



Investor Presentation

May 2015



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," "intend," 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.

Who We Are



World's Largest Independent Refiner

- 15 refineries, 2.9 million barrels per day (BPD) of high-complexity throughput capacity
- Greater than 70% of refining capacity located in U.S. Gulf Coast and Mid-Continent
- Approximately 10,000 employees



Large Logistics Infrastructure with Focus on Growth

- General partner and majority owner of Valero Energy Partners LP (NYSE: VLP), a growth-oriented, fee-based master limited partnership (MLP)
- Significant inventory of logistics assets within Valero



Wholesale Fuels Marketer

- Approximately 7,400 marketing sites in U.S., Canada, United Kingdom, and Ireland
- Brands include Valero, Ultramar, Texaco, Shamrock, Diamond Shamrock, and Beacon

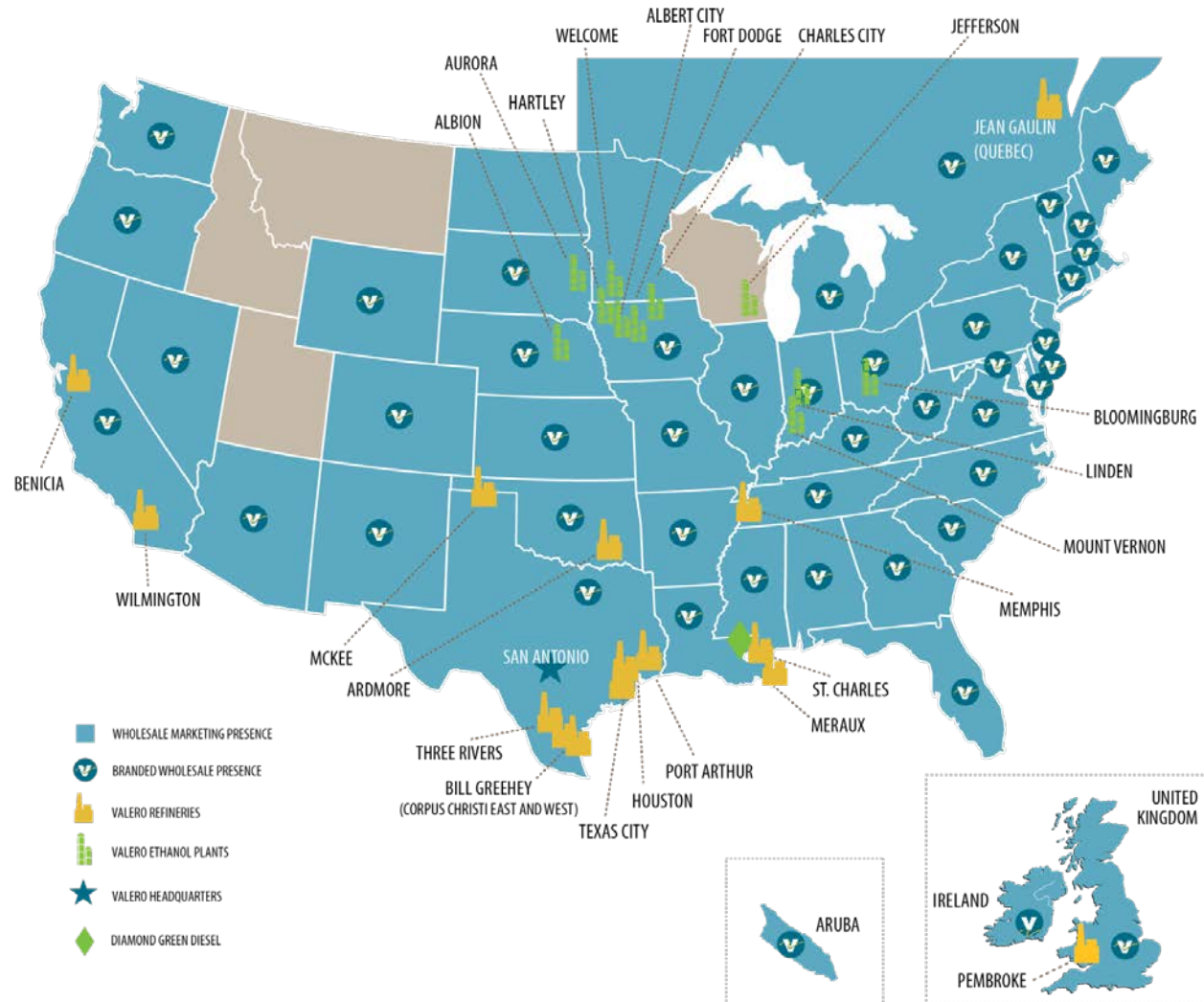


One of North America's Largest Renewable Fuels Producers

- 11 corn ethanol plants, 1.3 billion gallons per year (85,000 BPD) production capacity
- Operator and 50% owner of Diamond Green Diesel joint venture – 10,800 BPD renewable diesel production capacity

