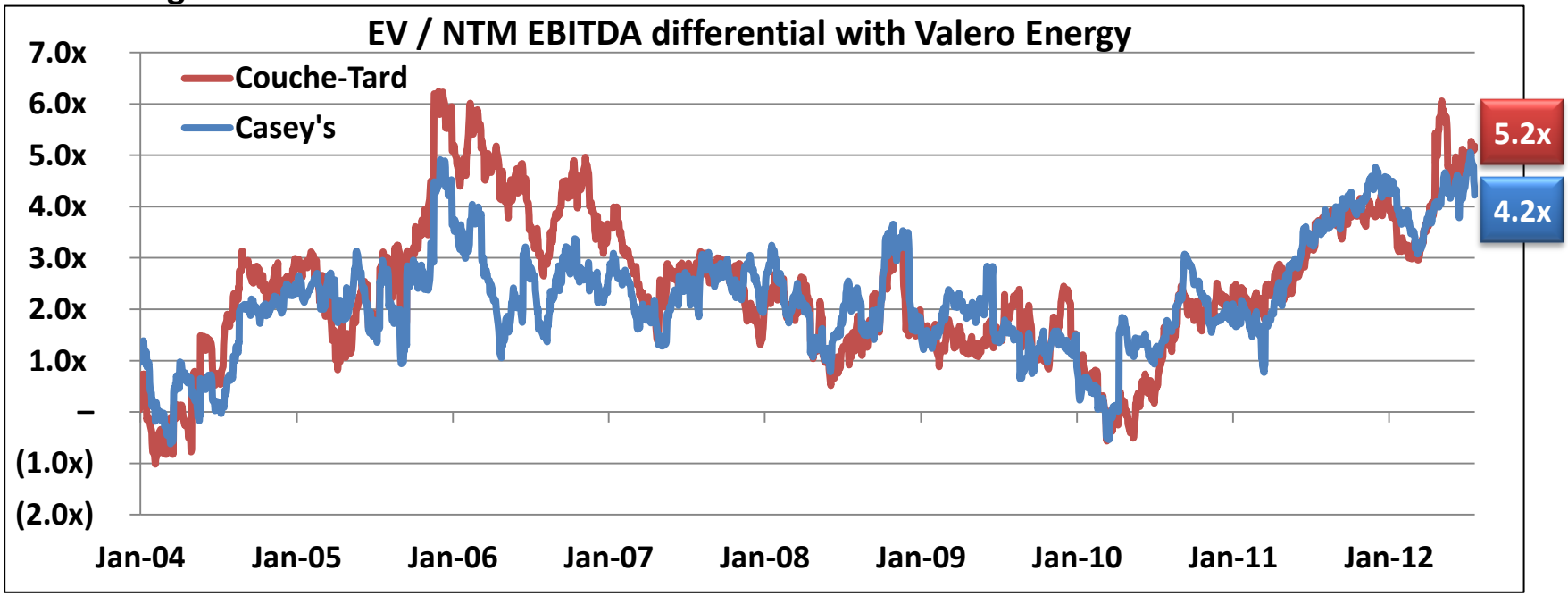
Shutdown in March 2012
235,000 bpd capacity
Nelson Index of 8

Valero in the Atlantic Basin



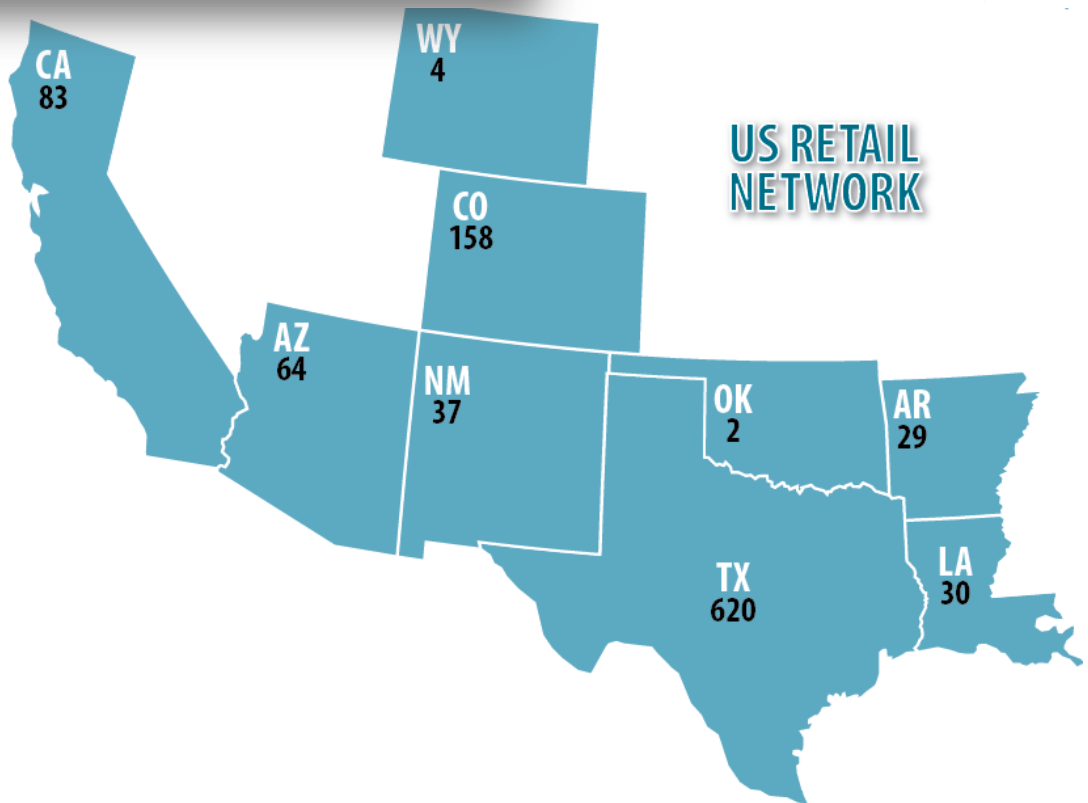
Recently Announced Retail Separation

- Board of directors has authorized management to pursue a separation of our retail business
- Reviewing several potential separation transactions including a tax-efficient distribution to shareholders
- Separation will create operational flexibility and unlock value for our shareholders leaving the two separate companies better-positioned to focus on their industry-specific strategies
  - Investors and analysts have treated Valero mainly as a refiner, ignoring higher potential value of retail segment



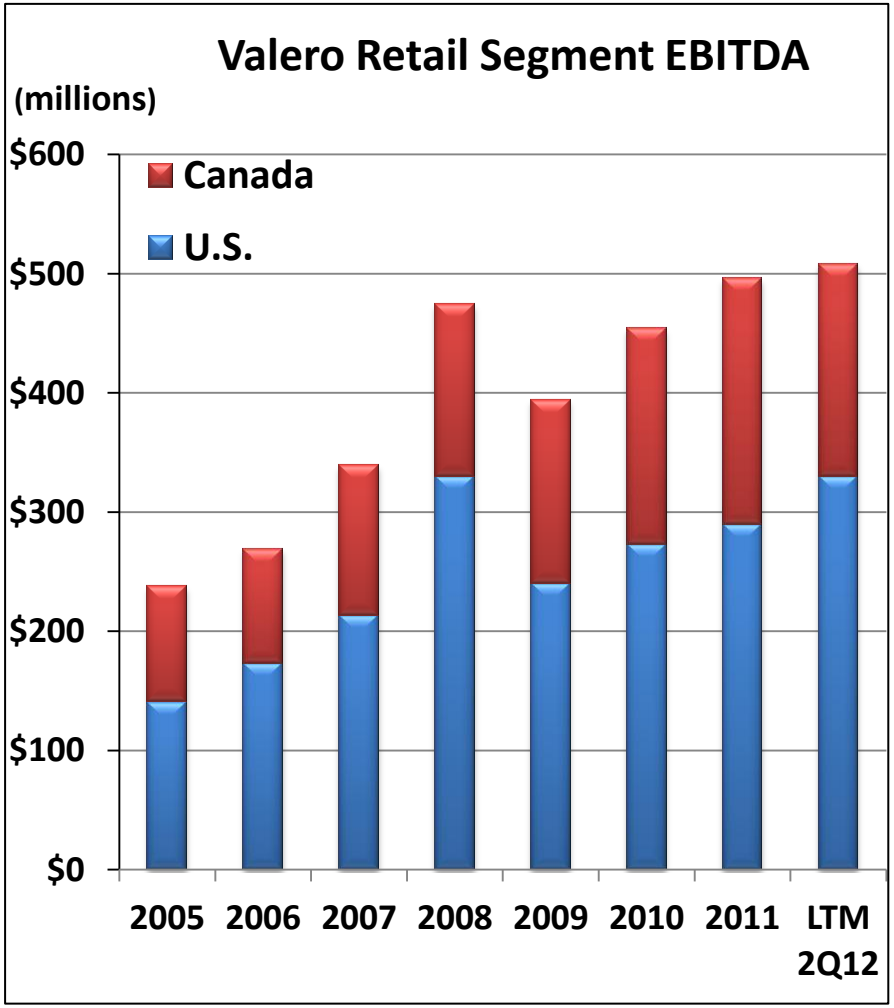
Source: Factset as of 7/19/12, NTM = Next 12-months consensus estimate

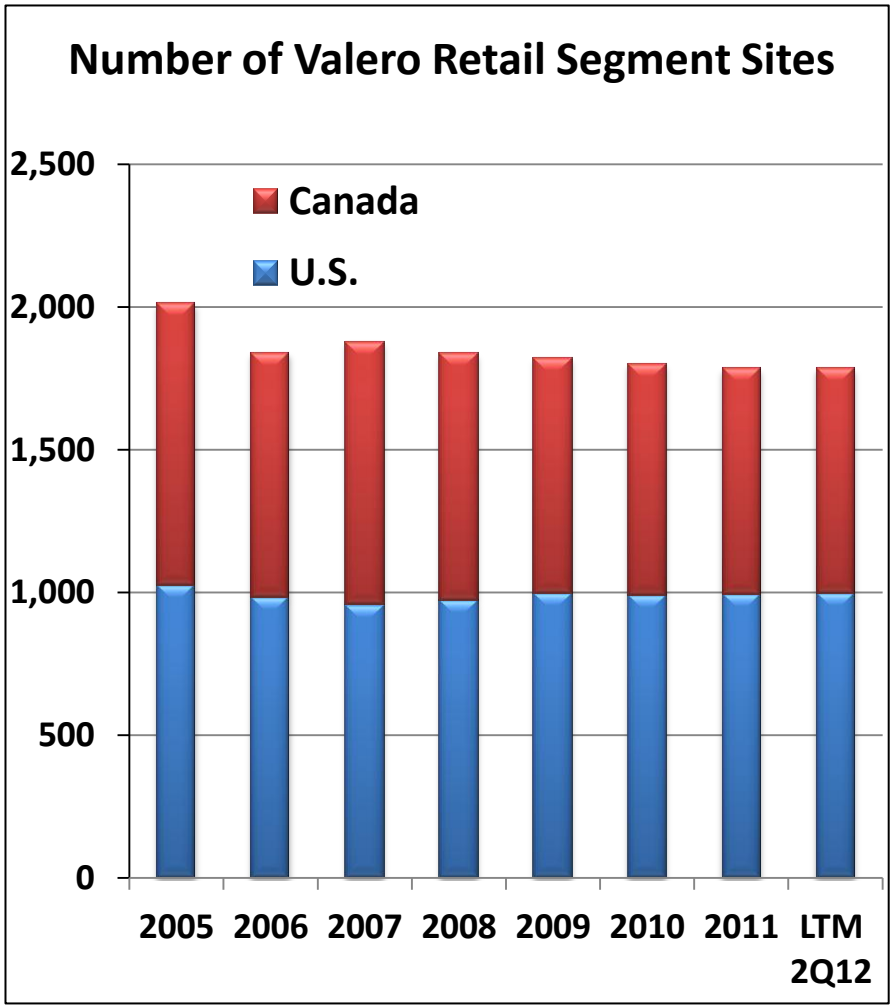
Valero's U.S. Retail Segment Network



	U.S.		Canada		Total	
Owned	828	81%	290	37%	1,118	62%
Leased land, own improvements	68	7%	114	15%	182	10%
Leased land and improvements	131	13%	371	48%	502	28%
Total	**1,027**	**100%**	**775**	**100%**	**1,802**	**100%**

Valero's Retail Segment Performance





Note: includes all Canadian motorist sites reported in Canadian results

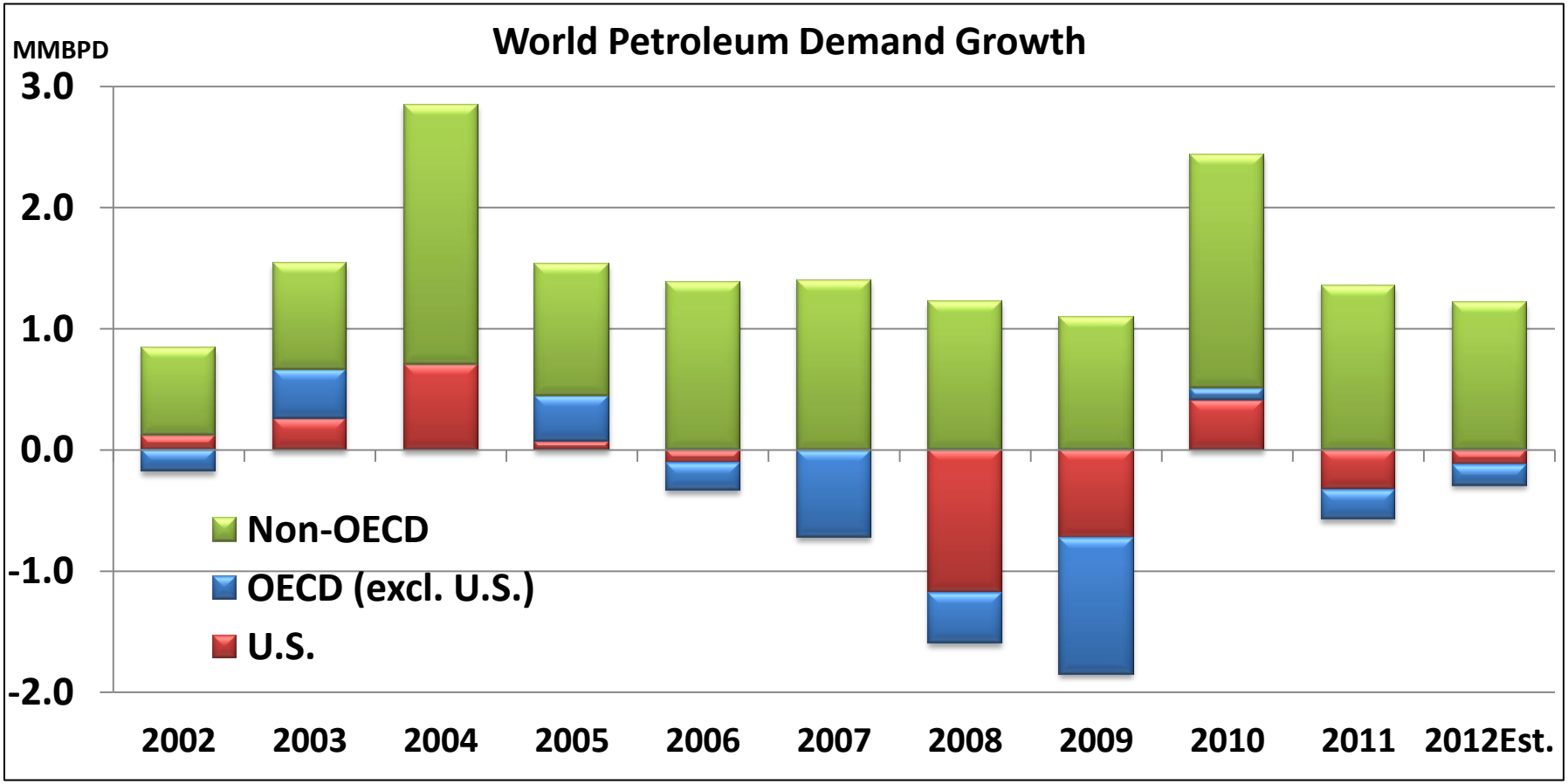
- **Retail achieved record operating income in 2011, and highest quarter on record in 2Q12**

VLO Well-Positioned to Benefit from Changing Market Trends

- Atlantic Basin refining closures reducing excess capacity
- U.S. competitively exporting into growing and undersupplied markets
- Expect abundant and growing U.S. shale oil and Canadian production to provide feedstock cost advantage, which increases in the future
- Low-cost U.S. natural gas provides competitive advantage
- Increasing Valero's yield of distillates, which have higher margins and global growth

Continued Global Demand Growth Important to Refining Margins

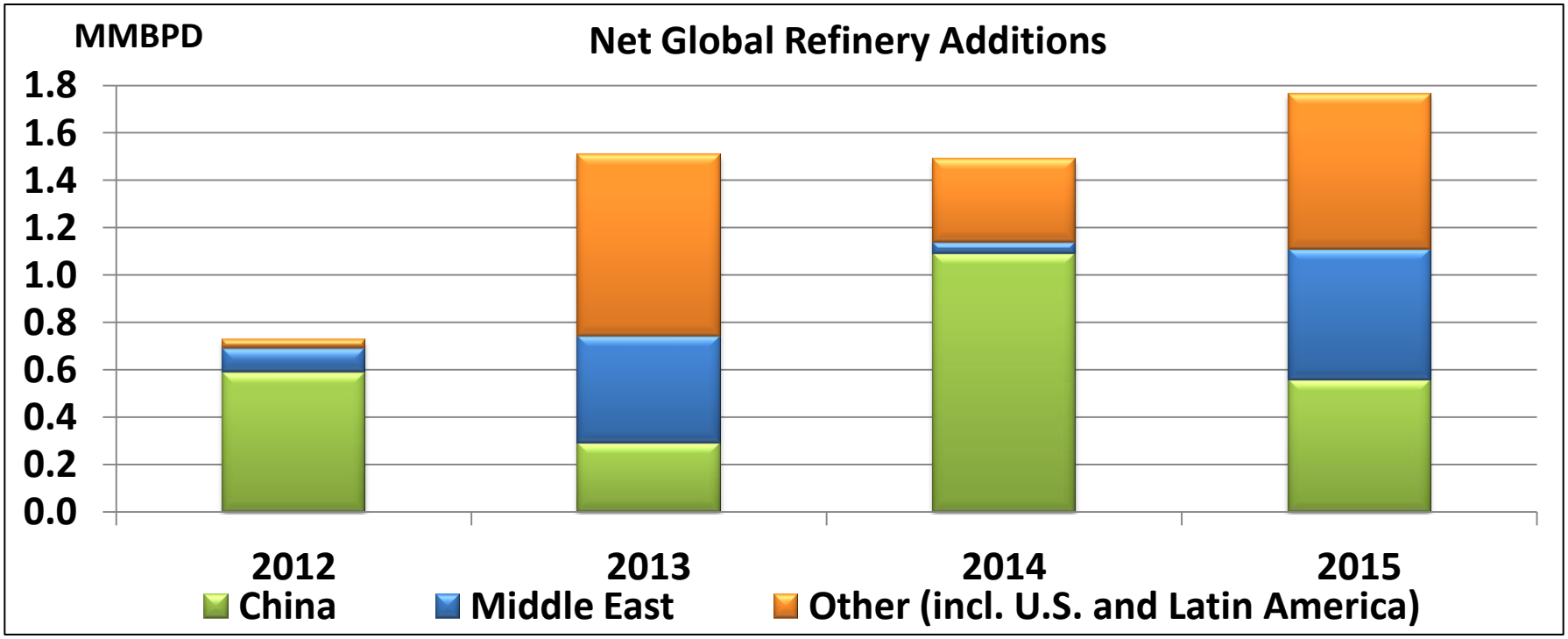
- **Emerging markets are taking the lead in terms of global petroleum demand growth – but refining is a global business and world growth impacts refiners in every market**



Source: Consultant and Valero estimates

World Refinery Capacity Growth

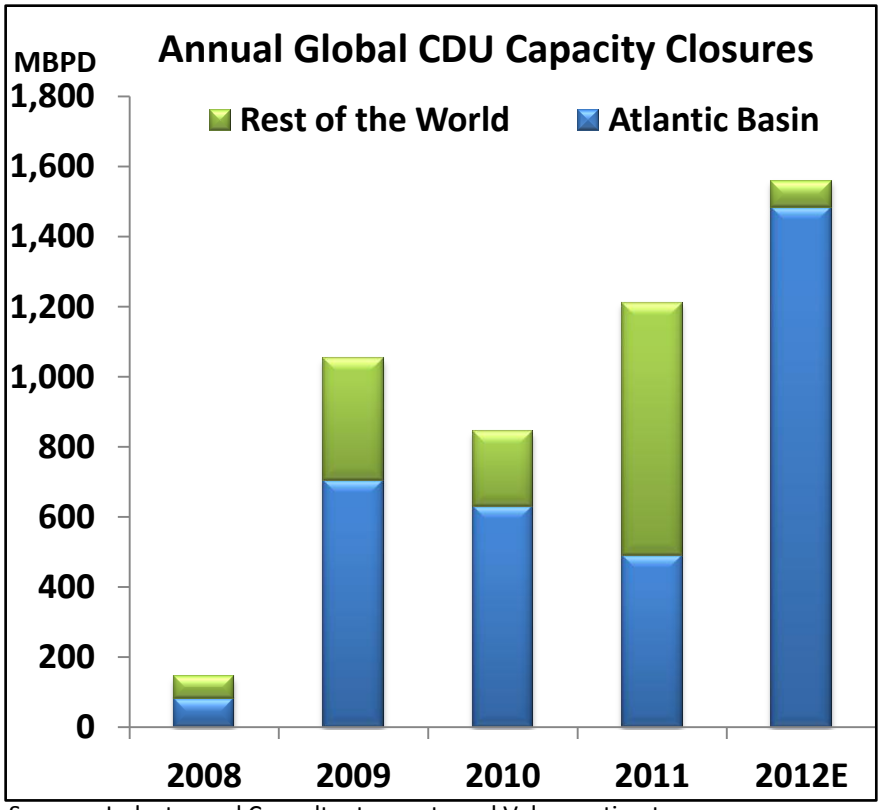
- **Significant new global refining additions seen in the next several years**
  - Mainly new plants in Asia and the Middle East
  - Some investment in Latin America
    - New capacity announcements from Brazil and Mexico will likely be much smaller and much later than originally announced. Colombia much later. Others will not happen because of costs (Ecuador, Peru, Algeria, Egypt)

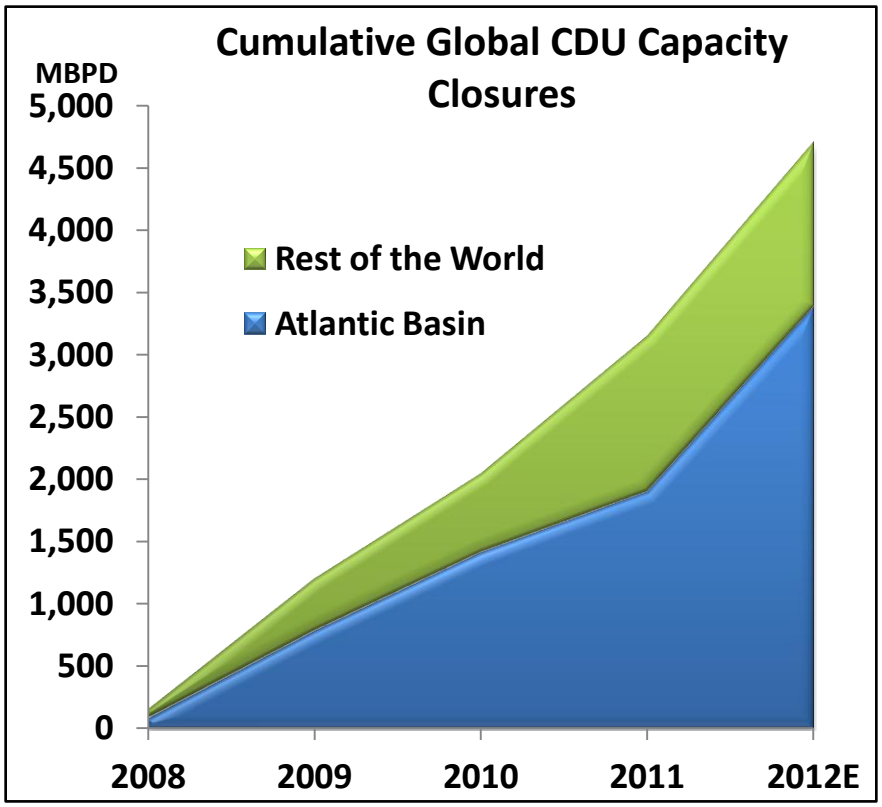


Source: Consultant and Valero estimates
Net Global Refinery Additions = New Capacity + Restarts- Closures

Atlantic Basin Closures Reduce Excess Capacity

- Capacity closures have been concentrated in the Atlantic Basin: U.S. East Coast, Caribbean, Western Europe (expect more will occur)
- Combined with poor reliability and low utilization in Latin American refineries and demand growth in Latin America, creates opportunity for competitive refineries to export quality products

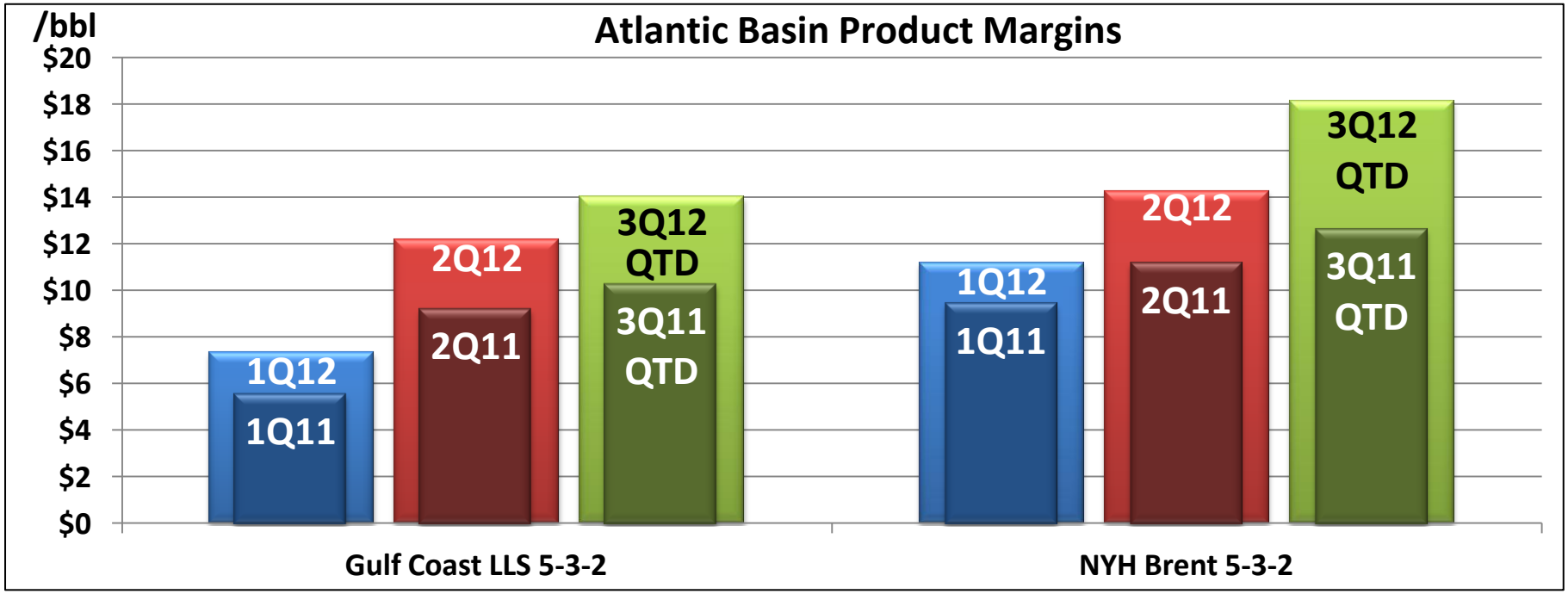




Sources: Industry and Consultant reports and Valero estimates

Product Margins Responding to Atlantic Basin Closures

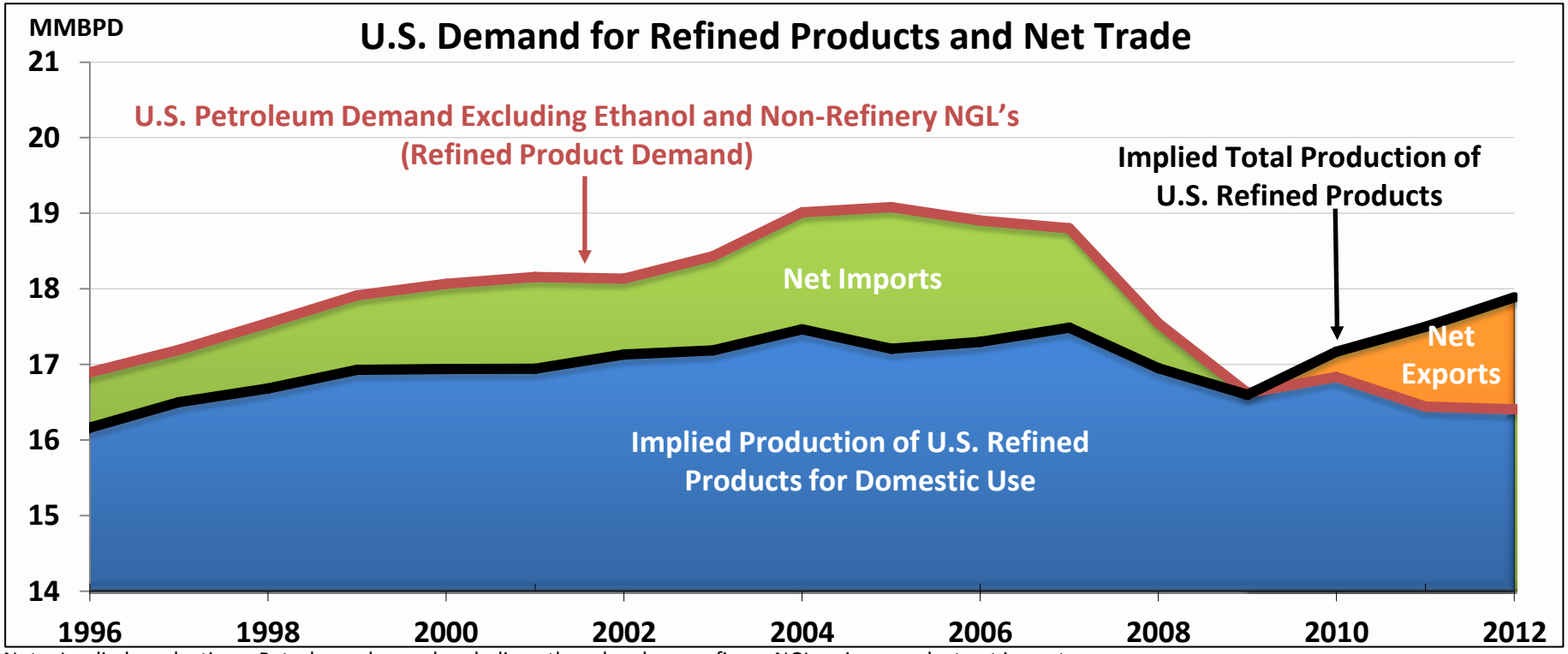
- With recent closures, Atlantic Basin product margins have increased from prior year levels
  - Market focused on gasoline margin improvements, but more significant impact may be strong diesel support due to tightness in diesel balances
- U.S. product stocks for the four major products (gasoline, diesel, jet, and resid) are near or below 5-year lows providing margin support



Source: Argus, 3Q11 and 3Q12 quarter-to-date pricing is through 9-13-12

U.S. Shifted to Net Exporter

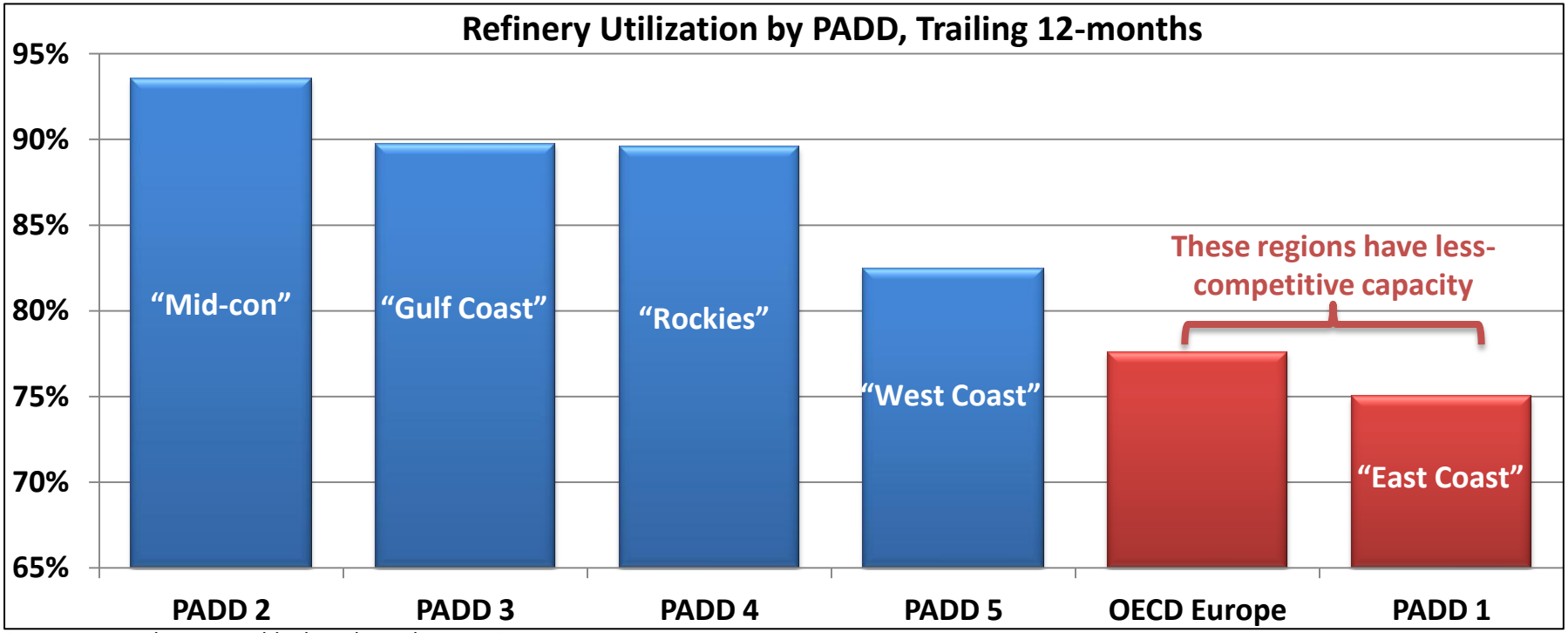
- **The transition of the U.S. refining system to being a net exporter to the world market has mitigated the impact of declining domestic demand**
  - Large quantities of U.S. diesel and gasoline exports to Latin America and diesel exports to Europe
- **Strong international demand has been "pulling" products and paying higher values than in the U.S**
- **Valero's share of U.S. exports has averaged 20% - 25%**



Note: Implied production = Petroleum demand excluding ethanol and non-refinery NGLs minus product net imports

U.S. Refining Capacity Is Globally Competitive

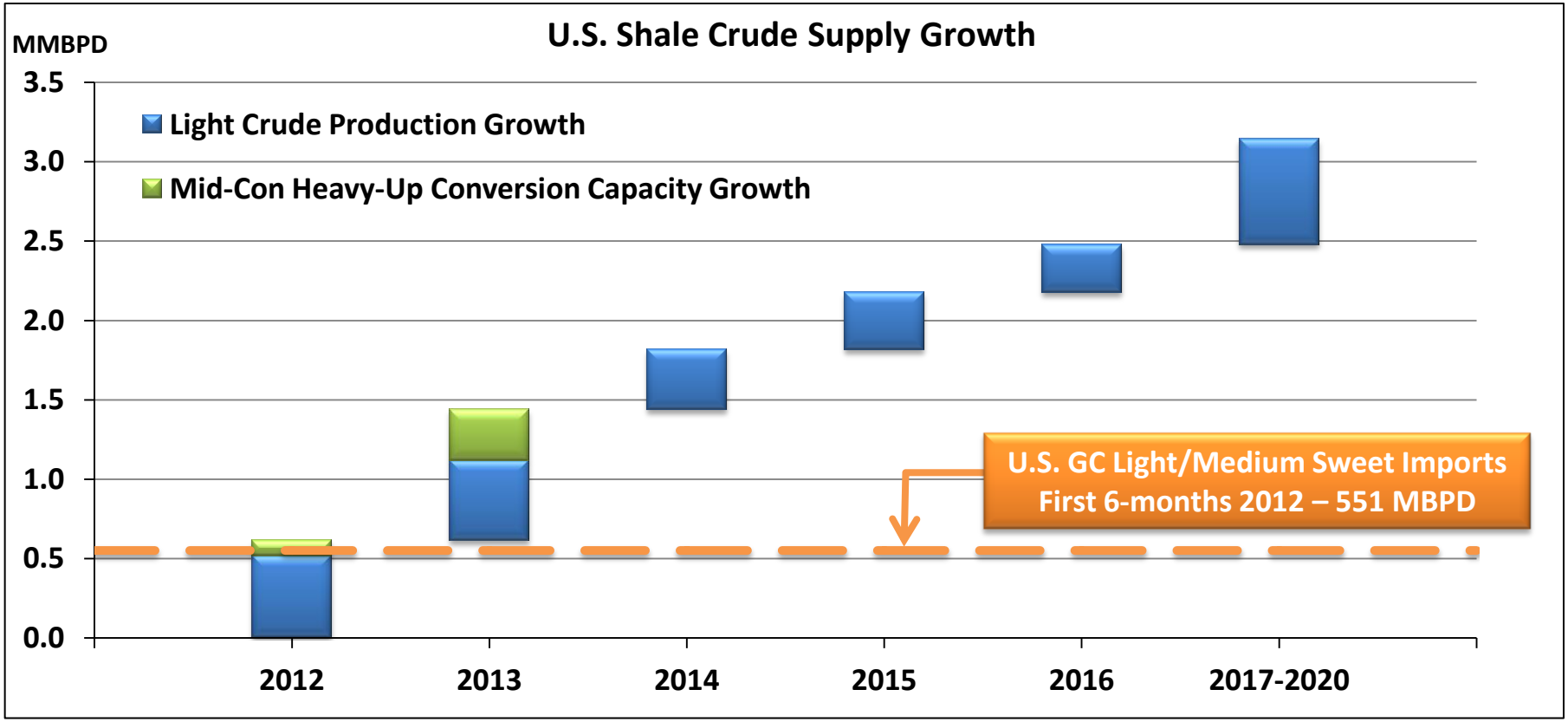
- U.S. refiners in PADDs 2, 3, and 4 have higher utilization due to structural advantages of increasing access to discounted crude feedstocks and low-cost energy via natural gas
- PADD 1 and Europe have lower utilization due to structural disadvantages of higher crude oil and operating costs
- Planned capacity expansions in PADD 3 will continue to put pressure on marginal refineries in less-competitive regions, including recent restarts of previously closed capacity
- Asian demand growth has been consuming Asian refining growth



Source: EIA and IEA, monthly data through June 2012

Rapid Growth in U.S. Crude Supply

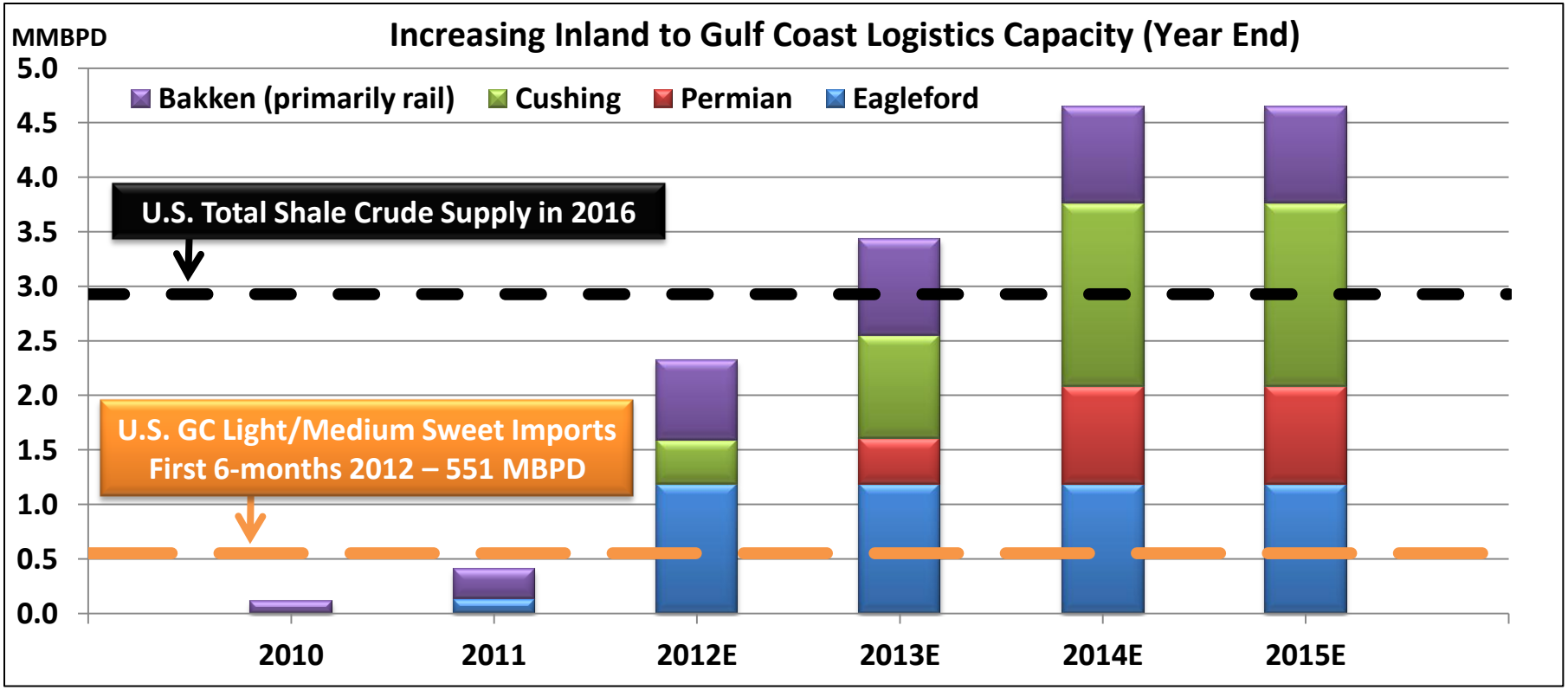
- **Shale oil production growth and Mid-Continent heavy-up projects are rapidly increasing domestic light, sweet crude supplies**
  - **This has created a bottleneck of crude oil that has exceeded the capacity of inland refineries and needs to move to markets outside of the Mid-Continent**
  - **NGLs and condensate supplies also increasing rapidly and must move to market**



Source: Valero estimates; Note: Import volumes include light and medium crudes between 28 and 50 API with less than 0.7% sulfur

Rapid Growth in Logistics to U.S. Gulf Coast

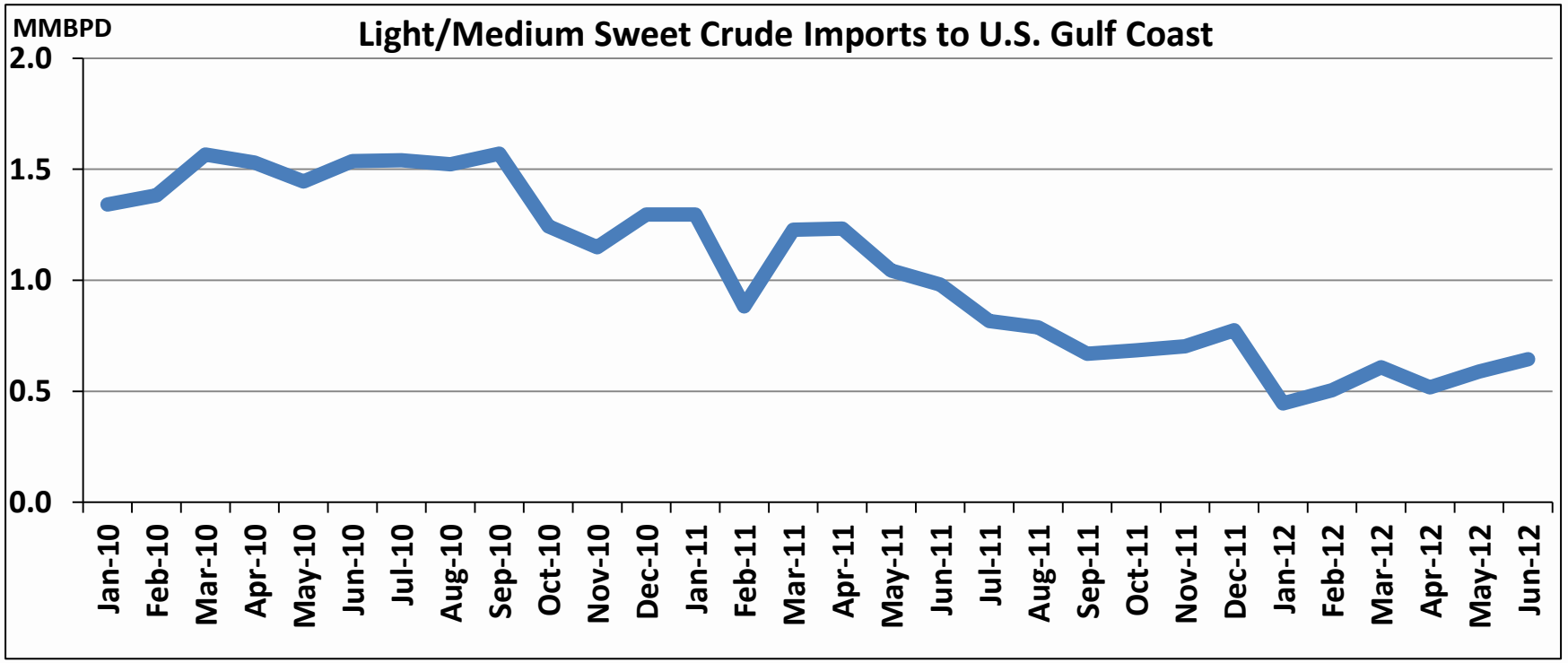
- Logistics capacity to move inland crude from the Mid-Continent and Texas to the U.S. Gulf Coast is expanding quickly to debottleneck the inland markets
  - Bakken logistics capacity is primarily unit-trains that can go to any site with unloading capacity, including both coasts
  - Excess logistics capacity will be available, but crude oil and NGL supplies could be higher



Source: Company announcements and Valero estimates; Note: Import volumes include light and medium crudes between 28 and 50 API with less than 0.7% sulfur

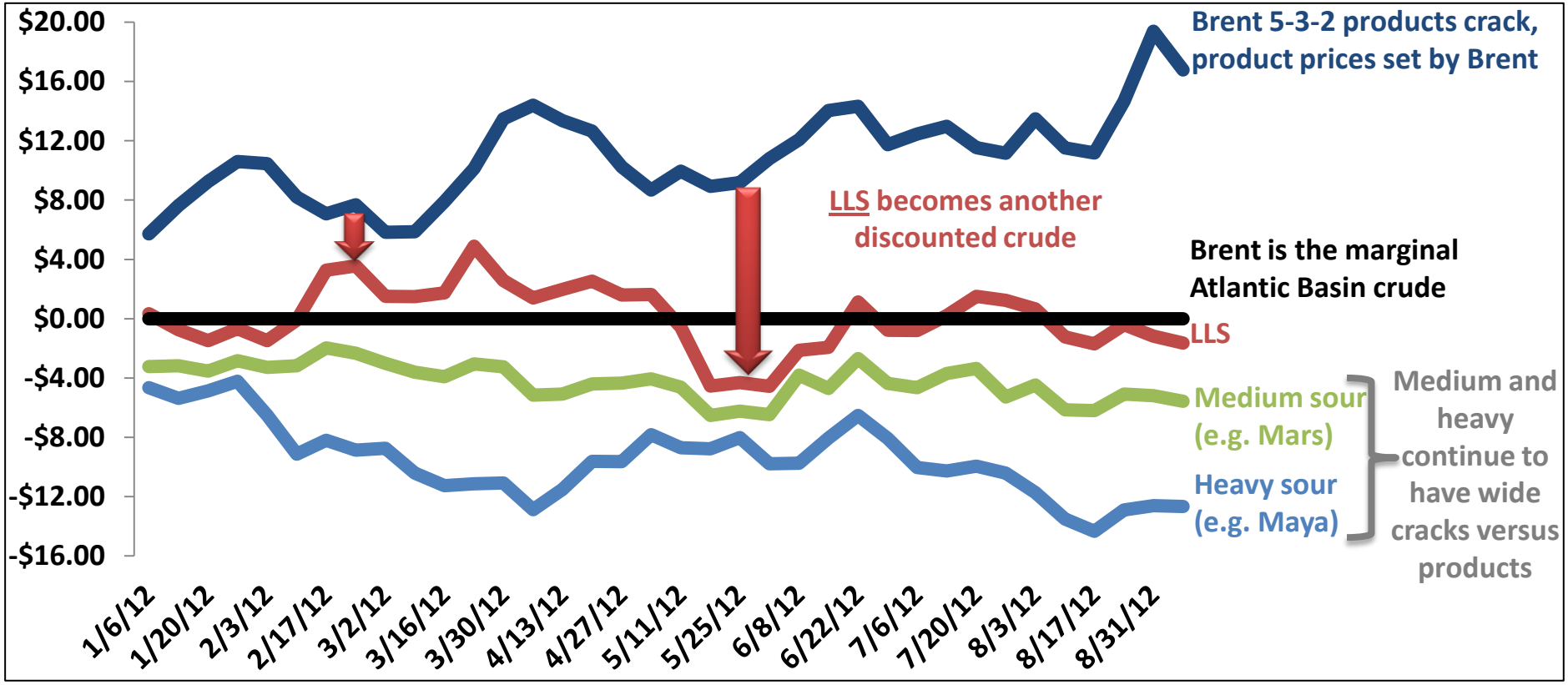
Expect U.S. and Canadian Crude Supply to Provide Feedstock Cost Advantage