Assets Concentrated in Advantaged Locations

Refinery	Capacities (MBPD)		Nelson Index
	Throughput	Crude	
Corpus Christi	325	205	19.9
Houston	175	90	15.4
Meraux	135	125	9.7
Port Arthur	375	335	12.4
St. Charles	290	215	16.0
Texas City	260	225	11.1
<u>Three Rivers</u>	<u>100</u>	<u>89</u>	<u>13.2</u>
Gulf Coast	1,660	1,284	14.0
Ardmore	90	86	12.1
McKee	180	168	9.5
<u>Memphis</u>	<u>195</u>	<u>180</u>	<u>7.9</u>
Mid-Con	465	434	9.3
Pembroke	270	210	10.1
<u>Quebec City</u>	<u>235</u>	<u>230</u>	<u>7.7</u>
North Atlantic	505	440	8.9
Benicia	170	145	16.1
<u>Wilmington</u>	<u>135</u>	<u>85</u>	<u>15.9</u>
West Coast	305	230	16.0
Total or Avg	2,935	2,388	12.4



Key Market Trends

U.S. and Canadian crude oil, natural gas, and natural gas liquids (NGLs) production growth is providing cost advantages to North American refiners

- Lower crude prices may temporarily constrain production growth rate

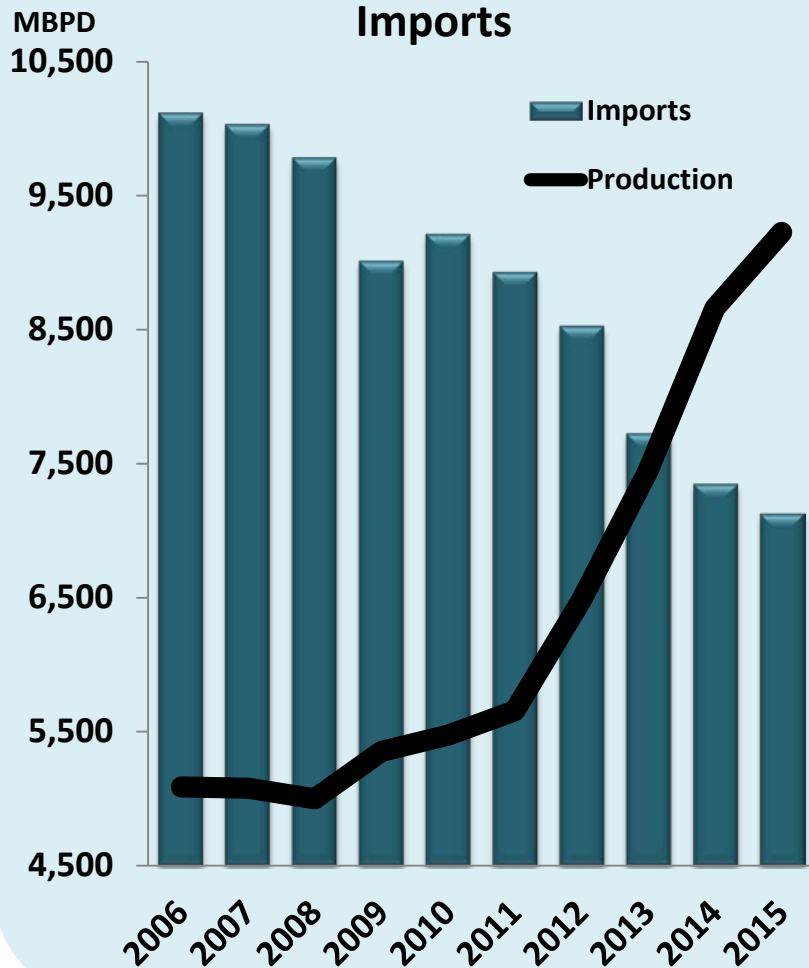
Global refined products demand growth is expected to continue

- Expect lower prices to consumers will drive product demand growth

Location-advantaged refiners in U.S. Gulf Coast, Mid-Continent, and Canada benefit from resource advantages and/or export opportunities