- Movements of inland crude to the U.S. Gulf Coast have caused Gulf Coast light/medium sweet crude imports to decline by about 1 MMBPD since 2010
- Expect all Gulf Coast light/medium crude imports could be pushed out of PADD III by 2013
  - Expect LLS will go from structural ~$2/bbl premium to discount under Brent
  - Expect Brent priced light sweet crudes to set global prices for waterborne crude and feedstocks
- Also, expect growing volumes of Canadian heavy sours to reach U.S. Gulf Coast



Note: Import volumes include light and medium crudes between 28 and 50 API with less than 0.7% sulfur

LLS Discount to Brent Improves Gulf Coast Competitiveness

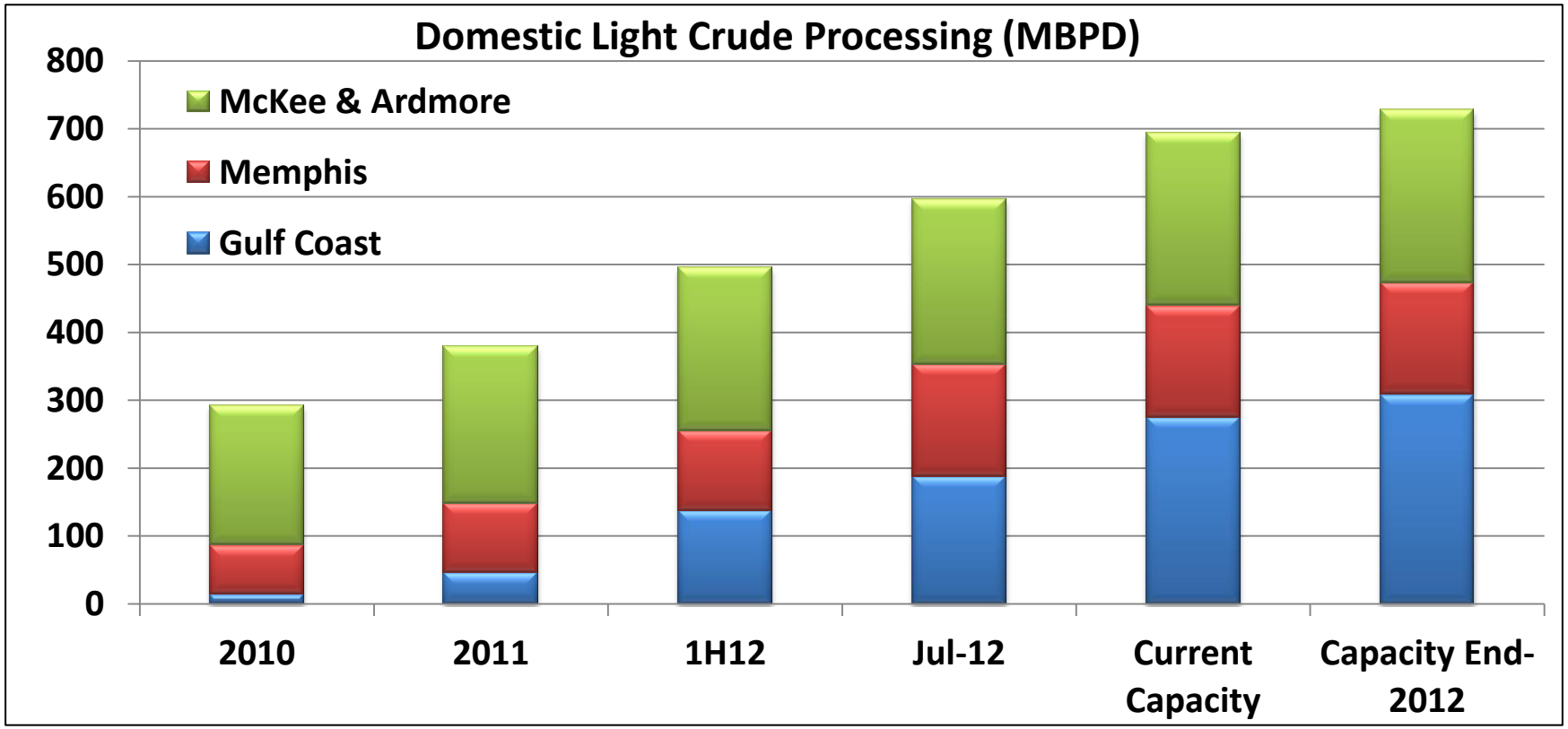


Source: Argus

- LLS recently flipped from a historical premium to a discount to Brent, but we expect near-term volatility
- Over time, Valero expects:
  - The LLS discount to Brent will become a structural cost advantage, increasing margins versus other Atlantic Basin refiners that process higher priced Brent-type crude
  - LLS pricing-benefit will accrue to Valero's lighter capacity on the Gulf Coast plus Memphis, which can process ~ 500,000 bpd without new investment

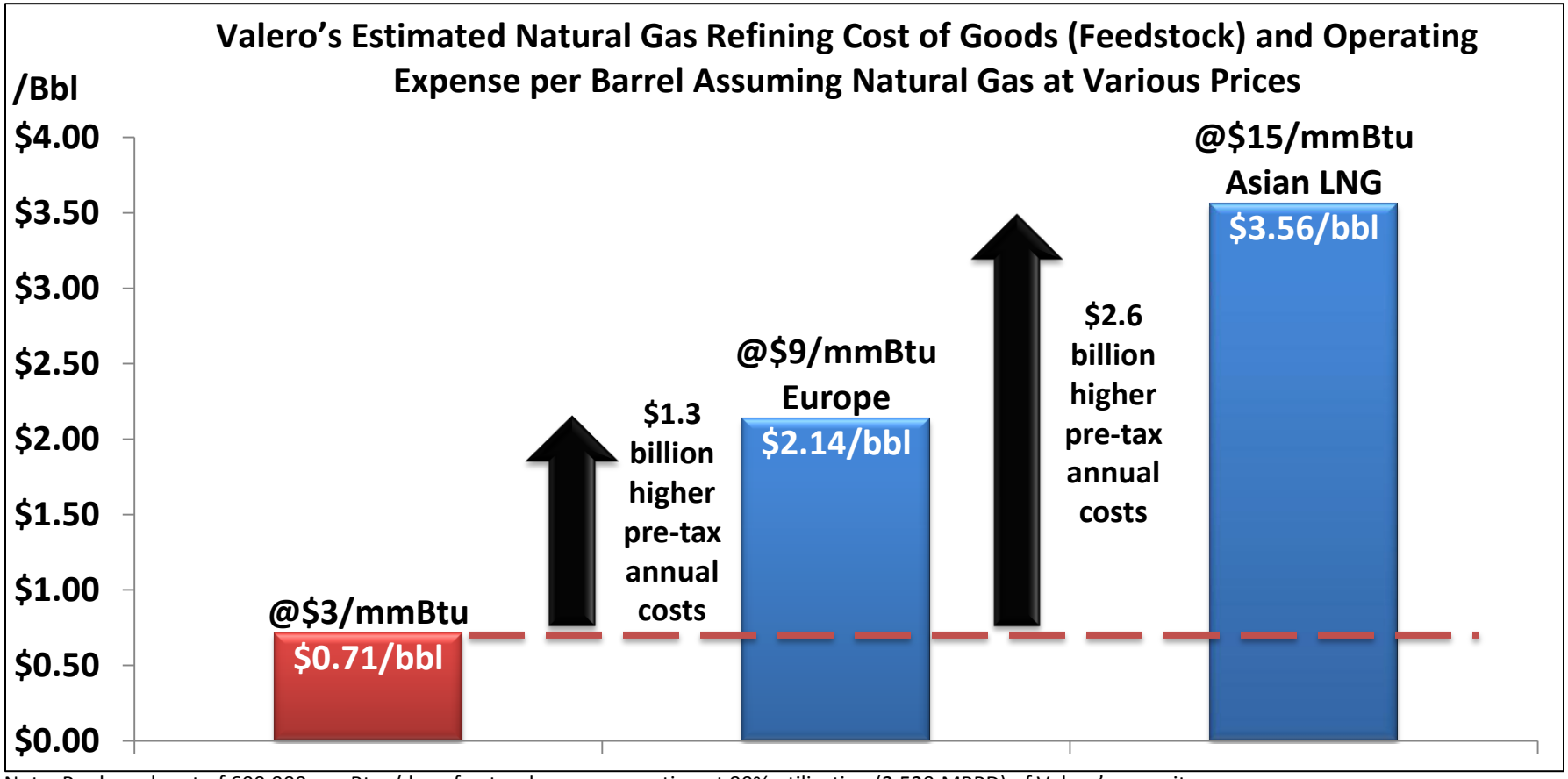
Valero's Ability to Run Discounted Light Crude

- Valero has increased its exposure to domestic light crude processing as additional volumes have become available
- Gulf Coast system including Memphis has the ability to add an additional 125 MBPD of domestic crude throughput by year-end
- In addition, evaluating potential projects to further increase our domestic light crude processing capacity



Lower-Cost Natural Gas Provides Structural Advantage to U.S. Refiners

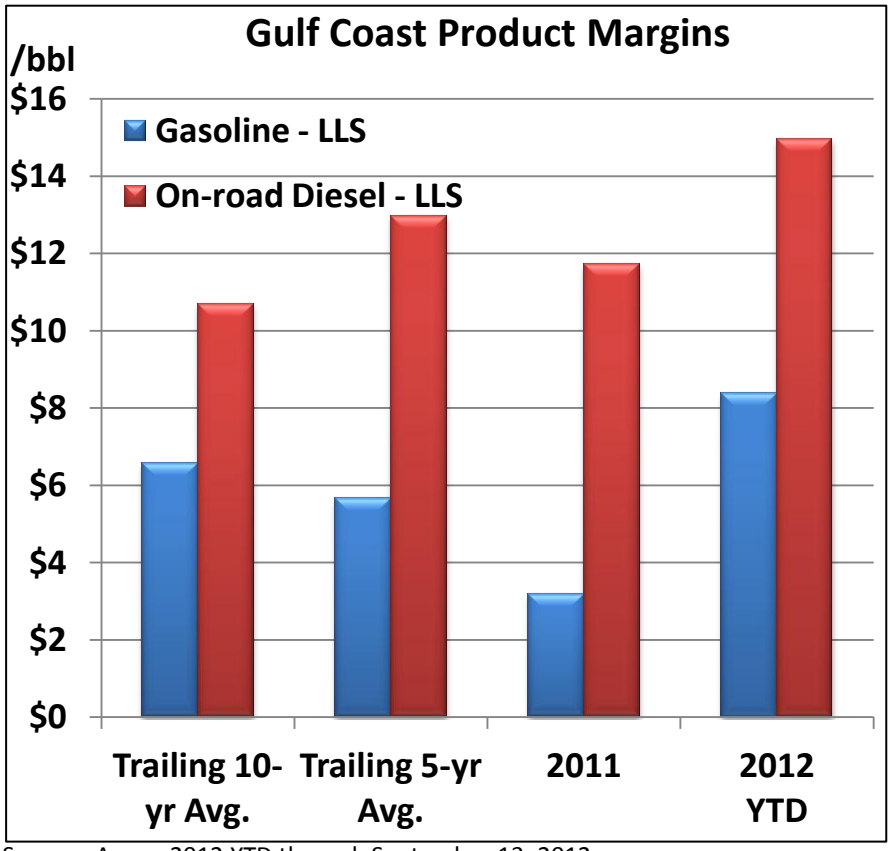
- Expect U.S. natural gas prices will remain low and disconnected from global oil and LNG prices for foreseeable future
- VLO refinery operations consume up to 600,000 mmBtus/day of natural gas at full utilization, split roughly in half between operating expense and gross margin



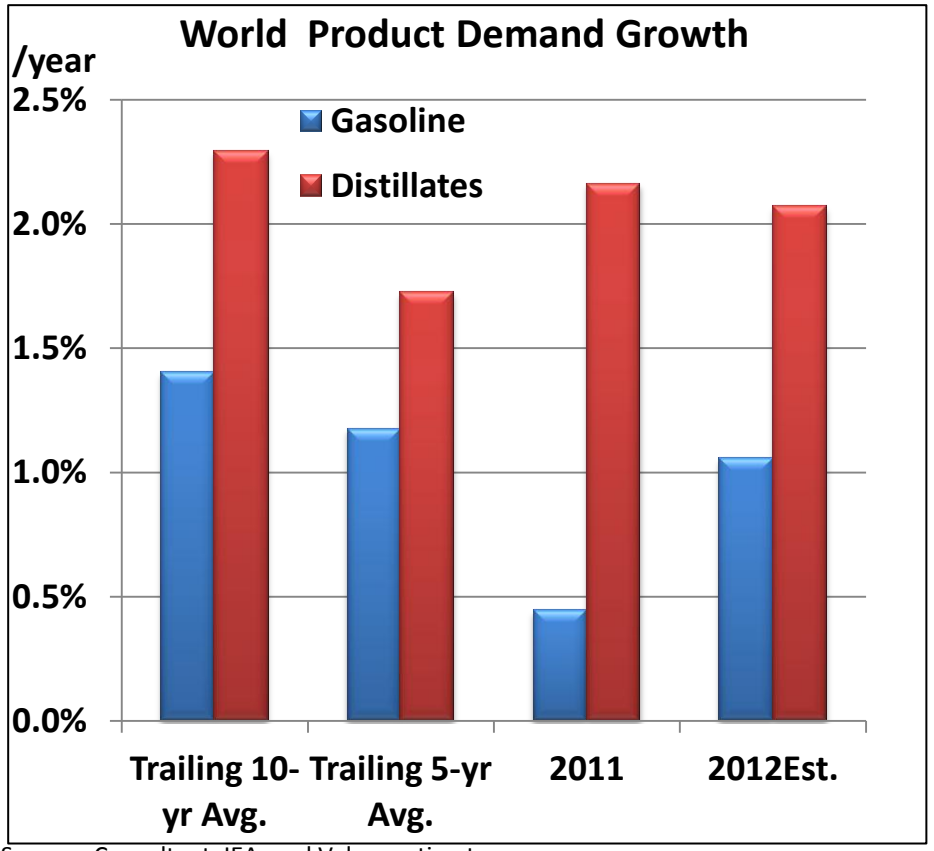
Note: Per barrel cost of 600,000 mmBtus/day of natural gas consumption at 90% utilization (2,529 MBPD) of Valero's capacity

Distillates Have Higher Margins and Faster Growth

- Distillate (diesel, kero, jet fuel) margins are significantly higher than gasoline
- Distillate demand growth rate is much higher than gasoline
- Europe continues to be short diesel, but long marginal refining capacity and processing expensive crude oils and natural gas



Source: Argus, 2012 YTD through September 13, 2012



Source: Consultant, IEA, and Valero estimates

Valero's Key Economic Projects Capture the Natural Gas to Crude Oil Spread

Refinery	Project	Estimated Total Investment (millions)	Estimated Annual EBITDA Base Case[1] (millions)	Estimated IRR[2] using Base Case	Estimated Annual EBITDA[1] using 2011 Prices (millions) LLS-based
Port Arthur	New Hydrocracker	$1,510	$520	23%	$634
St. Charles	New Hydrocracker	$1,525	$380	17%	$487

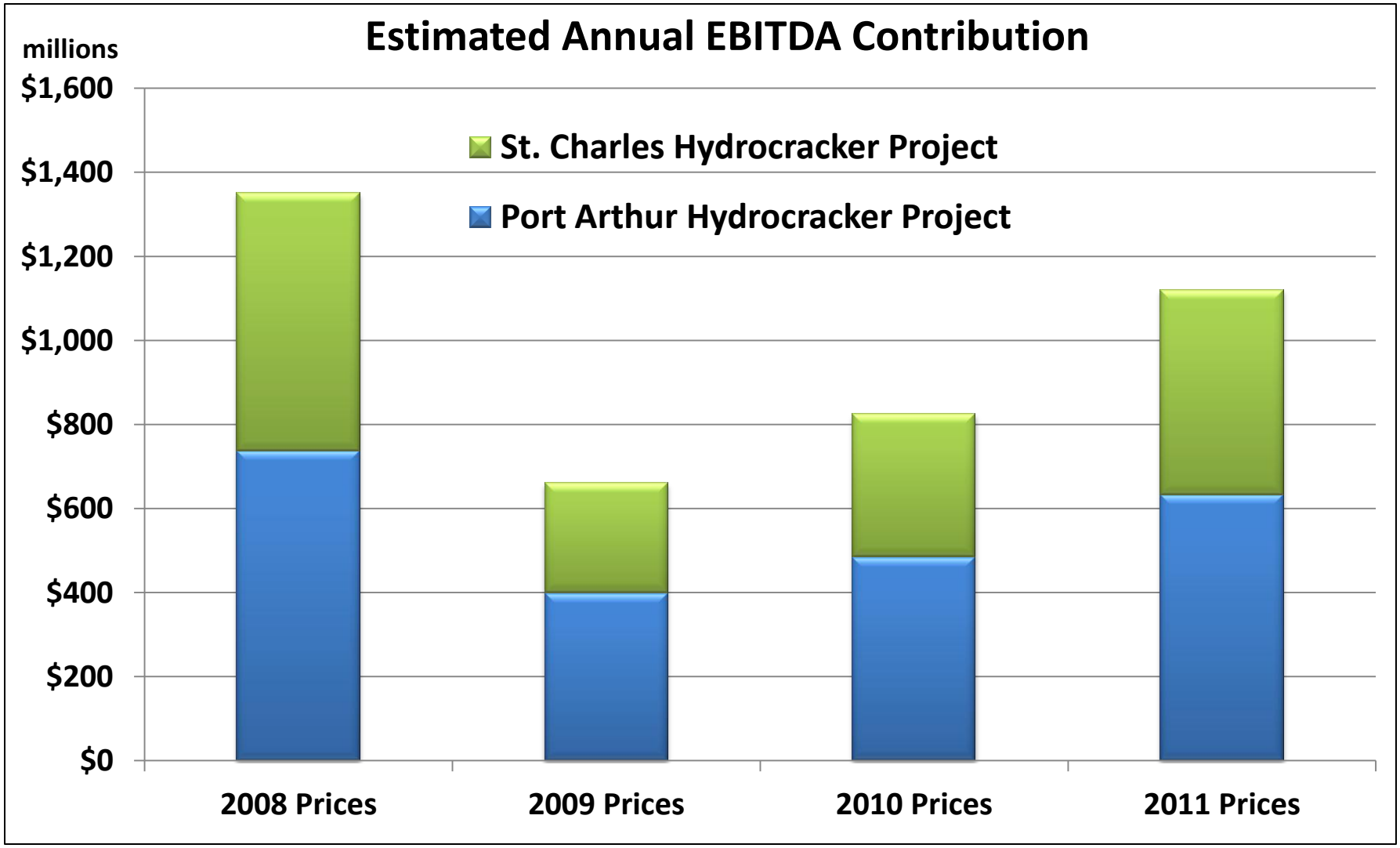
[1]EBITDA = Pretax operating income + depreciation and amortization, excludes interest expense; [2]estimated IRR is unlevered; See appendix for prices

- Projects mainly based on high crude, low natural gas prices outlook
- Estimate Port Arthur HCU mechanical completion in 3Q12 and operating in 4Q12
- Estimate St. Charles HCU mechanical completion 1Q13 and operating in 2Q13

St. Charles

Port Arthur

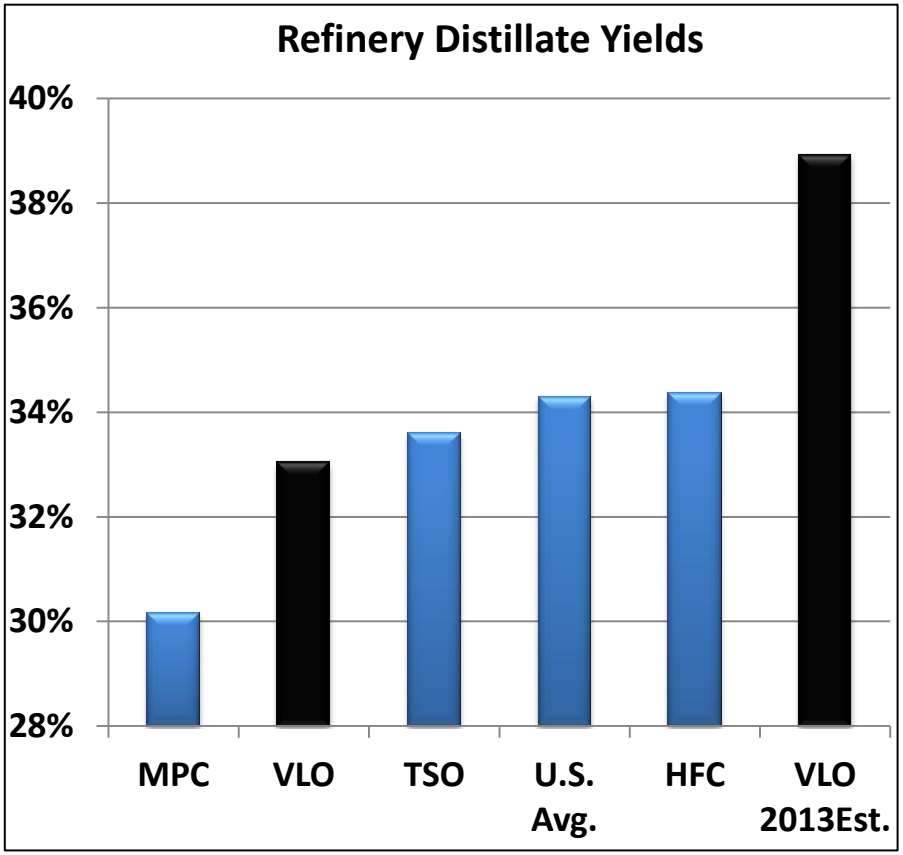
Valero's Hydrocracker Projects Show Profits Under Various Price Sets

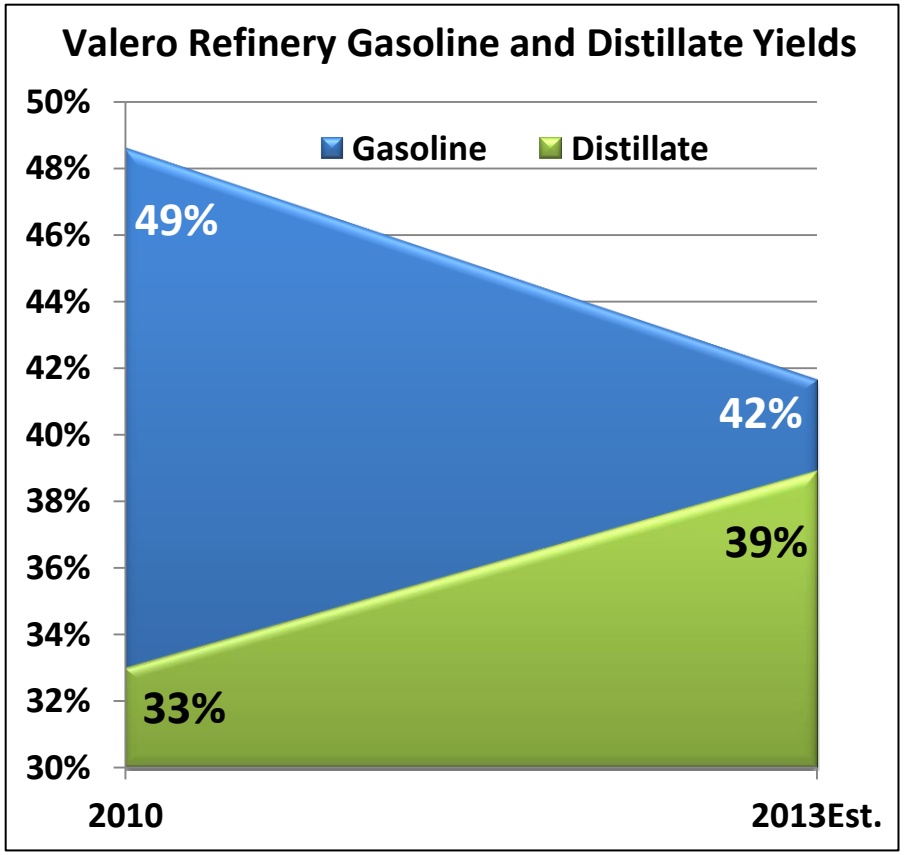


Note: EBITDA = Pretax operating income + depreciation and amortization, excludes interest expense; see details in appendix

Valero Increasing Distillate Yields

- Valero's refining system distillate yields are expected to grow from 33% in 2010 to 39% in 2013
- Primary driver for increase is the completion of hydrocracker projects in 2012
- Recent acquisitions have also increased distillate yields