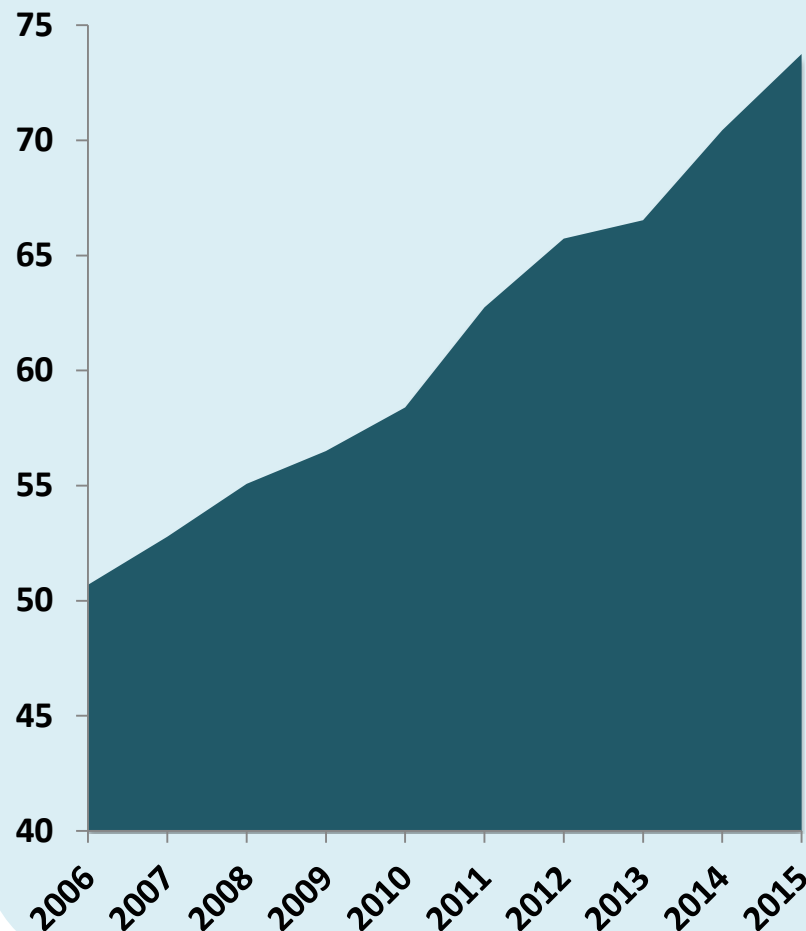
Production Growth Provides Resource Advantage to North American Refiners

U.S. Crude Oil Production and Imports



Source: DOE (for 2015, data through February)

U.S. Natural Gas Production (Bcf/day)