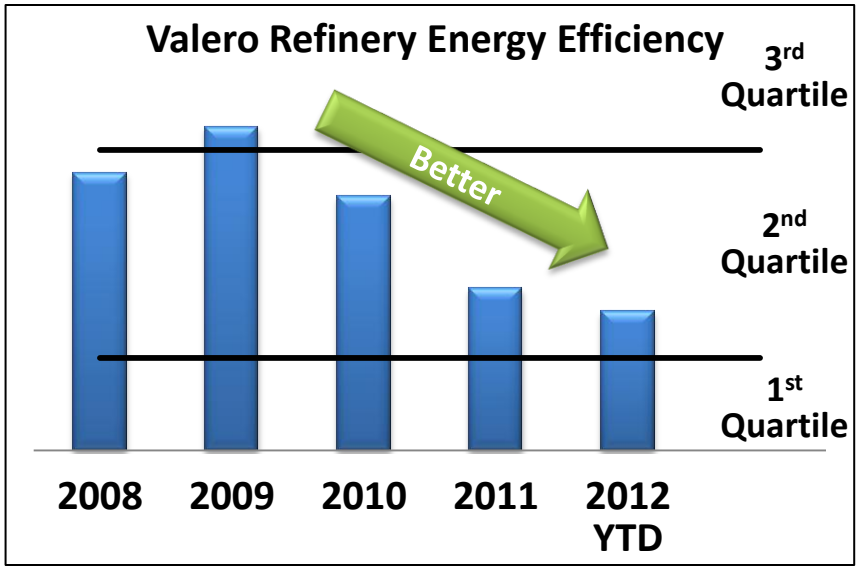


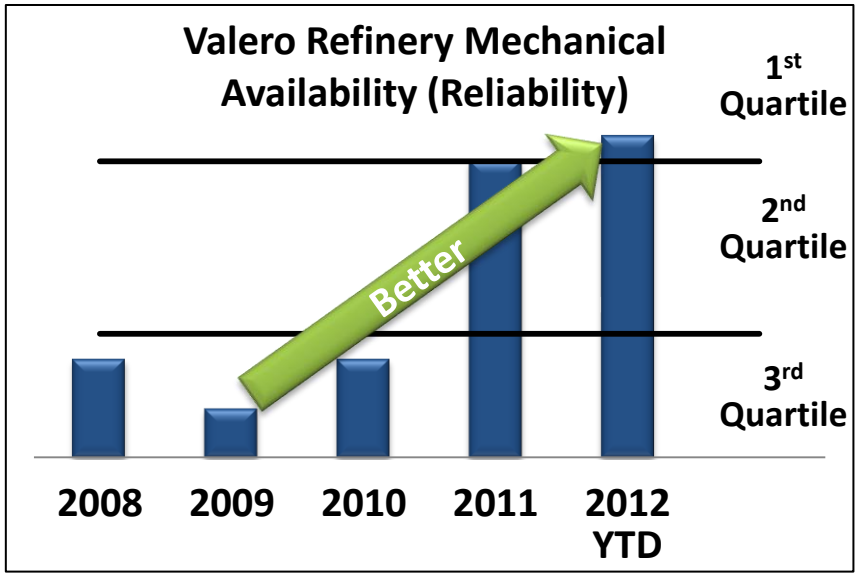


Source: Company Reports and EIA, yield data is for 2010; gasoline and distillate as a percent of total production volumes; distillate includes jet fuel

Improving Refinery Operations

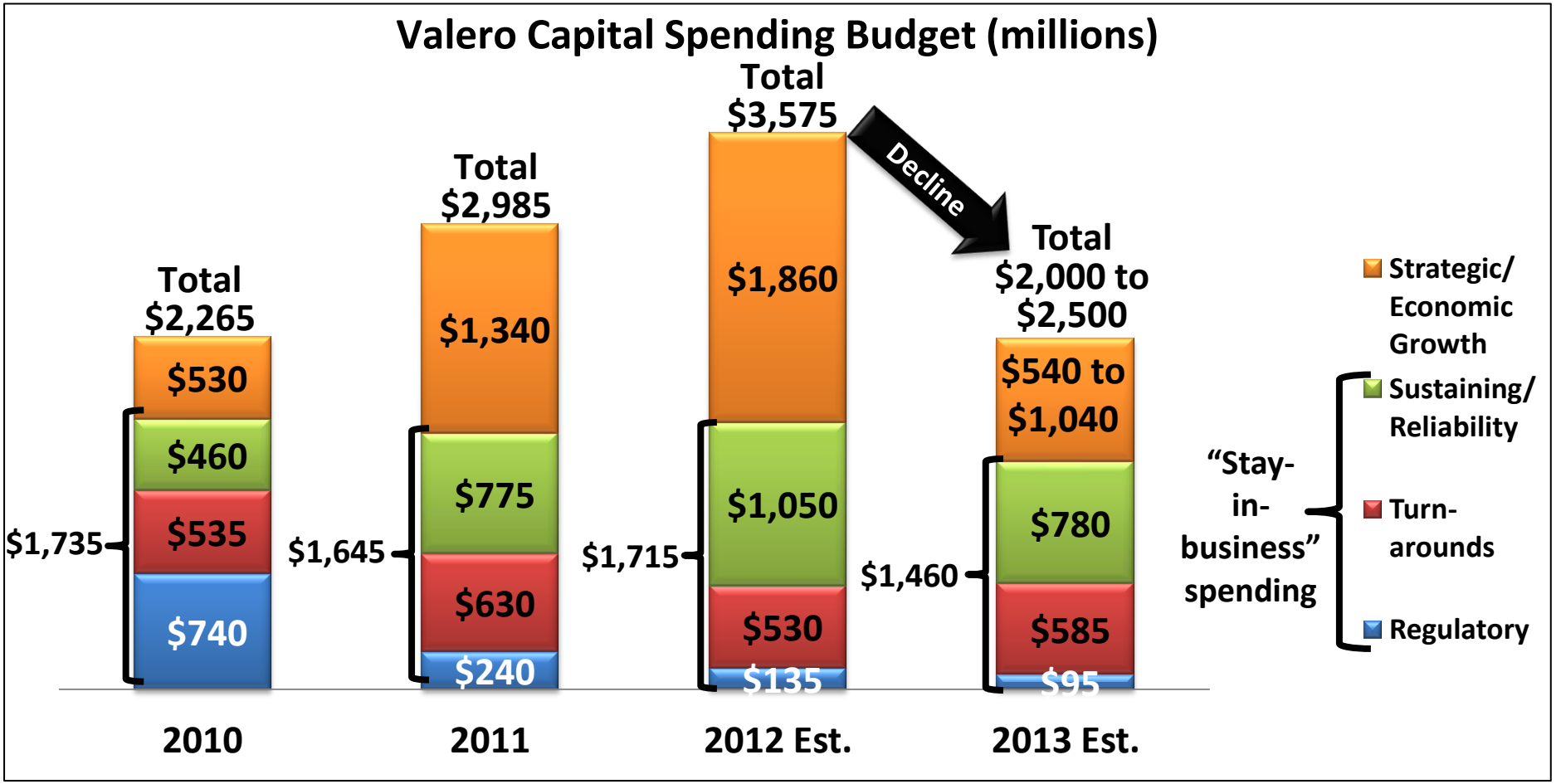
- **Our goal is to be a 1st-quartile refiner**
- **Refining industry benchmark studies show our portfolio continues to improve**
- **Seven refineries currently operating in 1st quartile for mechanical availability, the most important Solomon metric**
- **Saw results from improvement initiatives in 2011 and YTD 2012**
  - First full-year with 1st quartile portfolio performance in mechanical availability
  - Lowest-ever unplanned downtime
  - Best-ever energy efficiency for refining portfolio
- **Working diligently on weaker performers to improve entire portfolio**





Source: Solomon Associates and Valero Energy; excludes Aruba, Pembroke, and Meraux; 2012 YTD through July

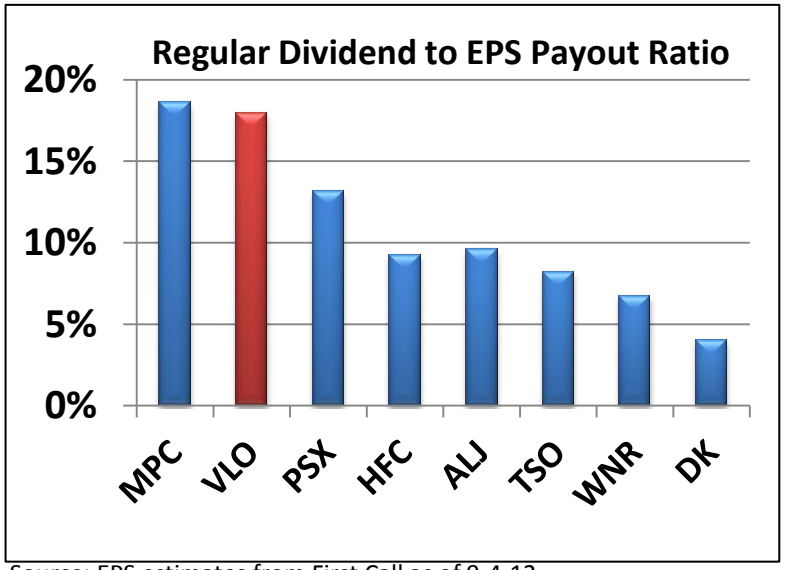
Expect Large Decline in Capital Spending After Completion of Key Economic Growth Projects



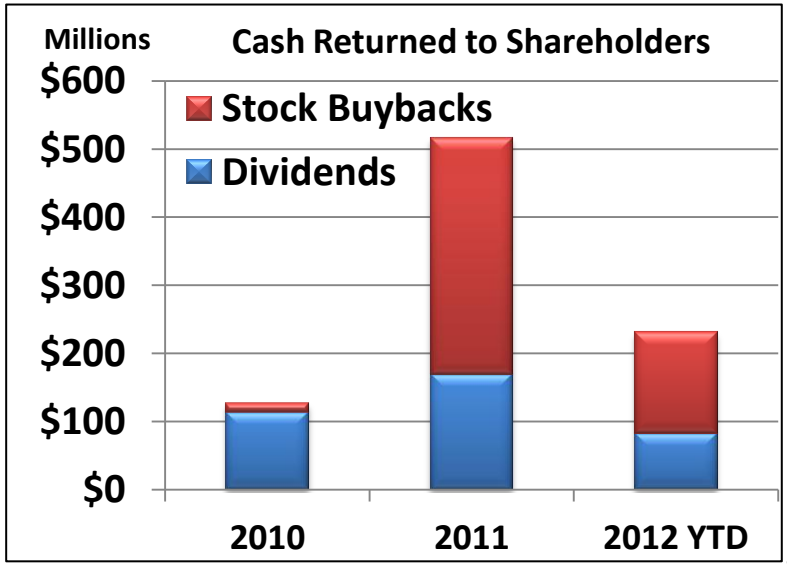
- 2012 capital high due to spending on economic growth projects, mainly the hydrocrackers
- Expect a significant decline in capital spending after 2012

Managing Financial Strength and Growing Cash Yield

- **Expect significant contributions of free cash flow from reduced capital spending and earnings from major capital projects in 2013**
- **Returning cash to shareholders**
  - Tripled quarterly dividend to $0.15 per share in 3Q11 and increased it again in 3Q12 to $0.175 per share
  - Bought 6.4 million shares for $147 million so far in 2012 and 16.7 million shares for $347 million in 2011
- **Goal is to have one of the highest cash yields among peers via dividends and buybacks**
- **$1.3 billion of cash and $4.7 billion of additional liquidity on June 30**
- **Maintaining investment grade credit rating is a priority**
  - Paid off $778 million of long-term debt in 2011
  - Paid off $858 million of high-interest debt in 2012, but reissued $300 million of tax-exempt bonds in May, net reduction of $558 million
  - Net debt-to-cap ratio at 6/30/12 was 25.7%
    - Far below credit facility covenant of 60%
    - No other coverage-type ratios or borrowings on bank revolver



Source: EPS estimates from First Call as of 9-4-12



Valero's Strategic Priorities

- Constant focus on safety, environmental, and regulatory compliance
- Maintain investment grade credit rating
- Continue improvement in refining portfolio performance to 1st quartile levels
- Complete major, value-added capital projects
- Optimize portfolio – continue "high-grading" strategy
  - Evaluate dispositions of poor performing assets
  - Converting Aruba refinery to storage and terminal operation with large reduction in operating expenses
  - Evaluate attractively priced, strategic, and accretive acquisitions
  - Continue to upgrade product streams
- Continue to return available cash to shareholders yielding, high vs. peer group

Goal: Increase long-term shareholder value

We Believe Valero Is an Excellent Buy Today

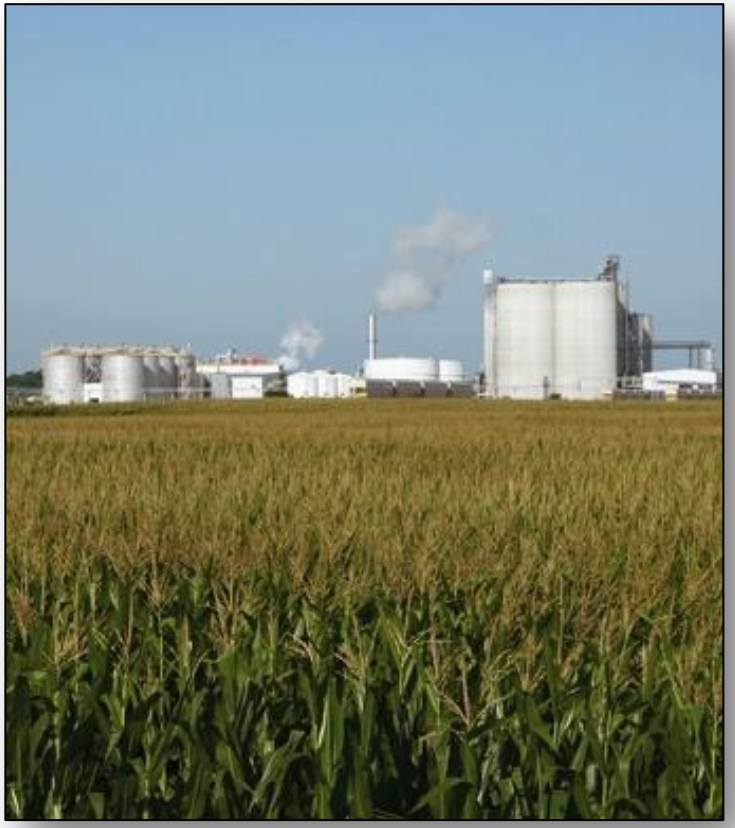
- Seeking shareholder value creation via retail separation
- Well-positioned to benefit from changing market trends
  - Atlantic Basin capacity closures have improved refining fundamentals
  - Benefiting from strong export market
  - Expect abundant U.S. shale and Canadian crude oil production to provide a cost advantage to U.S. Gulf Coast refiners versus global, coastal (including U.S. East Coast) light/sweet refiners
  - Valero's hydrocracker projects take advantage of low-cost natural gas and high distillate demand and margins
- Improving performance and competitiveness of refining portfolio
- Key growth projects and falling capital expenditures should contribute significant free cash flow in 2013
- Returning more cash to shareholders
  - Goal to have one of the highest cash yields among peers (buybacks and dividends)

Our shareholders should benefit from changing oil and natural gas supply and product export trends

Appendix

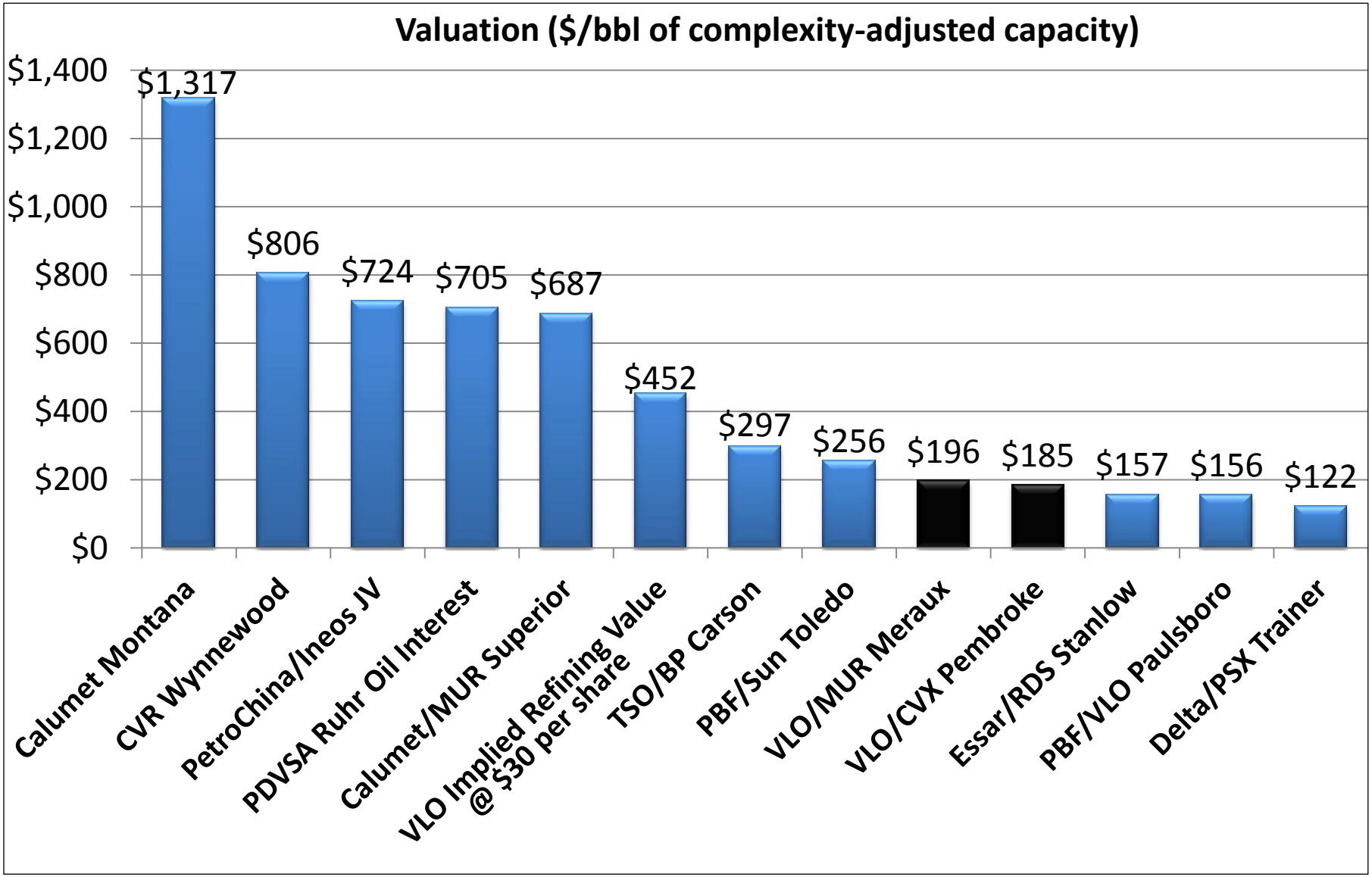
Made Excellent Ethanol Acquisitions

- **Built position for average of only 35% of estimated replacement cost**
  - 2Q09: Acquired 7 plants with 780 million gallons per year of world-scale capacity in advantaged locations
  - 1Q10: Added 3 plants with 330 million gallons per year of capacity
- **Expect margins to improve**
  - Recently narrow margins should rationalize less competitive capacity
  - High crude oil prices support ethanol prices
  - International demand supporting margins
  - 2012 corn ethanol mandate grows 4.6% over 2011



- **Valero's low-cost acquisitions of high-quality plants imply a competitive advantage in any margin environment**
- **Provides platform for future production of advanced biofuels**

Attractive Acquisition Prices for Meraux and Pembroke



Port Arthur Hydrocracker Project

Investment Highlights

- Favorable economics driven by margin and volume gains
- Main unit is 57,000 barrels/day (rolling 12-month average per permit) hydrocracker plus facilities to process over 150,000 barrels/day of high-acid, heavy sour crudes (e.g. Canadian and Latin American)
- Creates high-value products from low-value feedstocks plus hydrogen sourced from relatively inexpensive natural gas
- Unit has volume expansion up to 30%, but plan to optimize at 20%: 1 barrel of feedstocks yields up to 1.2 barrels of products
- Main products are high-quality diesel and jet fuel for growing global demand for middle distillates
- Located at large, Gulf Coast refinery to leverage existing operations and export logistics

Summary of Project Status and Economics[1]	
Estimated mechanical completion date Estimated operation date	3Q12 4Q12
Estimated total investment (mil.) (Reduced by $94 mil. from prior estimate)	$1,510
Cumulative spend thru 2Q 2012 (mil.)	$1,300
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$520
Estimated Unlevered IRR on Total Spend, Base Case	23%
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), 2011 Prices – LLS	$634

[1]See Appendix for key price assumptions; [2]D&A = depreciation and amortization expense

St. Charles Hydrocracker Project

Investment Highlights

- Favorable economics driven by margin and volume gains
- Main unit is 60,000 barrels/day hydrocracker
- Creates high-value products from low-value feedstocks plus hydrogen sourced from relatively inexpensive natural gas
- Unit has volume expansion up to 30%, but plan to optimize at 20%: 1 barrel of feedstocks yields up to 1.2 barrels of products
- Main products are high-quality diesel and jet fuel for growing global demand for middle distillates
- Located at large, Gulf Coast refinery to leverage existing operations

Summary of Project Status and Economics[1]	
Estimated mechanical completion date	1Q13
Estimated operation date	2Q13
Estimated total investment (mil.) (Increased by $165 mil. from prior estimate)	$1,525
Cumulative spend thru 2Q 2012 (mil.)	$1,065
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$380
Estimated Unlevered IRR on Total Spend, Base Case	17%
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), 2011 Prices – LLS	$487

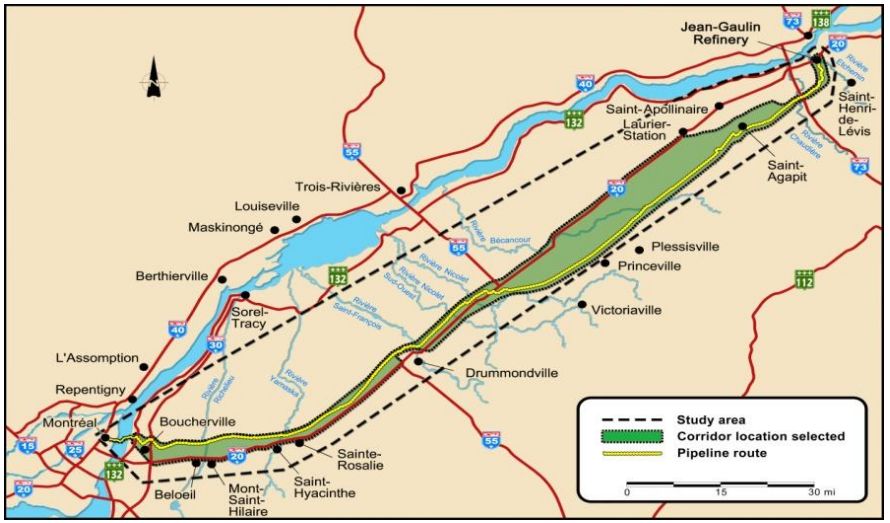
[1]See Appendix for key price assumptions; [2]D&A = depreciation and amortization expense

Montreal Pipeline Project

Investment Highlights

- Favorable economics driven by reducing transportation costs and growing volumes
- New pipeline with 100,000 barrels/day of throughput capacity
- Planned closure of Shell Montreal refinery allows Valero to place additional products into Montreal and Ontario markets
- Quebec refinery is largest refinery in the region with 1st-quartile performance and has a cost advantage

Summary of Project Status and Economics[1]	
Estimated completion date	4Q12
Estimated total investment (mil.)	$370
Cumulative spend thru 2Q 2012 (mil.)	$280
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$55
Estimated Unlevered IRR on Total Spend	12%



[1]See Appendix for key price assumptions; [2]D&A = depreciation and amortization expense

Diamond Green Diesel Joint Venture

Investment Highlights

- Building a 9,300 BPD renewable diesel plant adjacent to Valero's St. Charles refinery
- 50/50 JV project with Darling Int'l, a leading gatherer of used cooking oils and animal fat
- Uses refinery technology to produce high-quality diesel from low-quality, low-cost cooking oils and fats
- Diesel production qualifies as biomass-based diesel, a difficult specification under the Renewable Fuels Standard
- Total estimated project cost of $368 million
- Valero to provide 14-year term loan for up to $221 million to JV at attractive rates
- Favorable economics assume conservative $1.25/gal RIN value, when current market is $1.40/gal to $1.70/gal

Summary of JV Status and Economics[1]	
Estimated mechanical completion date	1Q13
Estimated operation date	2Q13
Estimated Partner Equity (mil.)	$106
Cumulative Valero project spend thru 2Q2012 (mil.)	$120
Estimated Valero EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$55
Estimated Unlevered IRR on Partner Equity and Loan, Base Case	21%

[1]See Appendix for key price assumptions; [2]D&A = depreciation and amortization expense

Project Price Set Assumptions

- **Prices shown below are for illustrating a potential estimate for Valero's economic projects**
- **Price assumptions are based on a blend of recent market prices and Valero's price forecast**

Commodity	Base Case ($/barrel)	2008 ($/barrel)	2009 ($/barrel)	2010 ($/barrel)	2011 ($/barrel)
LLS Crude oil[1]	85.00	102.07	62.75	81.64	111.09
LLS - USGC HS Gas Oil	-3.45	2.03	-2.86	-2.72	-5.75
USGC Gas Crack	6.00	2.47	6.91	5.32	5.11
USGC ULSD Crack	11.00	20.5	7.26	8.94	13.24
Natural Gas, $/MMBTU (NYMEX)	5.00	8.90	4.16	4.38	4.03

[1]LLS prices are roll adjusted

Project Price Sensitivities

- **Price sensitivities shown below are for illustrating a potential estimate for Valero's economic projects**
- **Price assumptions are based on a blend of recent market prices and Valero's price forecast**

EBITDA[1] Sensitivities (Delta $ millions/year)	Port Arthur HCU	St. Charles HCU
Crude oil, + $1/BBL	4	3.6
Crude oil - USGC HS Gas Oil, + $1/BBL	16.7	17.8
USGC Gas Crack, + $1/BBL	12.9	13.3
USGC ULSD Crack, + $1/BBL	18.4	20.8
Natural Gas, - $1/MMBTU	18.3	19.7
Total Investment IRR to 10% cost	1.3%	1.5%

[1]Operating income before depreciation and amortization expense

Key Drivers for a 60,000 BPD Hydrocracker

- **Key economic driver is the expected significant liquid-volume expansion of 20%, which primarily comes from the hydrogen saturation via the high-pressure, high-conversion design**
- **Designed to maximize distillate yields**

Hydrocracker Unit Feedstocks	
High-sulfur VGO	60,000 BPD
(Internally produced or purchased)	
Hydrogen	124 MMSCF/day
(via 40,000 mmbtu/day of natural gas)	

Hydrocracker Unit Operating Costs	
Heat, power, labor, etc.	$1.50 per barrel
(per barrel amount based on hydrocracker unit volumes)	

Hydrocracker Unit Products (BPD)	
Distillates (diesel, jet, kero)	44,000
Gasoline and blendstocks	24,000
LPGs	3,000
Low-sulfur VGO	1,000
Total	**72,000**

Synergies with Plant	
With existing plant	~$1 per barrel
(per barrel amount based on hydrocracker unit volumes)	

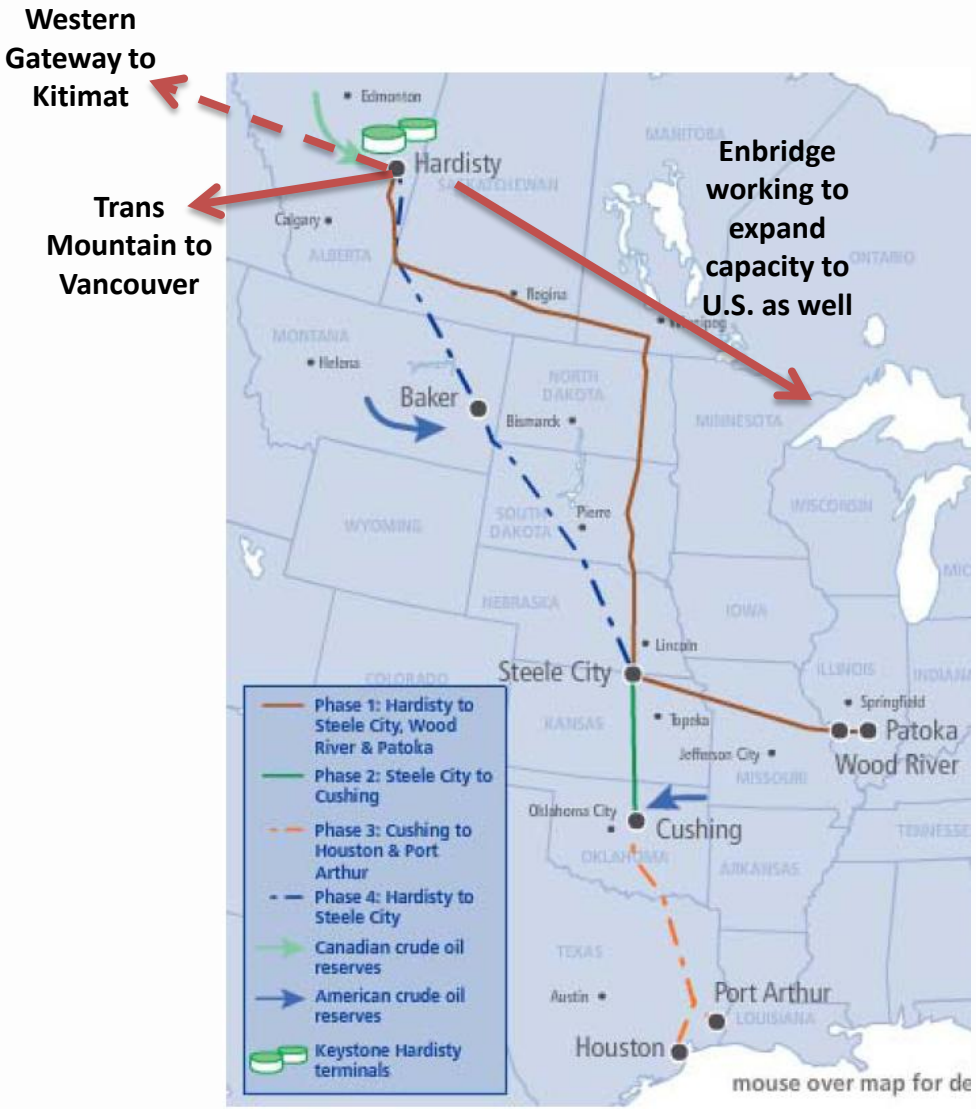
12,000 BPD (20%) volume expansion

60,000 BPD Hydrocracker Model Estimates Under Various Price Sets

Key Drivers and Prices	2008 Prices		2009 Prices		2010 Prices		2011 Prices		2Q12 Prices	
LLS /bbl	$102.07		$62.75		$81.64		$111.09		$108.64	
LLS – HSVGO /bbl	$2.03		-$2.86		-$2.72		-$5.75		-$10.70	
GC Gasoline – LLS /bbl	$2.47		$6.91		$5.32		$5.11		$8.51	
GC Diesel – LLS /bbl	$20.50		$7.26		$8.94		$13.24		$14.98	
Natural Gas (NYMEX) /mmBtu	$8.90		$4.16		$4.38		$4.03		$2.32	
Natural Gas to H2 cost factor $/mmBtu	1.5x		1.5x		1.5x		1.5x		1.5	
H2 Consumption SCF /bbl	2,050		2,050		2,050		2,050		2,050	
GC LSVGO – HSVGO /bbl	$4.28		$2.85		$3.21		$3.87		$2.45	
GC LPGs – LLS /bbl	-$40.02		-$20.11		-$23.97		-$38.30		-$49.64	
Feedstocks (Barrels per day)	**Bbl/day**		**Bbl/day**		**Bbl/day**		**Bbl/day**		**Bbl/day**	
HSVGO	60,000		60,000		60,000		60,000		60,000	
Hydrogen	6,709		6,709		6,709		6,709		6,709	
Product Yields										
Distillates (diesel, jet, kero)	61%	43,902	61%	43,902	61%	43,902	61%	43,902	61%	43,902
Gasoline and blendstocks	33%	23,940	33%	23,940	33%	23,940	33%	23,940	33%	23,940
LPGs	4%	3,042	4%	3,042	4%	3,042	4%	3,042	4%	3,042
LSVGO	2%	1,338	2%	1,338	2%	1,338	2%	1,338	2%	1,338
Total Product Yields	100%	72,222	100%	72,222	100%	72,222	100%	72,222	100%	72,222
Volume Expansion on HSVGO		20%		20%		20%		20%		20%
Estimated Profit Model	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**
Revenues	$136.87	$8.2	$82.71	$5.0	$105.85	$6.4	$143.72	$8.6	$142.90	$8.6
Less: Feedstock cost	-$109.07	-$6.5	-$69.83	-$4.2	-$88.80	-$5.3	-$120.93	-$7.3	-$121.69	-$7.3
= Gross Margin	$27.80	$1.7	$12.88	$0.8	$17.05	$1.0	$22.79	$1.4	$21.21	$1.3
Less: Cash Operating Costs	-$1.50	-$0.1	-$1.50	-$0.1	-$1.50	-$0.1	-$1.50	-$0.1	-$1.50	-$0.1
Add: Synergies	$1.70	$0.1	$0.55	$0.0	$0.03	$0.0	$0.95	$0.1	$0.95	$0.1
= EBITDA	$28.00	$1.7	$11.93	$0.7	$15.57	$0.9	$22.24	$1.3	$20.66	$1.2
Estimated Annual EBITDA ($MM/year)		**$613**		**$261**		**$341**		**$487**		**$452**

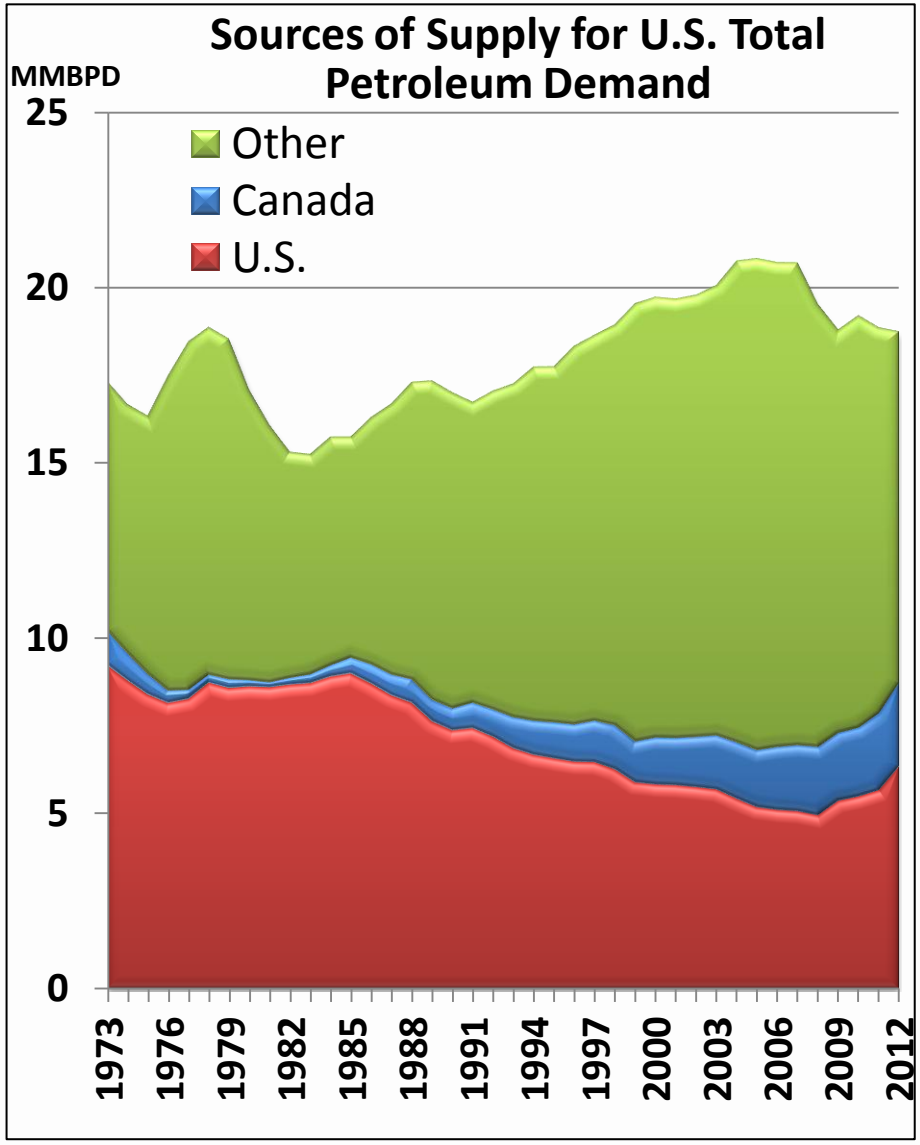
Keystone XL Pipeline

- **Keystone XL Pipeline Presidential Permit Delay**
  - **TransCanada 1,661 mile pipeline that will bring 700,000 bpd of Canadian oil into U.S. markets**
  - **Expected to create 20,000 U.S. manufacturing and construction jobs; $5.2 billion tax revenue in Keystone corridor states over 20 years**
  - **Canadian approval granted; waiting on U.S. regulatory approval**
    - **Decision postponed until first quarter of 2013 for further analysis of route options (specifically, Nebraska)**
  - **Cushing to Gulf Coast leg has been separated from the project, and has started construction. Expected to complete late 2013.**

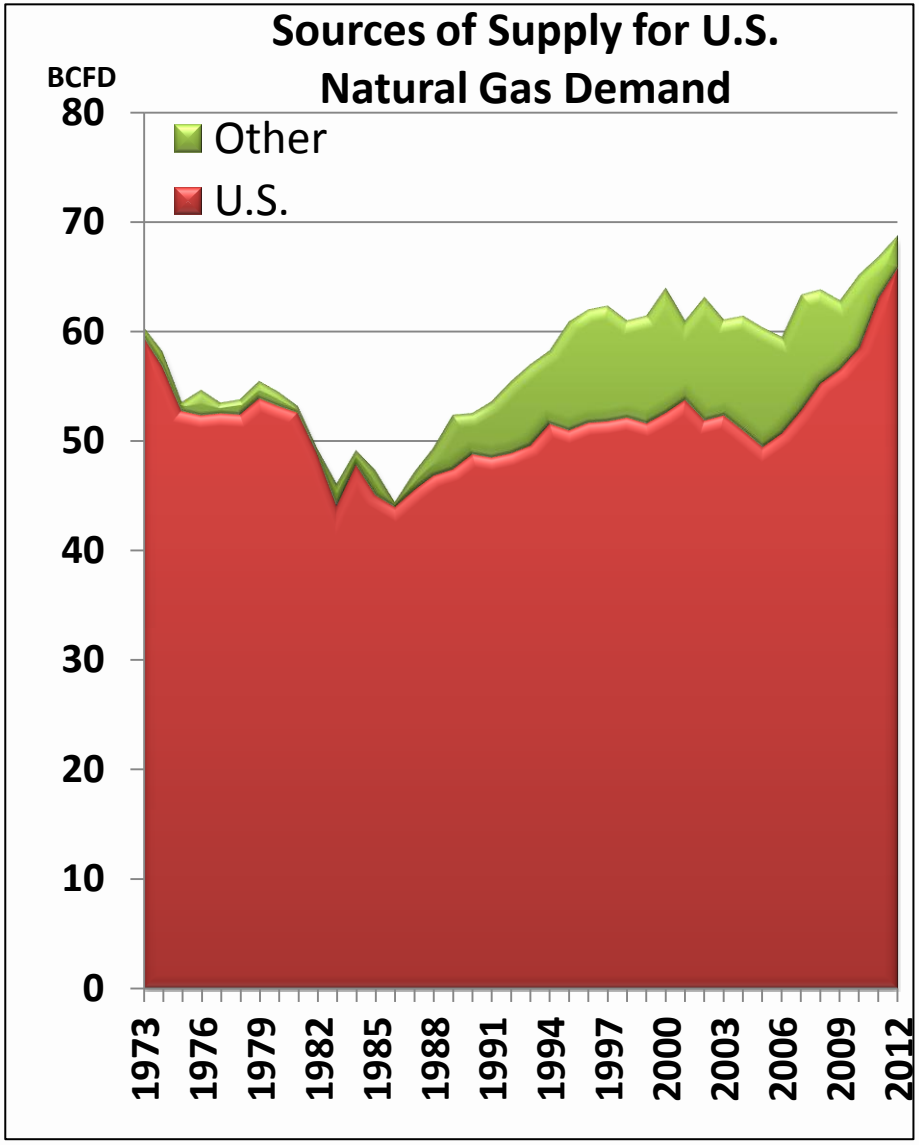


Source: TransCanada Corporation

U.S. Oil and Gas Supplies Increasing Rapidly



Source: EIA



Source: EIA

Global Refining Capacity Rationalization

Location	Owner	CDU Capacity Closed (MBPD)	Year Closed
Perth Amboy, NJ	Chevron	80	2008
Bakersfield,CA	Big West	65	2008
Westville, NJ	Sunoco	145	2009
Bloomfield, NM	Western	17	2009
Teesside, UK	Petroplus	117	2009
Gonfreville, France*	Total	100	2009
Dunkirk, France	Total	140	2009
Japan*	Nippon Oil	205	2009
Toyama, Japan	Nihonkai Oil	57	2009
Arpechim, Romania *	Petrom	70	2009
Cartagena*	REPSOL	100	2009
Bilboa*	REPSOL	100	2009
Arpechim, Romania	OMV	70	2010
Japan*	Cosmo	94	2010
Nadvornaja, Ukraine	Privat Group	50	2010
Montreal, Canada[1]	Shell	130	2010
Yorktown, Virginia	Western	65	2010
Reichstett, France	Petroplus	85	2010
Wilhemshaven, Germany	Phillips 66	260	2010
Ingolstadt, Germany	Bayernoil	90	2010
Cremona, Italy	Tamoil	94	2011
St. Croix, U.S.V.I,*	Hovensa	150	2011

Location	Owner	CDU Capacity Closed (MBPD)	Year Closed
Funshun, China	PetroChina	70	2011
Keihin Ohgimachi, Japan	Showa Shell	120	2011
Clyde, Australia	Shell	75	2011
Porto Marghera, Italy	ENI	70	2011
Marcus Hook, PA	Sunoco	175	2011
Harburg, Germany	Shell	107	2012
Berre, France	LyondellBassel	105	2012
Coryton, U.K.	Petroplus	220	2012
Petit Couronne, France[1*]	Petroplus	60	2012
St. Croix, U.S.V.I	Hovensa	350	2012
Aruba	Valero	235	2012
Gela, Italy*	ENI	50	2012
Rome, Italy	TotalErg	82	2012
Fawley, U.K.*	ExxonMobil	80	2012
Paramo, Czech Republic	Unipetrol	20	2012
Lisichansk, Ukraine	TNK-BP	175	2012
Sakaide, Japan	Cosmo Oil	140	2013
Japan	Indemitsu Kosan	100	2014
Japan	Nippon	200	2014
Kurnell, Australia	Caltex	135	2014

*Partial closure of refinery captured in capacity Note: This data represents refineries currently closed, ownership may choose to restart or sell listed refinery

Sources: Industry and Consultant reports and Valero estimates

[1]The Petit Couronne refinery has reduced capacity by 60 MBPD with Shell to supplying crude via a processing agreement at 100 MBPD starting in mid-June

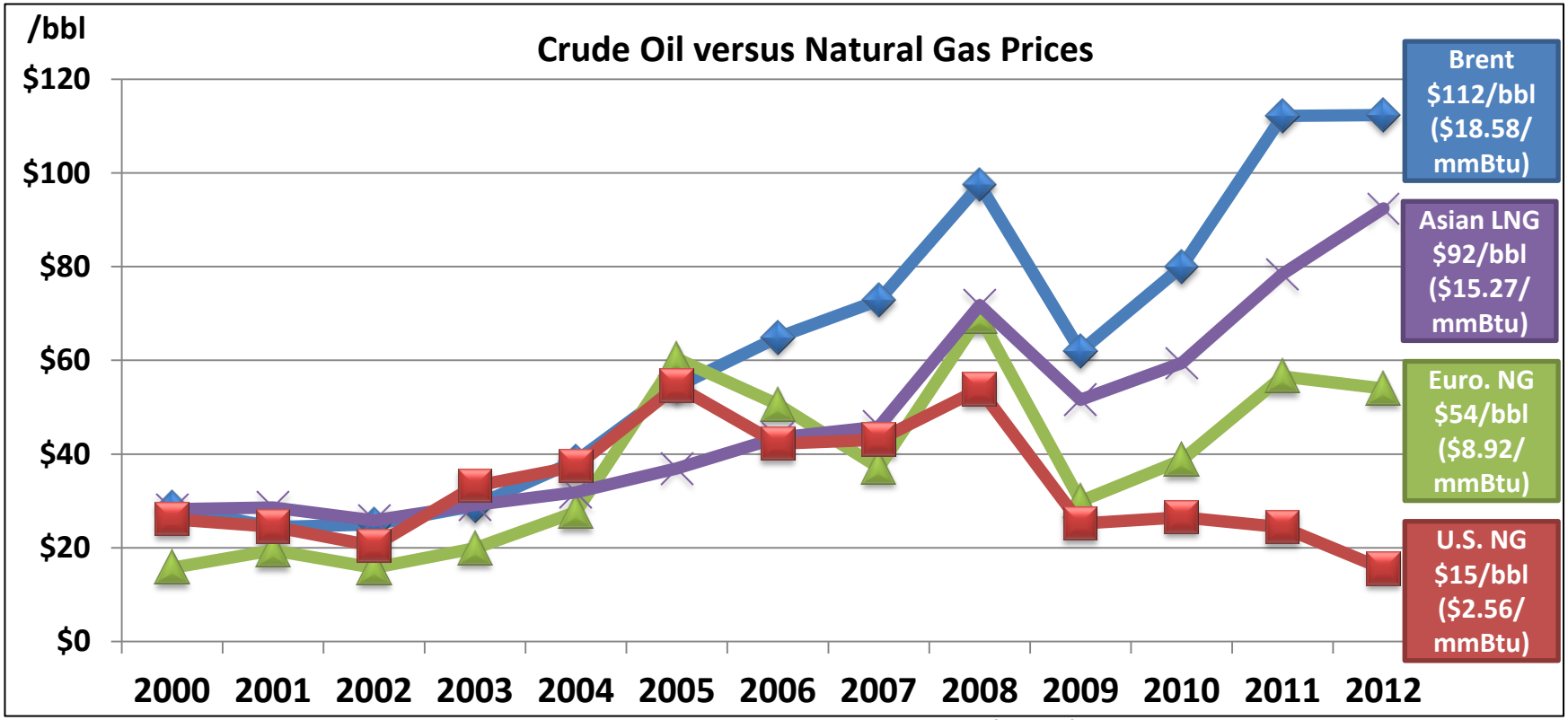
Global Refining Capacity For Sale or Under Strategic Review

Location	Owner	CDU Capacity (MBPD)
Gothenburg, Sweden	Shell	80
Kapolei, HI	Chevron	54
Milford Haven, UK	Murphy	108
Whitegate, Ireland	Phillips 66	70
Mazeikai, Lithuania	PKN	190
Various Japanese Locations	JX Energy	400
Incheon, South Korea	SK Group	275
Texas City, Texas	BP	475
Kapolei, HI	Tesoro	94
Okinawa, Japan	Petrobras/Nansei Sekiyu	100
Brisbane, Australia (Lytton)	Caltex	109
Mongstad, Norway	Statoil	220
Dartmouth, Canada	Imperial Oil	88
Pasadena, TX	Petrobras	100
Okinawa, Japan	Petrobras	100
Falconara, Italy	API	80

Sources: Industry and Consultant reports and Valero estimates

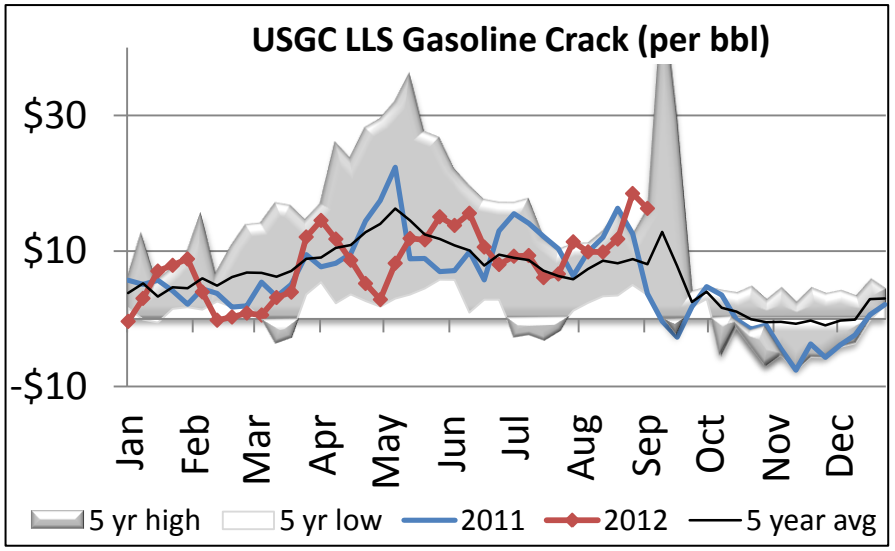
Low-Cost U.S. Natural Gas Provides Competitive Advantage

- U.S. natural gas trading at a significant discount to Brent crude oil price (on energy equivalent basis)
- Expect U.S. natural gas prices will remain low and disconnected from global oil and gas prices for foreseeable future
- VLO refinery operations use up to 600,000 mmBtus/day of natural gas at full utilization, split roughly in half between operating expense and gross margin

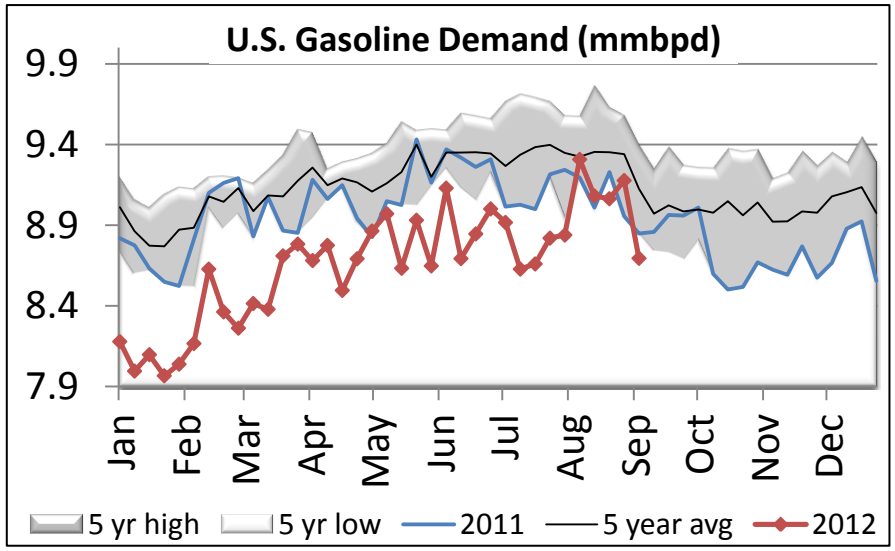


Source: Argus, 2012 = YTD through September 13, 2012; natural gas price converted to barrels using factor of 6.05x

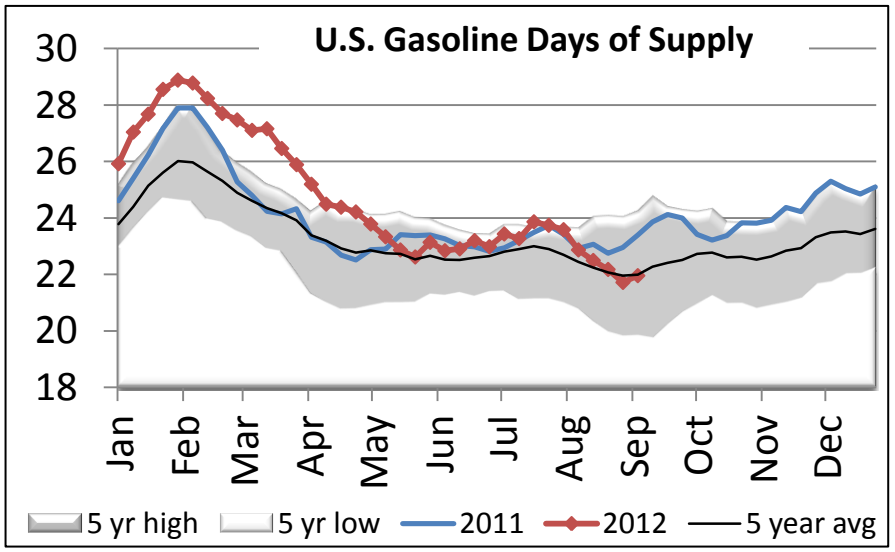
Gasoline Fundamentals



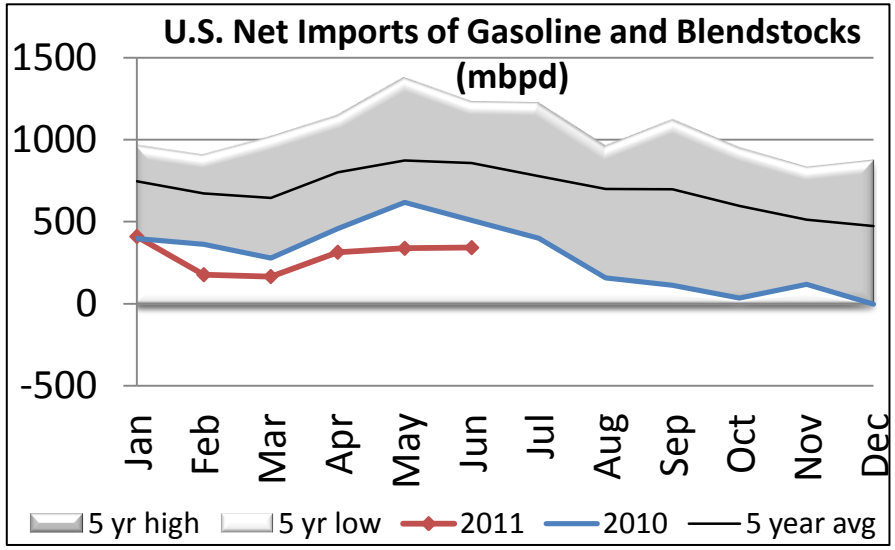
Source: Argus; 2012 data through September 7



Source: DOE weekly data; 2012 data through week ending September 7

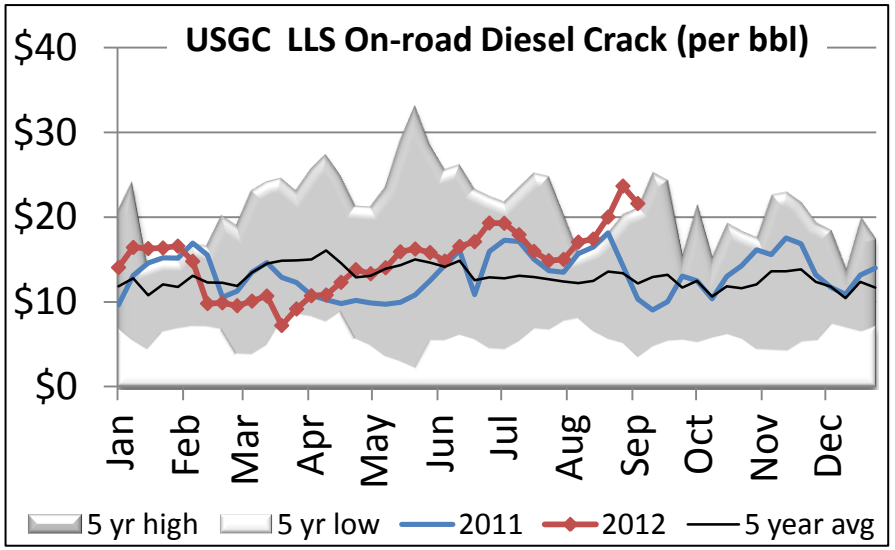


Source: DOE weekly data; 2012 data through week ending September 7

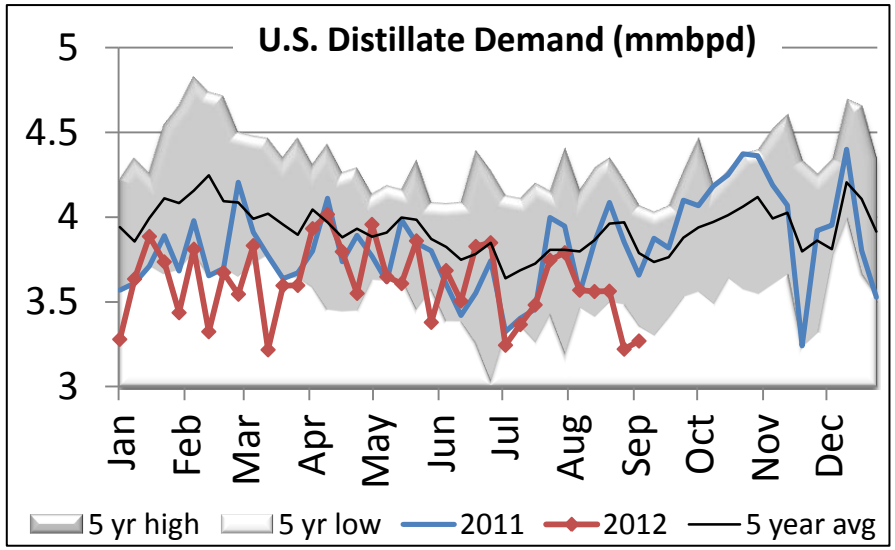


Source: DOE monthly data; 2011 data through June 2012

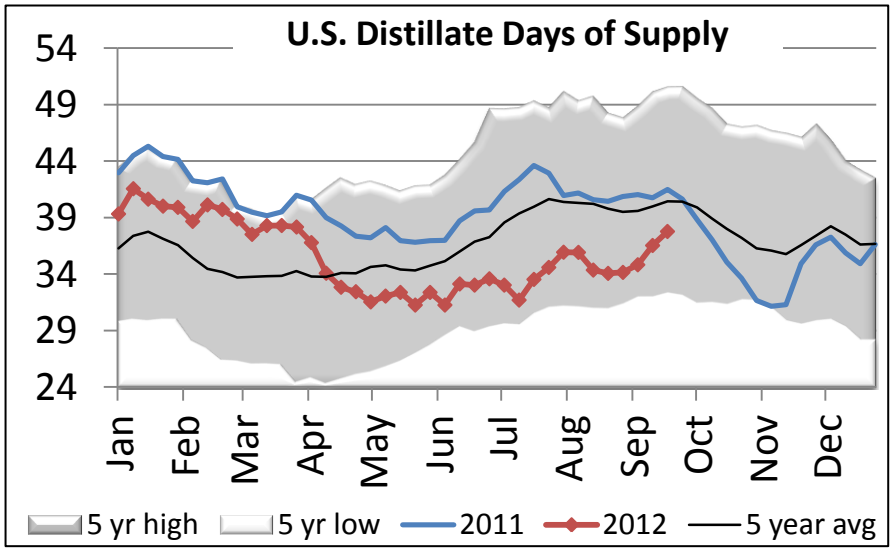
Distillate Fundamentals



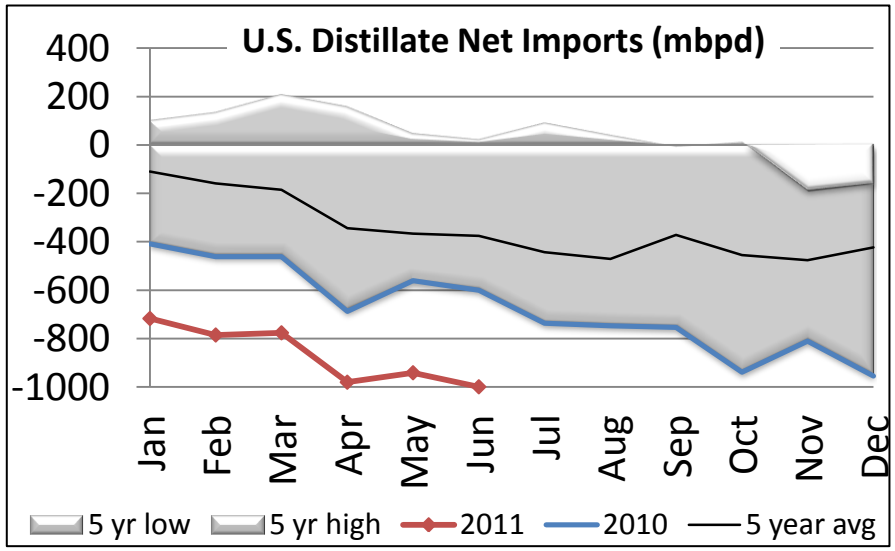
Source: Argus; 2012 data through September 7



Source: DOE weekly data; 2012 data through week ending September 7

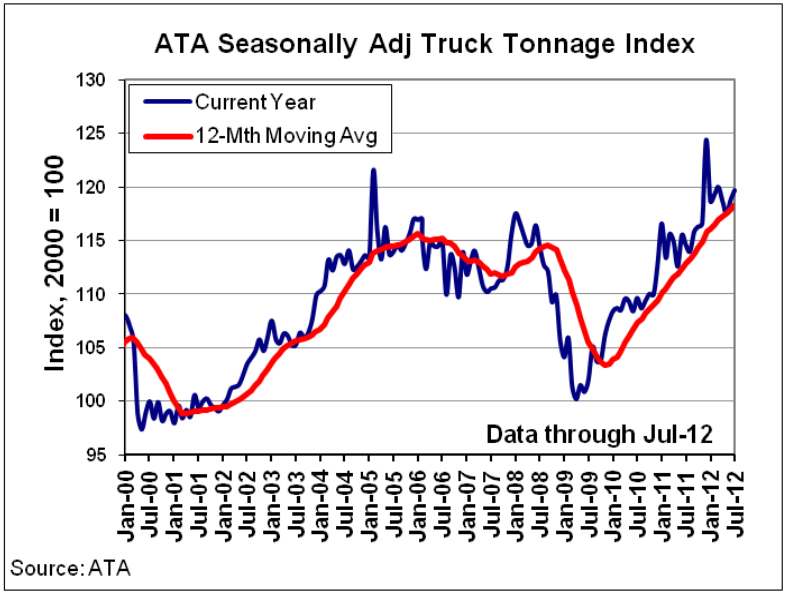


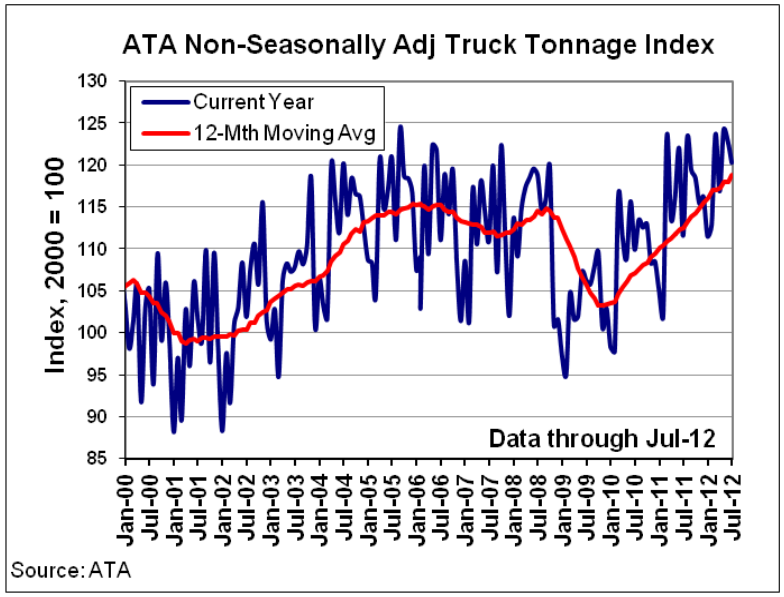
Source: DOE weekly data; 2012 data through week ending September 7

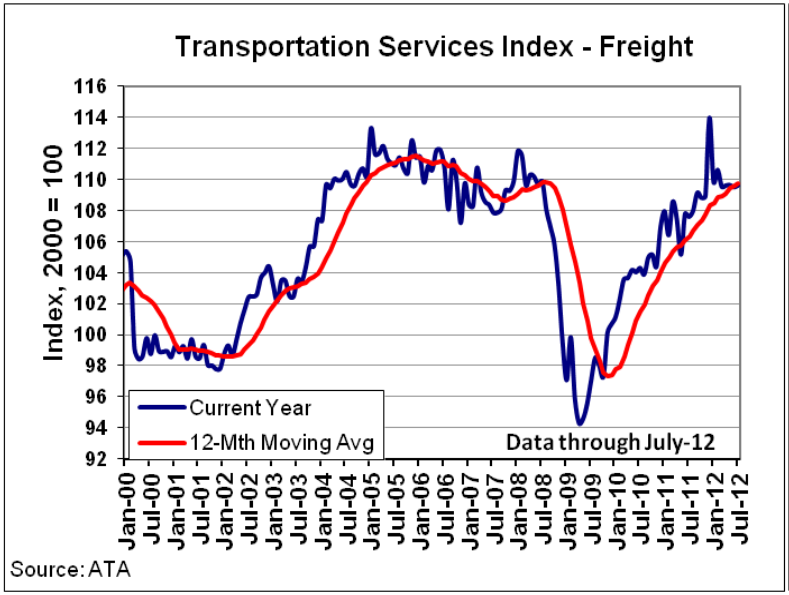


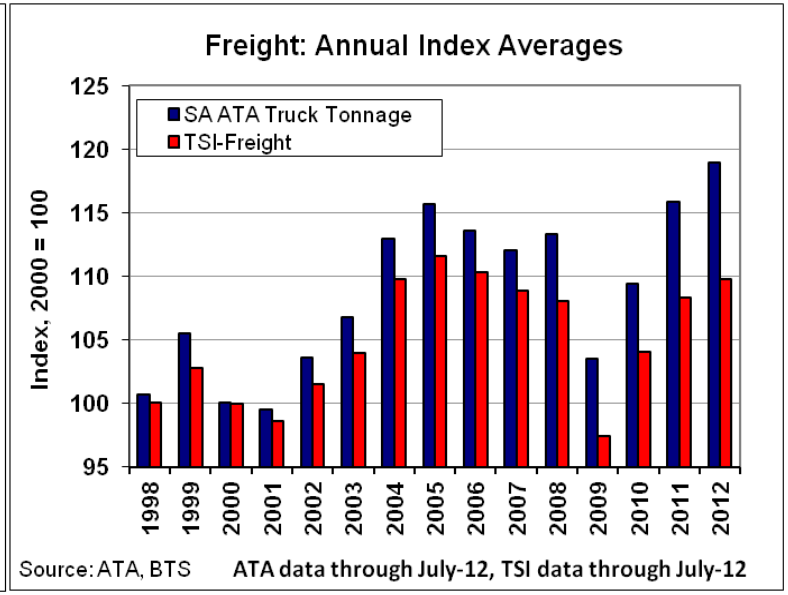
Source: DOE monthly data; 2011 data through June 2012

U.S. Transport Indicators: Trucking Indicators

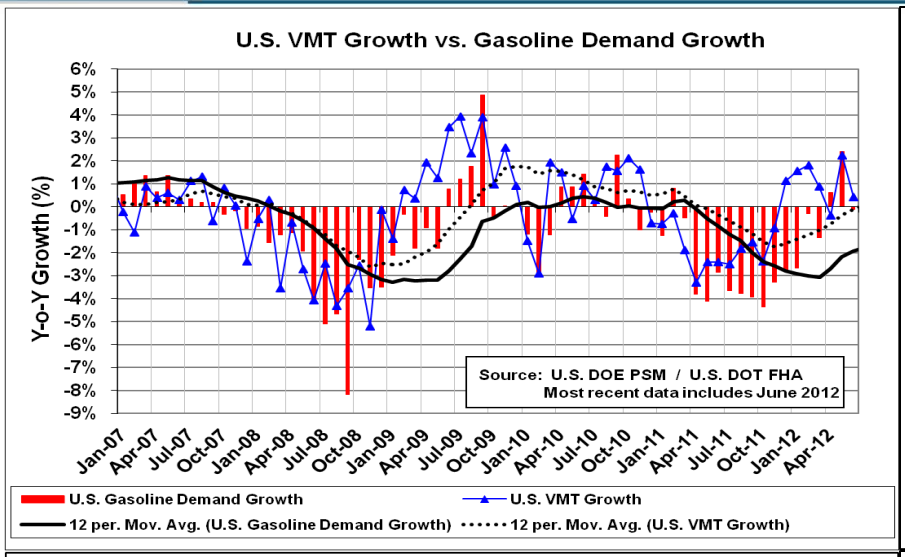


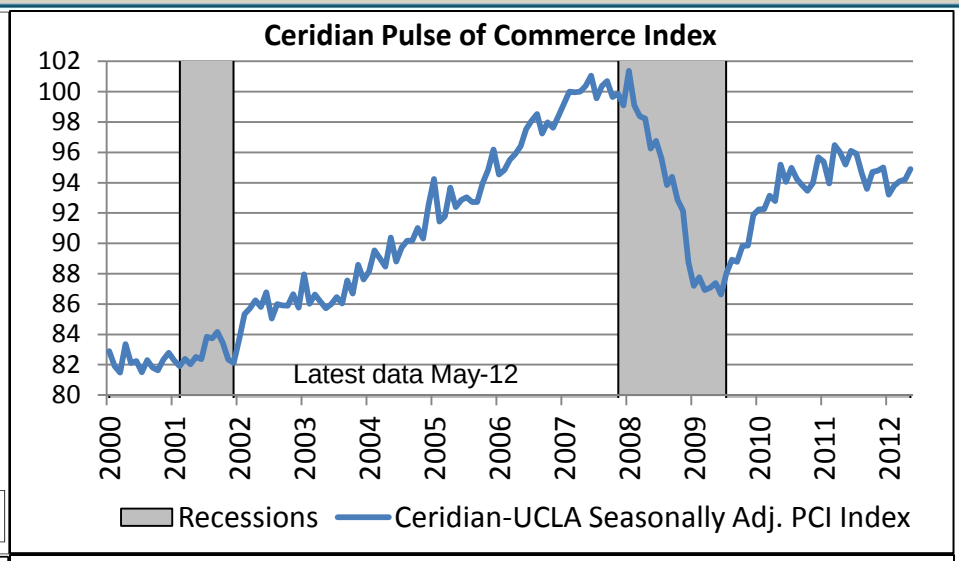


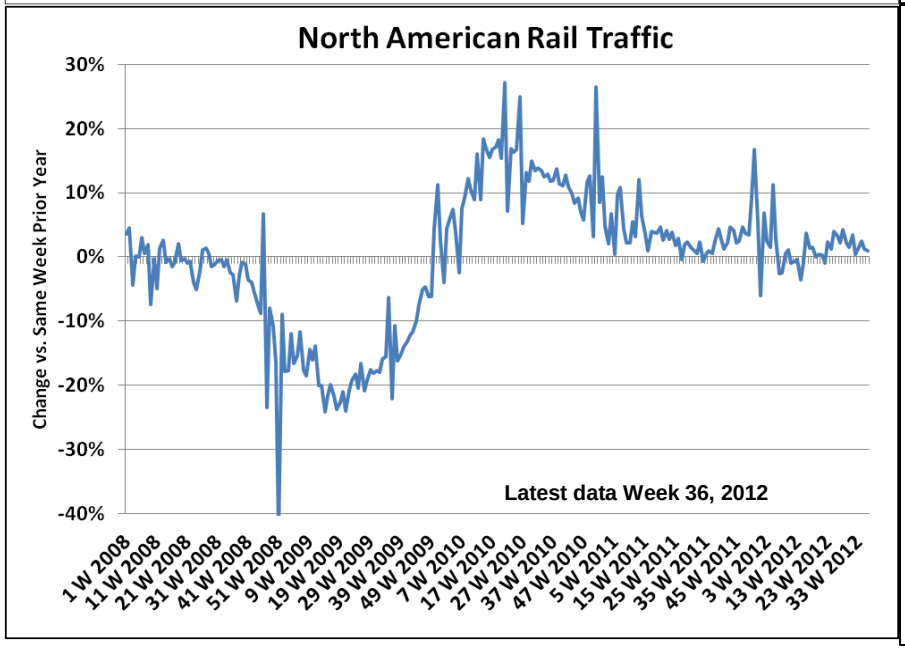


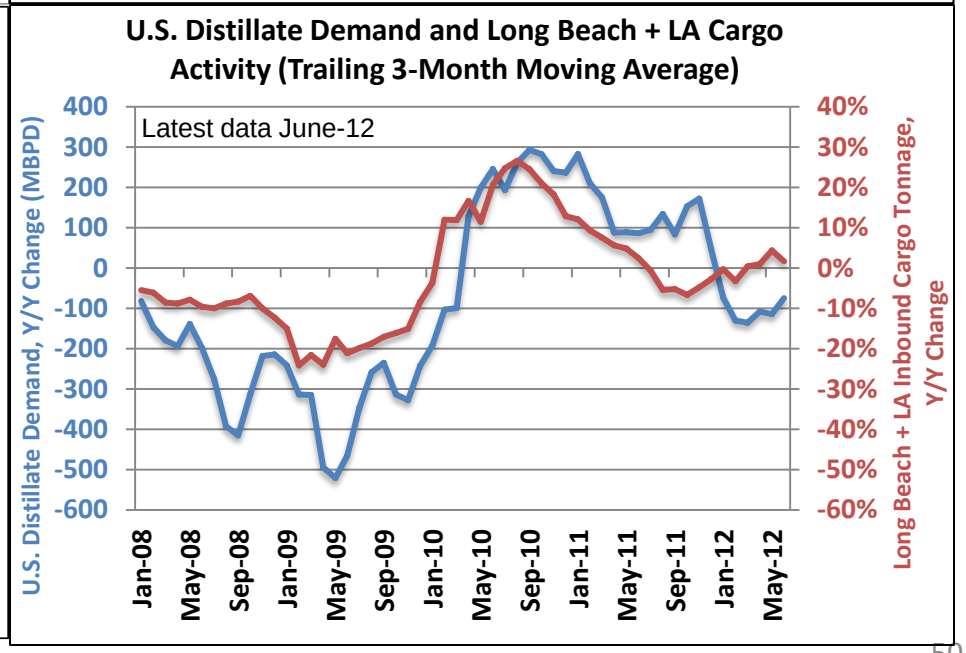


U.S. Transport Indicators

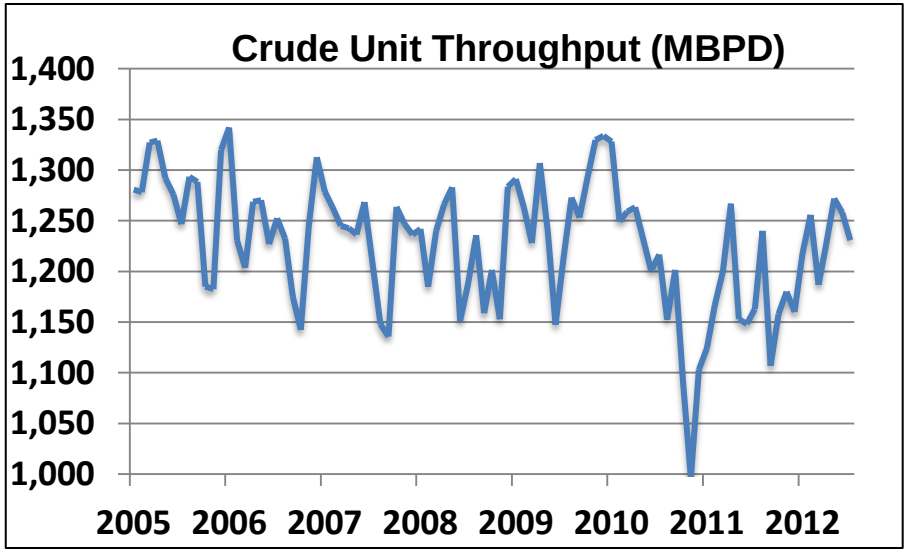




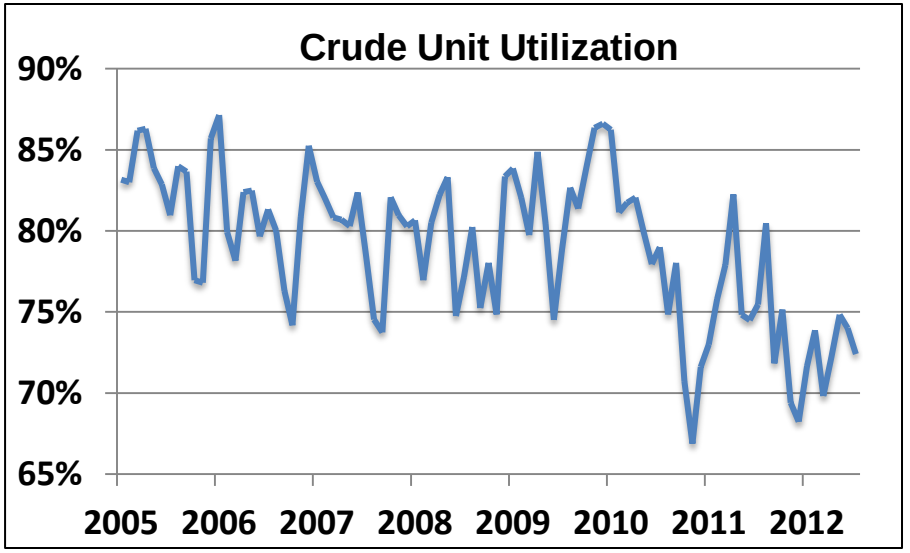




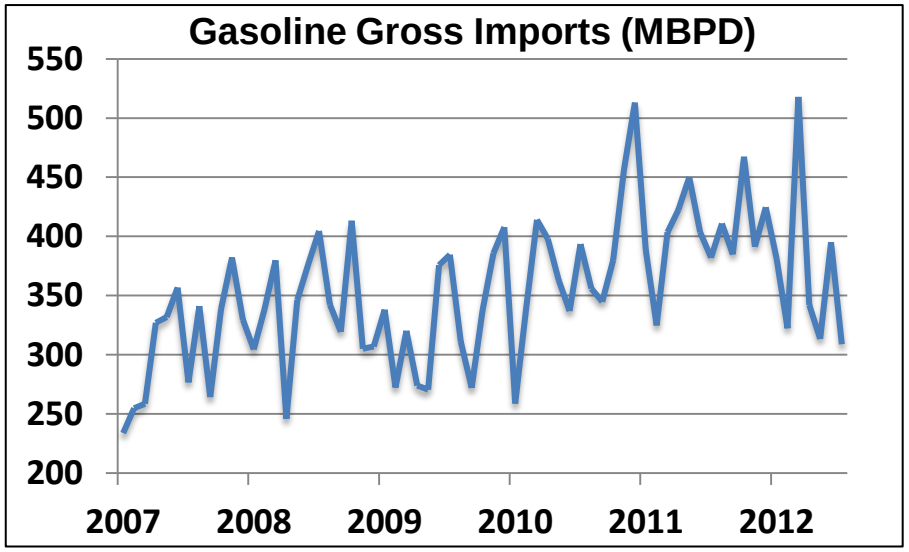
Mexico Statistics



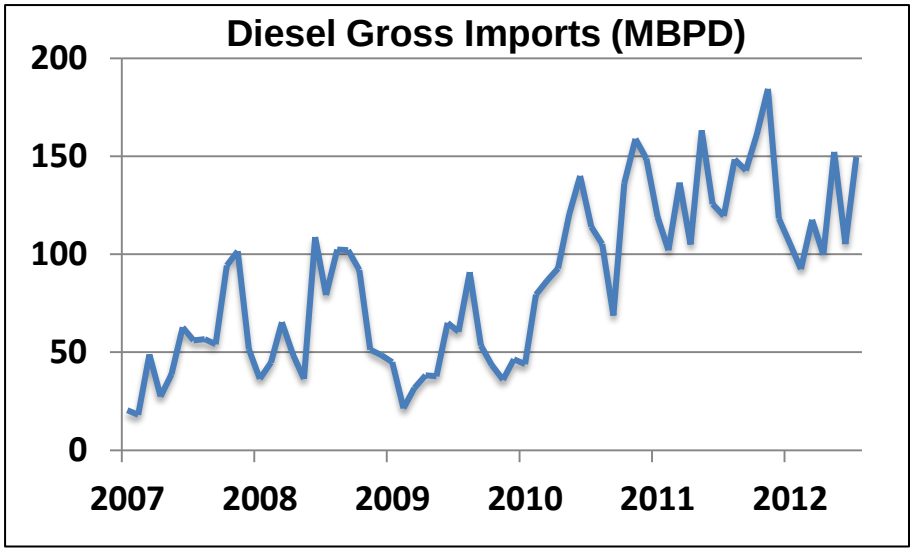
Source: Mexico Secretary of Energy, latest data July-12



Source: Mexico Secretary of Energy, latest data July-12

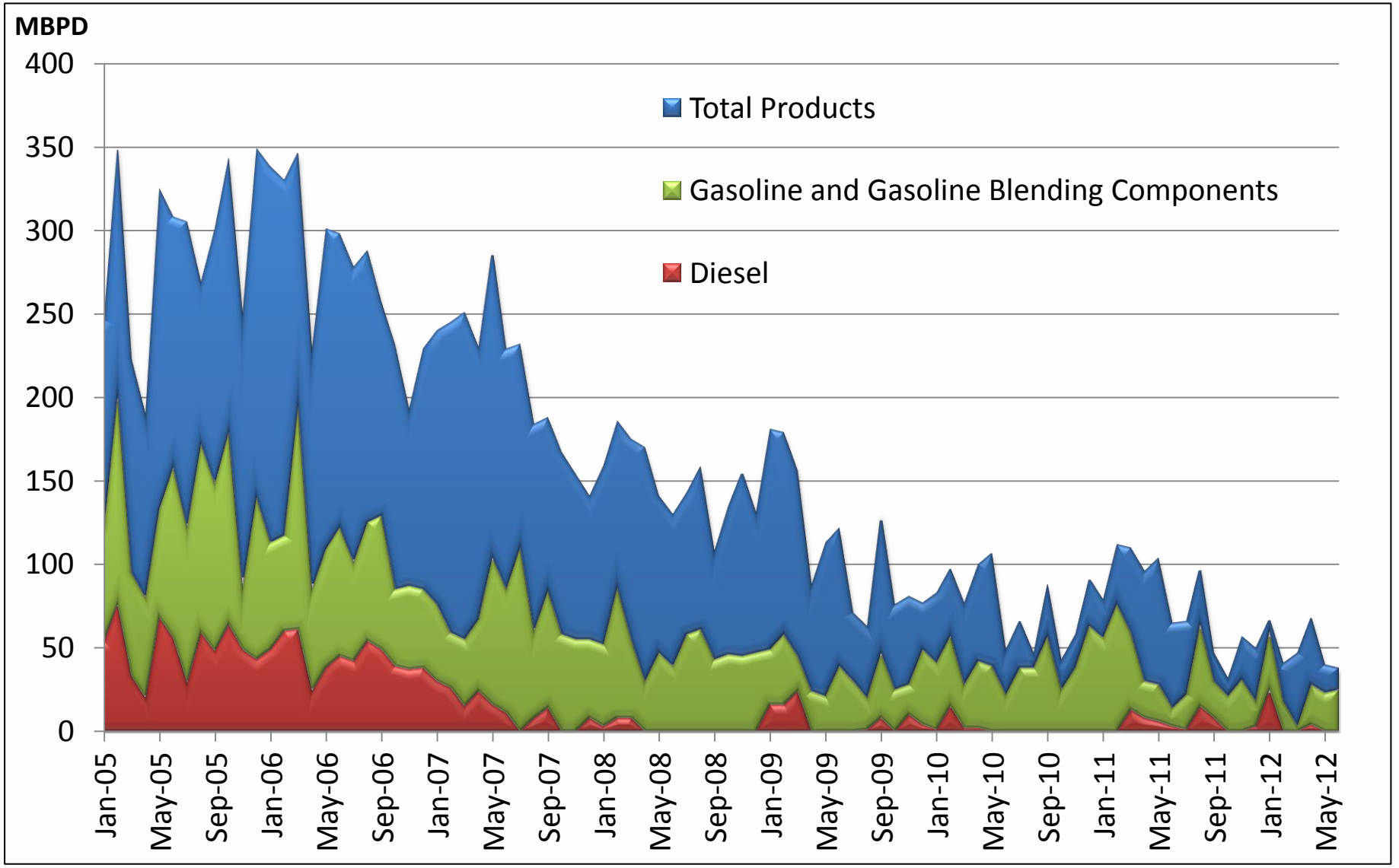


Source: PEMEX, latest data July-12



Source: PEMEX, latest data July-12

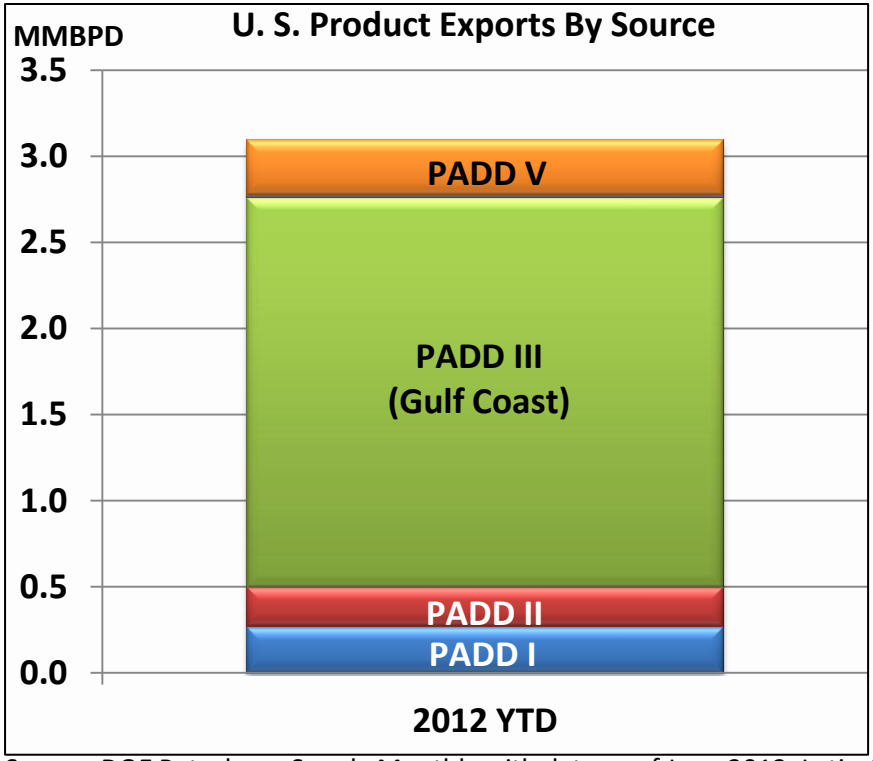
Venezuelan Exports to the U.S.

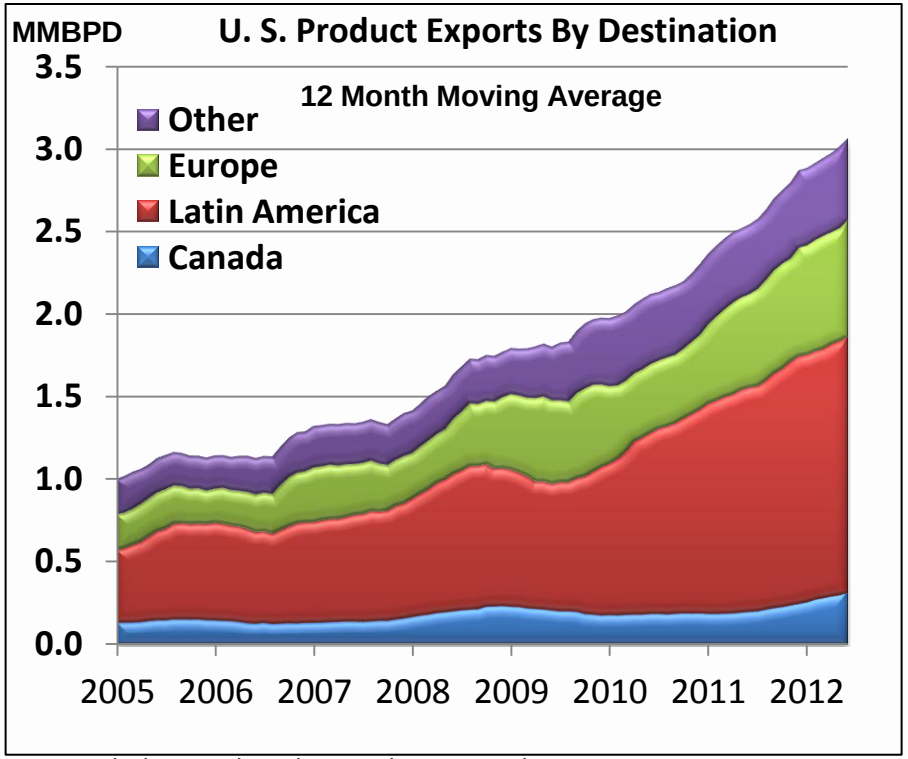


Source: EIA, May 2012

Competitively Exporting into Growing Markets

- **U.S. has become a net exporter of refined products due to growth in developing countries, Atlantic Basin capacity closures, Western European diesel demand, and Latin American refining operating issues**
- **U.S. Gulf Coast (PADD III) is largest source of exported products**
- **Latin America continues to be the largest U.S. export market, followed by Western Europe**
  - Latin American petroleum demand has been increasing 2.5% per year over the past 5 years versus U.S. decreasing 1.8% per year

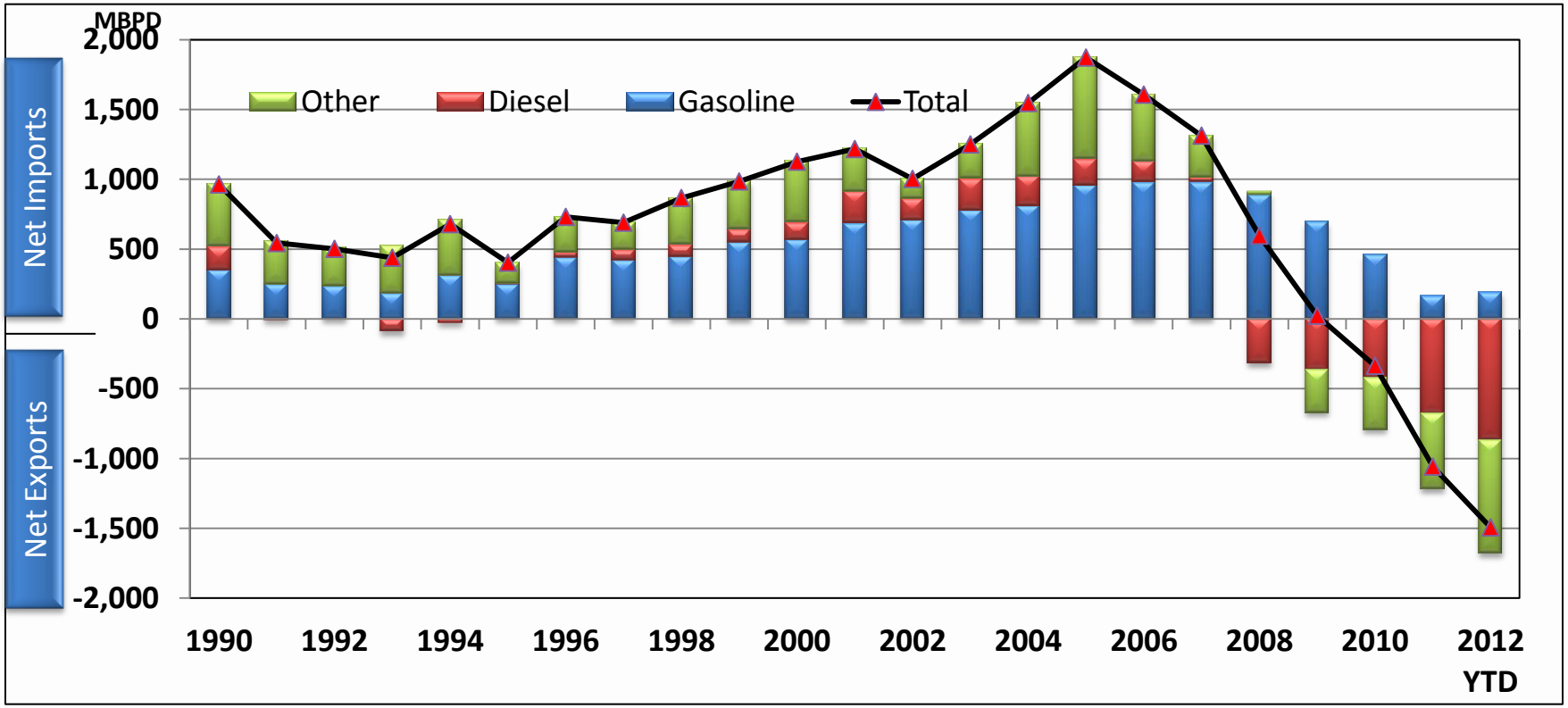




Source: DOE Petroleum Supply Monthly with data as of June 2012, Latin America includes South and Central America plus Mexico

U.S. Shifted to Net Exporter

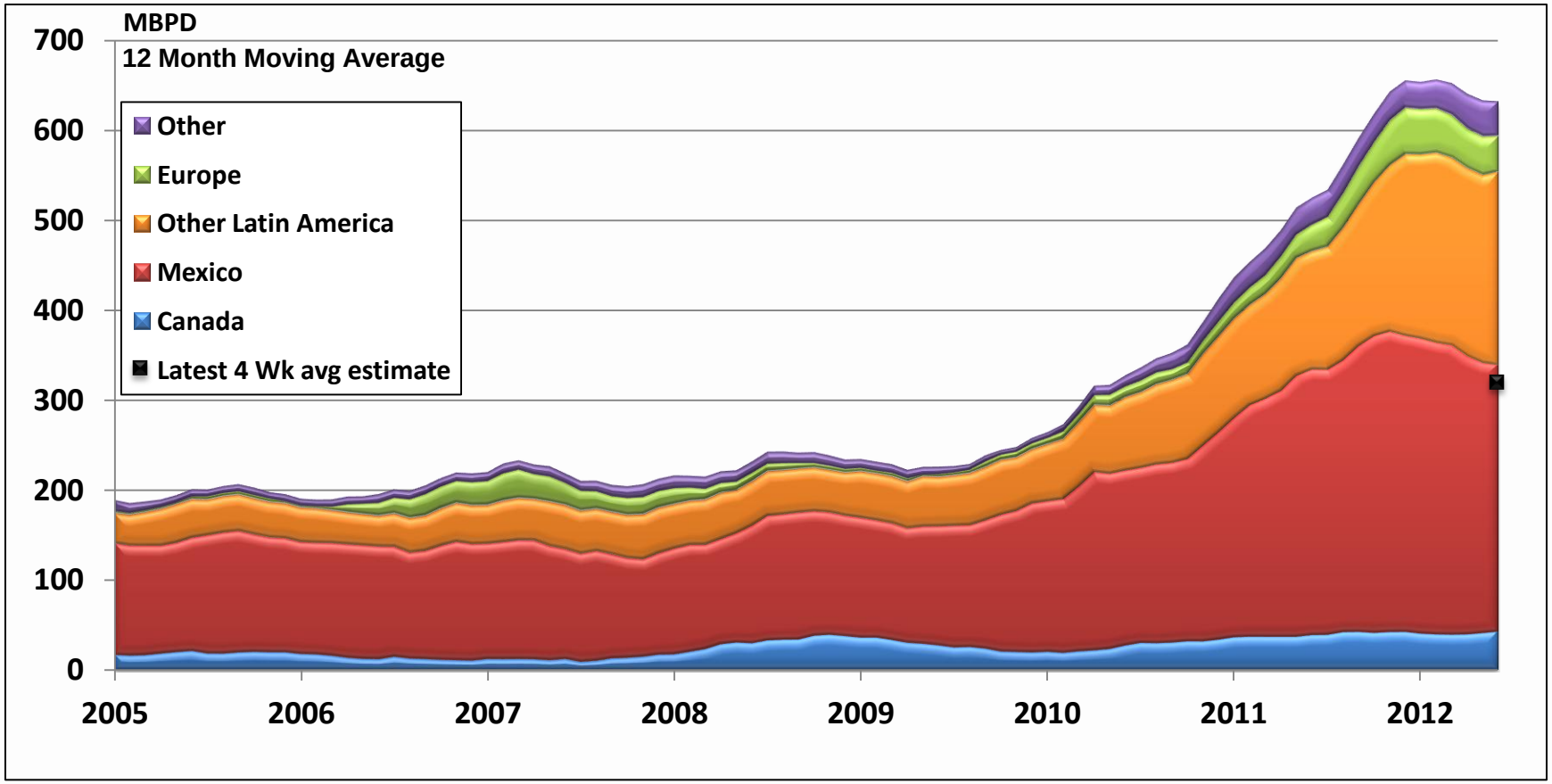
- **As a result of the continued shift towards exports, U.S. net exports of petroleum products have increased from 335 MBPD in 2010 to 1494 MBPD in 2012 YTD**
  - Diesel net exports continue to rise significantly, with U.S. refiners sending a net of 866 MBPD to other countries in 2012
  - Gasoline net imports have fallen from almost 1 MMBPD in 2006 to only 186 MBPD in 2012 YTD
  - Still, gasoline and blendstocks are the only product category where the U.S. remains a net importer



Note: Gasoline includes ethanol, MTBE, and other oxygenates; Source: DOE Petroleum Supply Monthly with data as of June 2012

U.S. Gasoline Exports by Destination

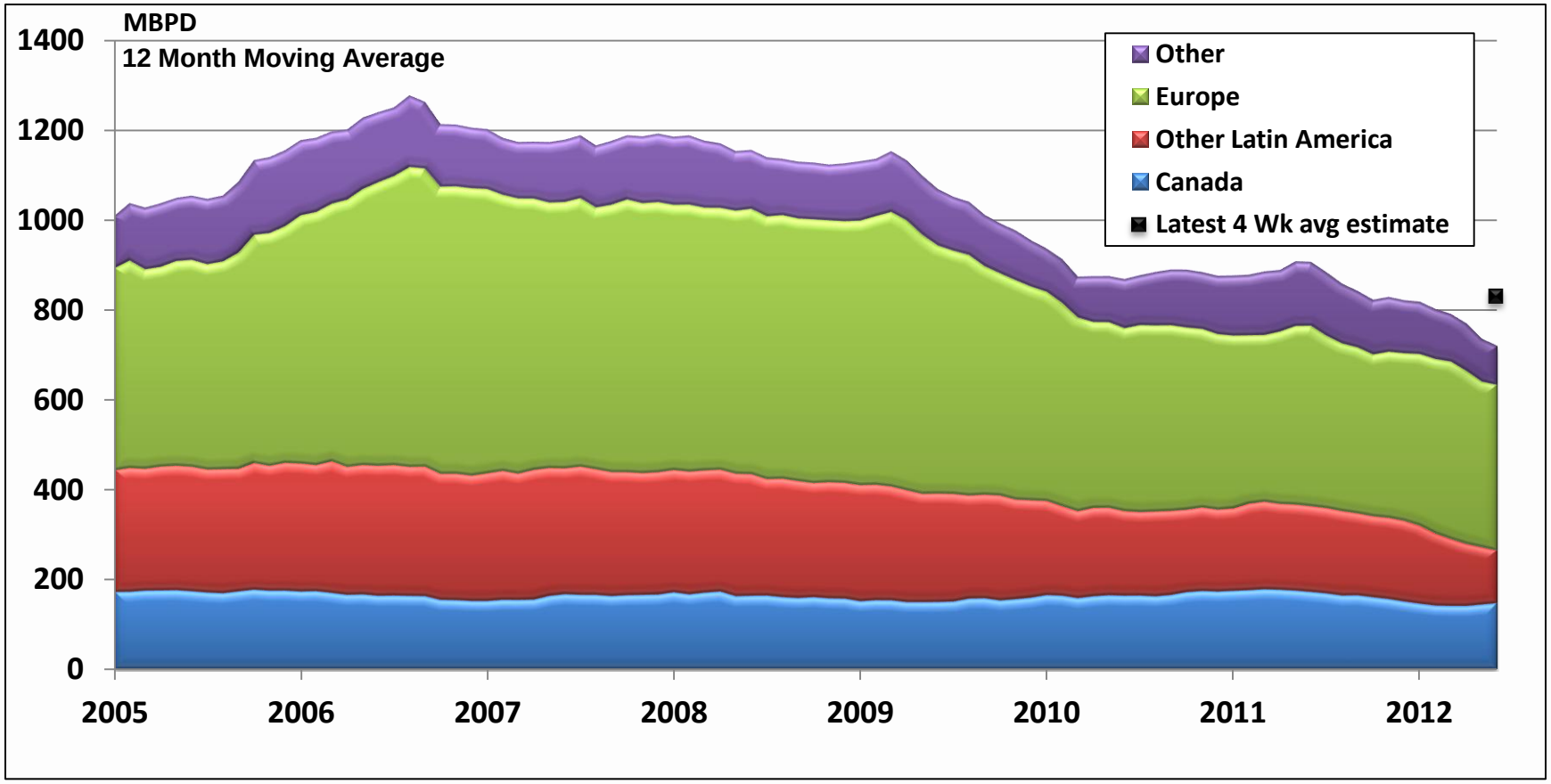
- **Gasoline exports remain at strong levels due to the solid demand from Latin America, including Mexico**



Note: Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE, and other oxygenates)
Source: DOE Petroleum Supply Monthly with data as of June 2012. 4 Week Average estimate from Weekly Petroleum Statistics Report and VLO estimates

U.S. Gasoline Imports by Source

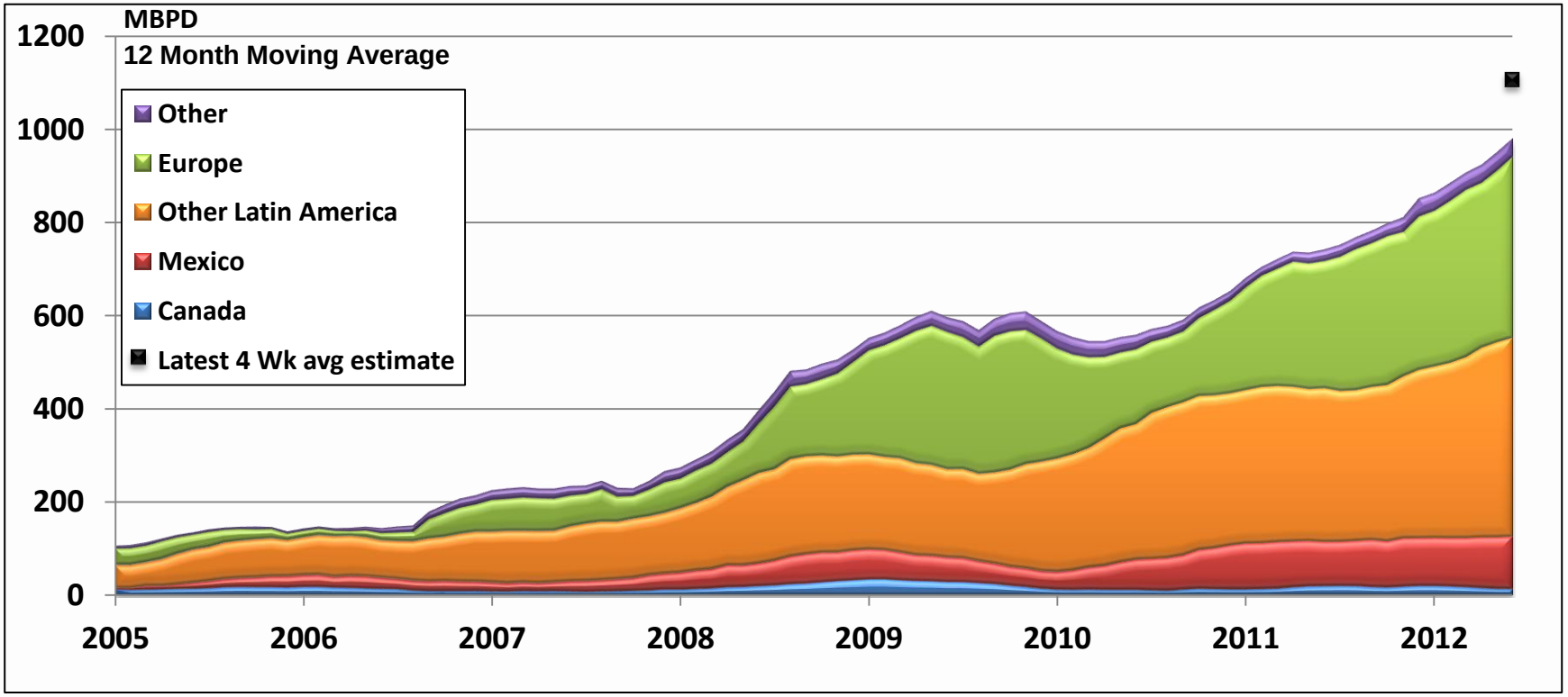
- **Gasoline imports have declined steadily since 2007**
  - Shutdown of the Atlantic Basin refineries will keep pressure on this trend in 2012
  - Although the shutdown of U.S. East coast refineries will require more gasoline to balance



Note: Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE, and other oxygenates)
Source: DOE Petroleum Supply Monthly with data as of June 2012. 4 Week Average estimate from Weekly Petroleum Statistics Report and VLO estimates

U.S. Diesel Exports by Destination

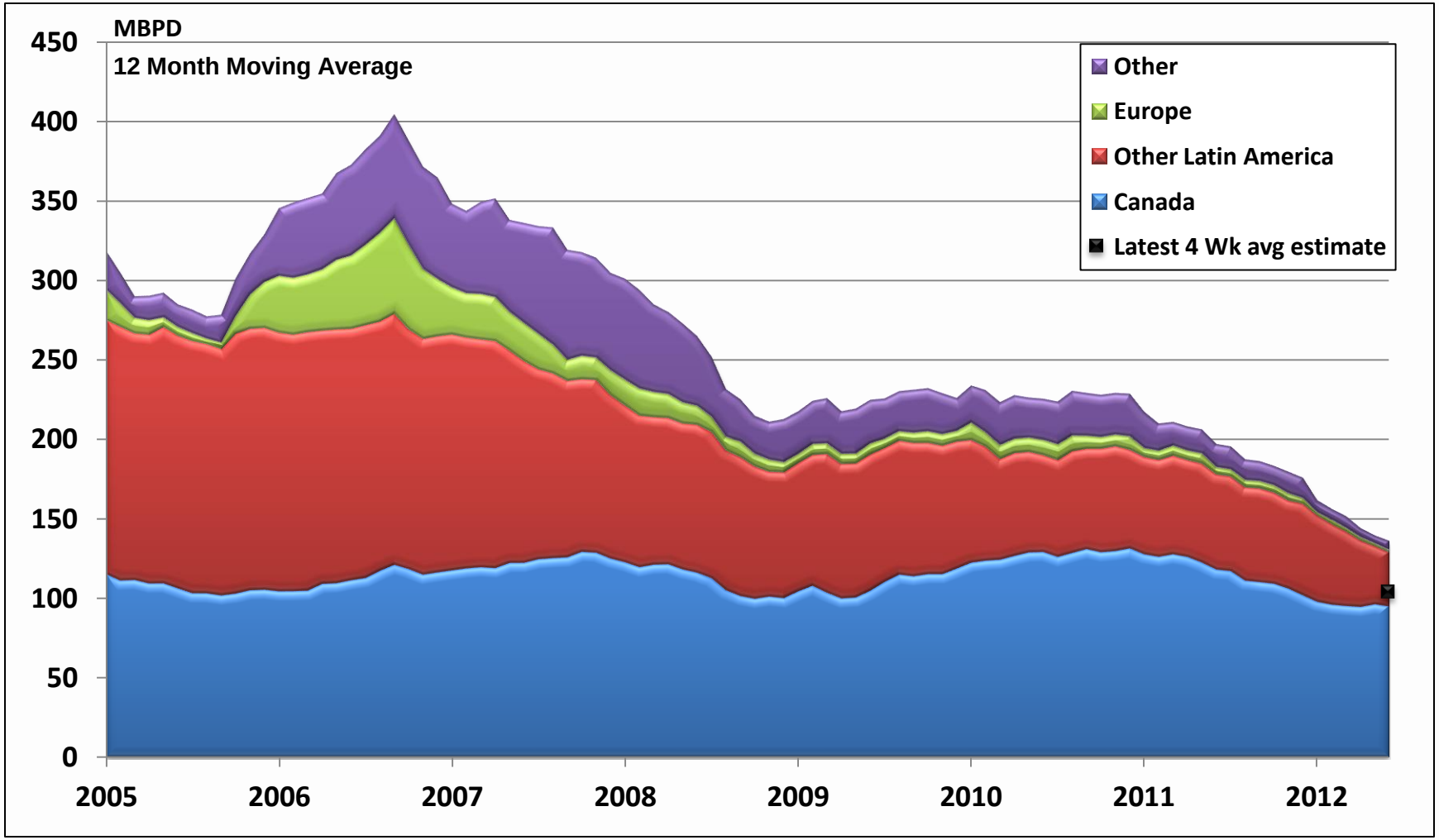
- **Diesel exports to Latin America continue to exceed exports to Europe, but over two-thirds of diesel export growth in 2011 was to Europe**
  - Latin America needs remain high on good demand growth and continued challenges running refineries in key countries



Source: DOE Petroleum Supply Monthly with data as of June 2012. 4 Week Average estimate from Weekly Petroleum Statistics Report

U.S. Diesel Imports by Source

- **Diesel imports continue to fall in 2012 due to less volume from Latin America**

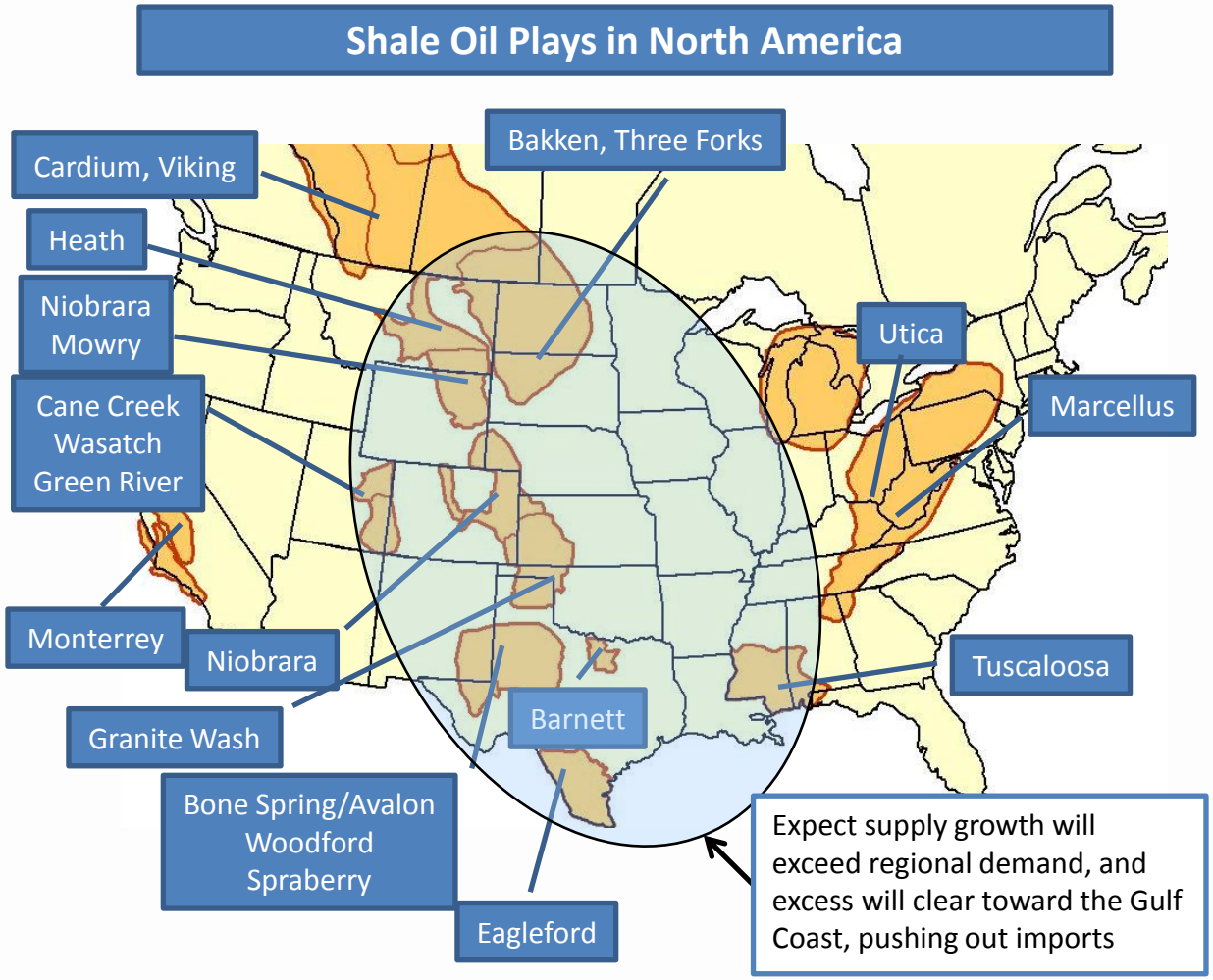


Source: DOE Petroleum Supply Monthly with data as of June 2012. 4 Week Average estimate from Weekly Petroleum Statistics Report

U.S. Crude and Natural Gas Production – Tight Oil Supply Growth

The new U.S. shale plays are located in places that should provide additional barrels into the Rockies and Gulf Coast - pressuring crude imports and lowering natural gas prices

- The furthest along in development are in North Dakota (Bakken) and South Texas (Eagle Ford)
  - Each could see 500+ MBPD of growth in the next few years and potentially more thereafter
- Utica (Ohio) is potentially a large play, but is not as far along in development
- Permian Basin – potentially huge



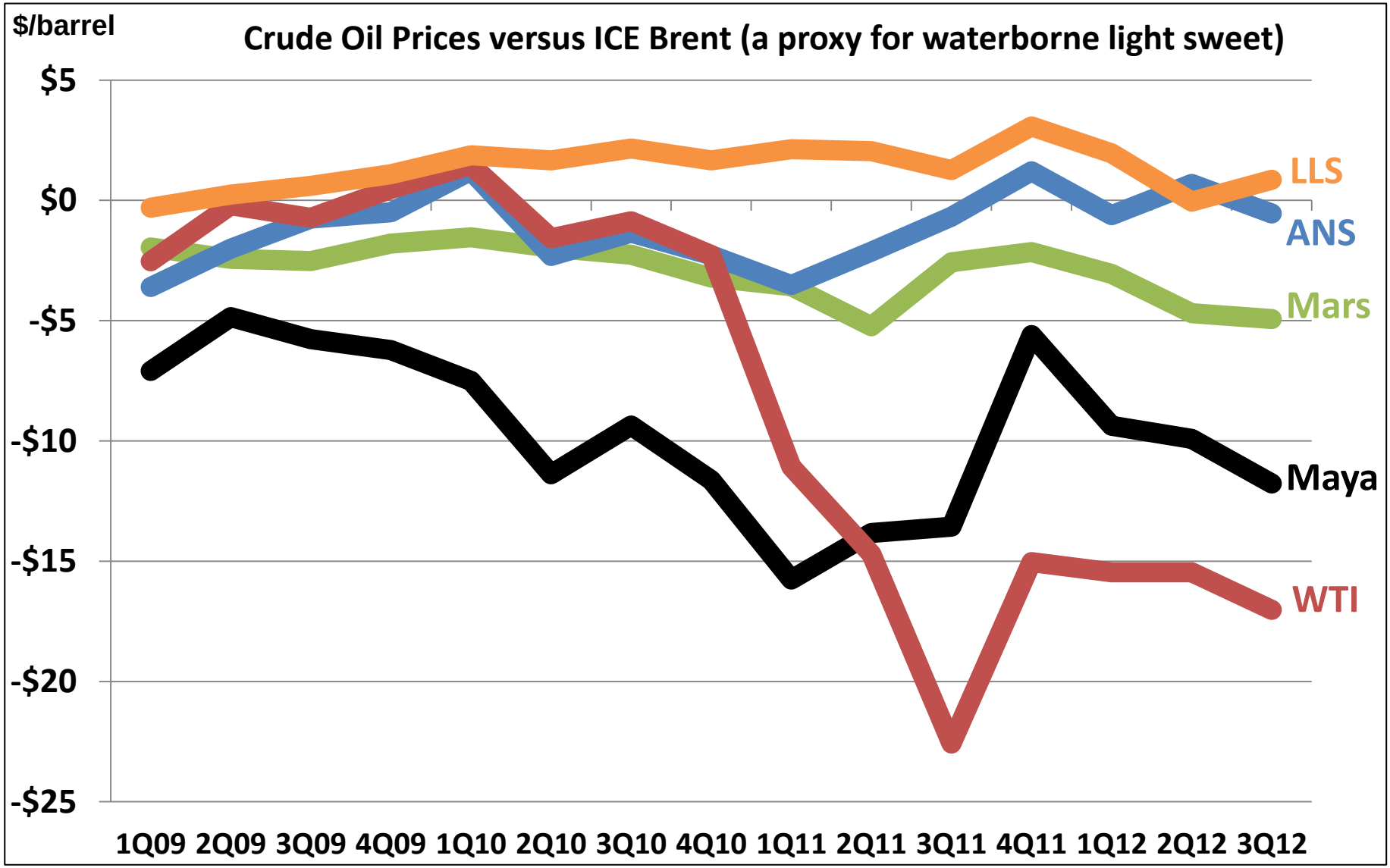
Source: Map from CERA

Ethanol and Retail Reconciliation of Operating Income to EBITDA

Ethanol (millions)	2Q09 – 4Q09	2010	2011	1Q12	2Q12
Operating Income	$165	$209	$396	$9	$5
+ Depreciation and amortization expense	$18	$36	$39	$10	$9
= EBITDA	$183	$245	$435	$19	$14

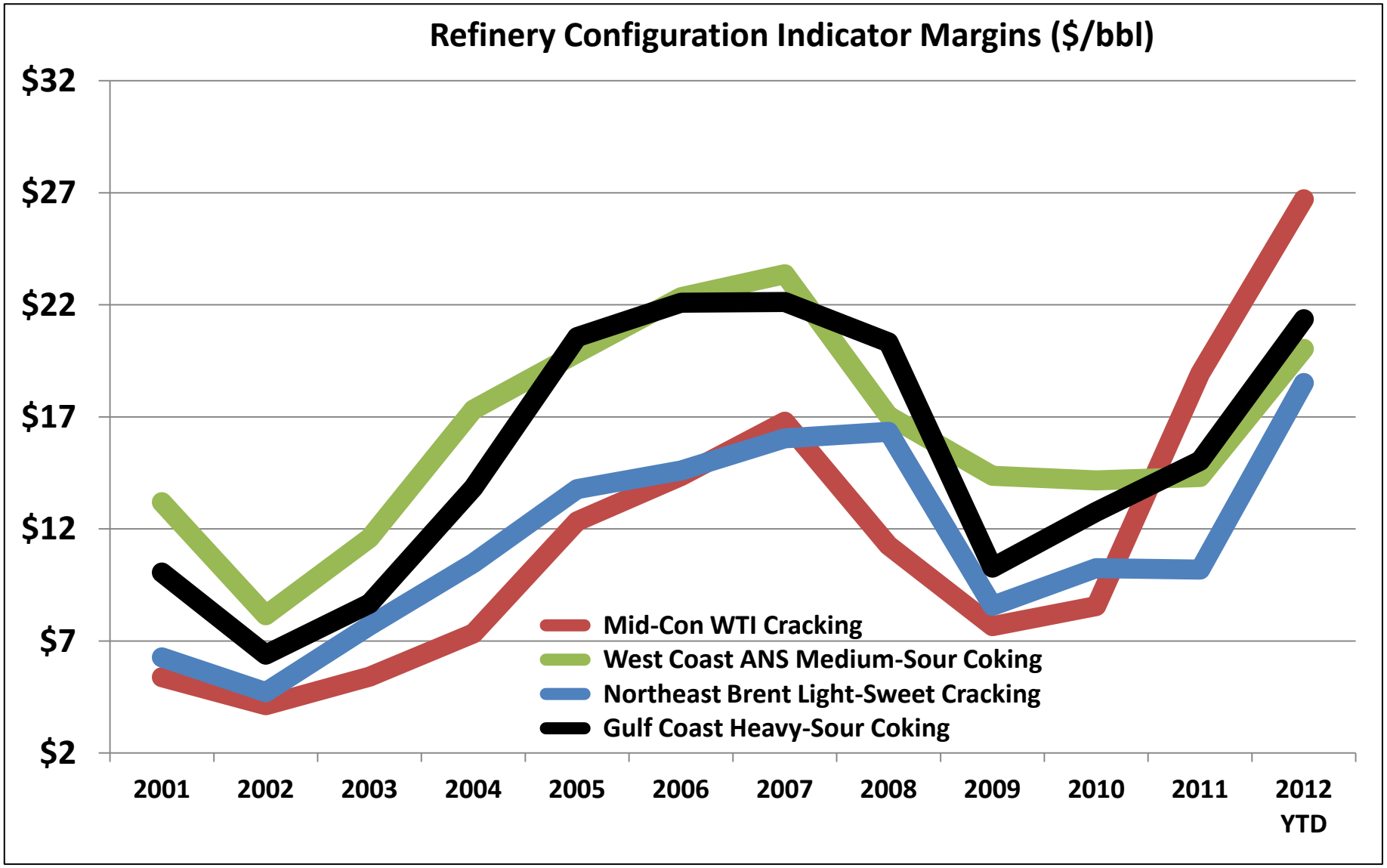
Retail (millions)	2005	2006	2007	2008	2009	2010	2011	2Q12 LTM
U.S. Operating Income	$81	$113	$154	$260	$170	$200	$213	$252
+ U.S. depreciation and amortization expense	$60	$60	$59	$70	$70	$73	$77	$78
= U.S. EBITDA	$141	$173	$214	$330	$240	$273	$290	$330
Canada Operating Income	$73	$69	$95	$109	$123	$146	$168	$140
+ Canada depreciation and amortization expense	$23	$27	$31	$35	$31	$35	$38	$38
= Canada EBITDA	$96	$96	$126	$144	$154	$181	$206	$178

Most Crude Oil Discounts Improving



Source: Argus; 2012 year-to-date through September 13; LLS prices are roll adjusted

Regional Refinery Indicator Margins



Source: Argus; 2012 year-to-date through September 13; see Appendix for details on refinery configuration assumptions

Assumed Regional Indicator Margins

- **Gulf Coast Indicator:** (GC Colonial 85 CBOB A grade- LLS) x 60% + (GC ULSD 10ppm Colonial Pipeline prompt - LLS) x 40% + (LLS - Maya Formula Pricing) x 40% + (LLS - Mars Month 1) x 40%
- **Mid-con Indicator:** [(Group 3 Conv 87 Gasoline prompt - WTI Month 1) x 60% + (Group 3 ULSD 10ppm prompt - WTI Month 1) x 40%] x 60% + [(GC Colonial 85 CBOB A grade prompt - LLS) x 60% + (GC ULSD 10ppm Colonial Pipeline - LLS) x 40%] x 40%
- **West Coast Indicator:** (San Fran CARBOB Gasoline Month 1 - ANS USWC Month 1) x 60% + (San Fran EPA 10 ppm Diesel pipeline - ANS USWC Month 1) x 40%
- **North Atlantic Indicator:** (NYH Conv 87 Gasoline Prompt – ICE Brent) x 50% + (NYH ULSD 15 ppm cargo prompt – ICE Brent) x 50%

- LLS prices are Month 1, adjusted for complex roll
- Prior to 2010, GC Colonial 85 CBOB is substituted for GC 87 Conventional

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