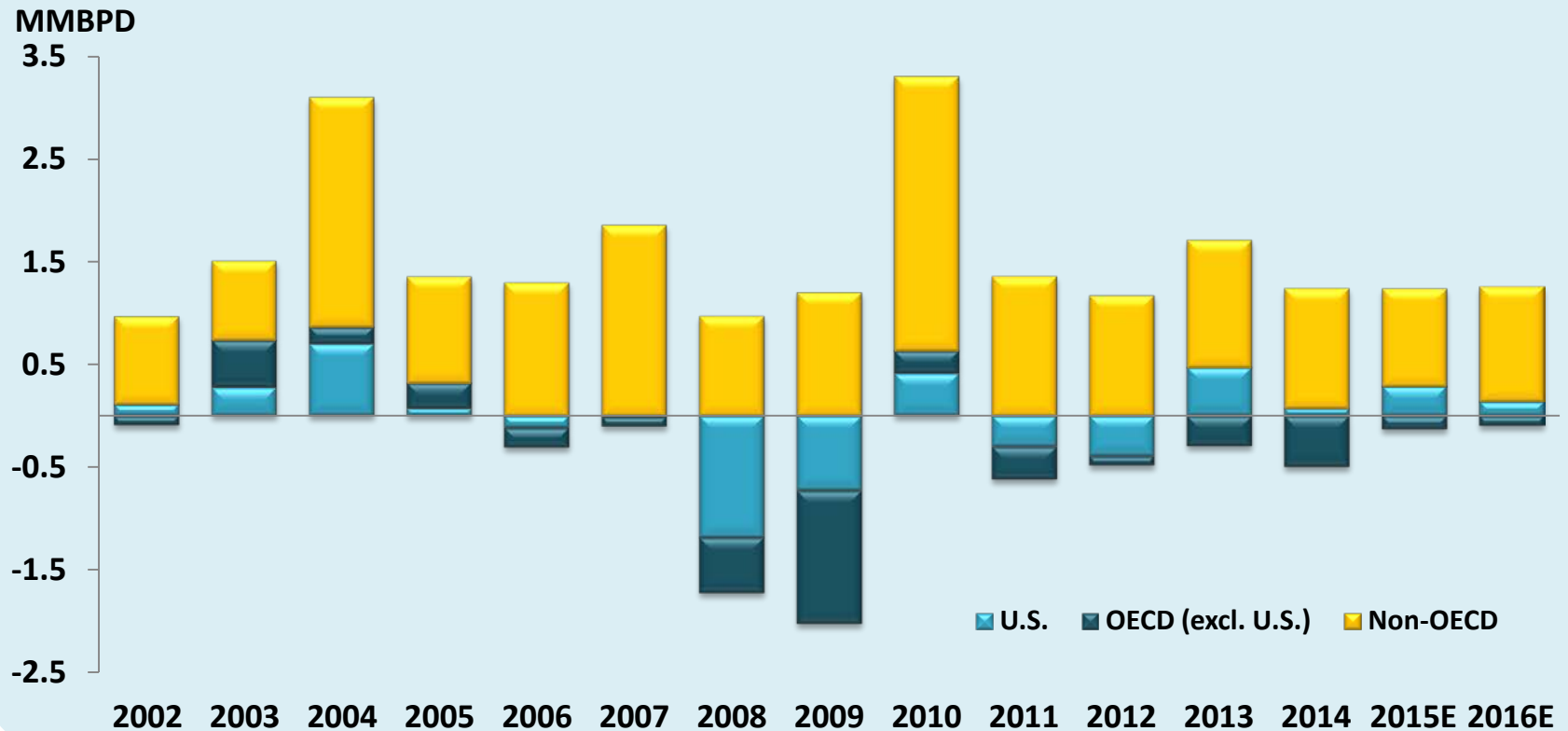


Source: DOE (for 2015, data through February)

Global Petroleum Demand Projected to Grow

Emerging markets in Latin America, Middle East, Africa, and Asia lead demand growth

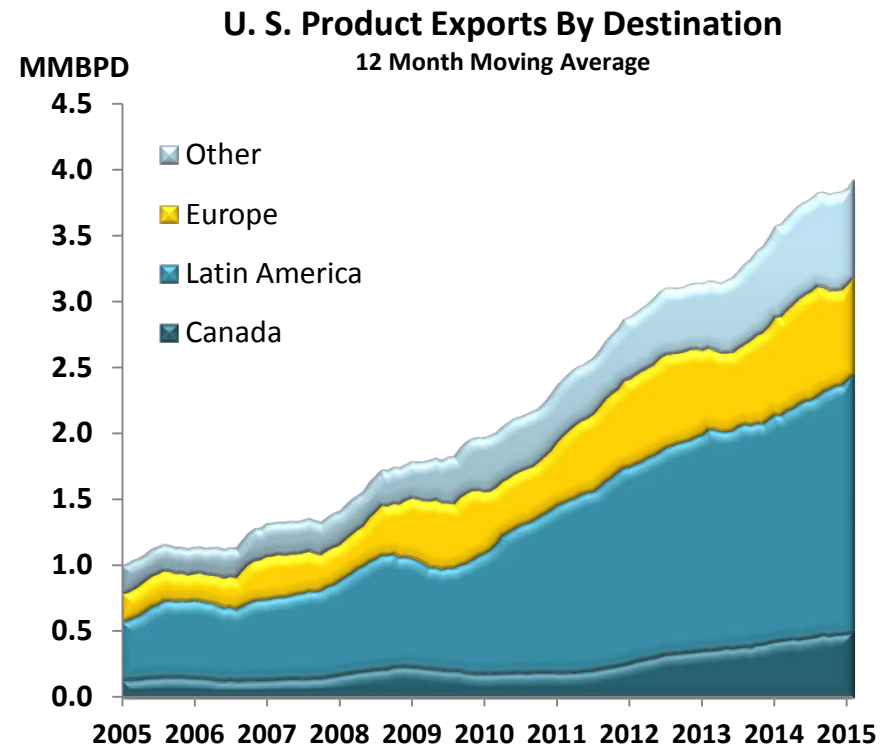
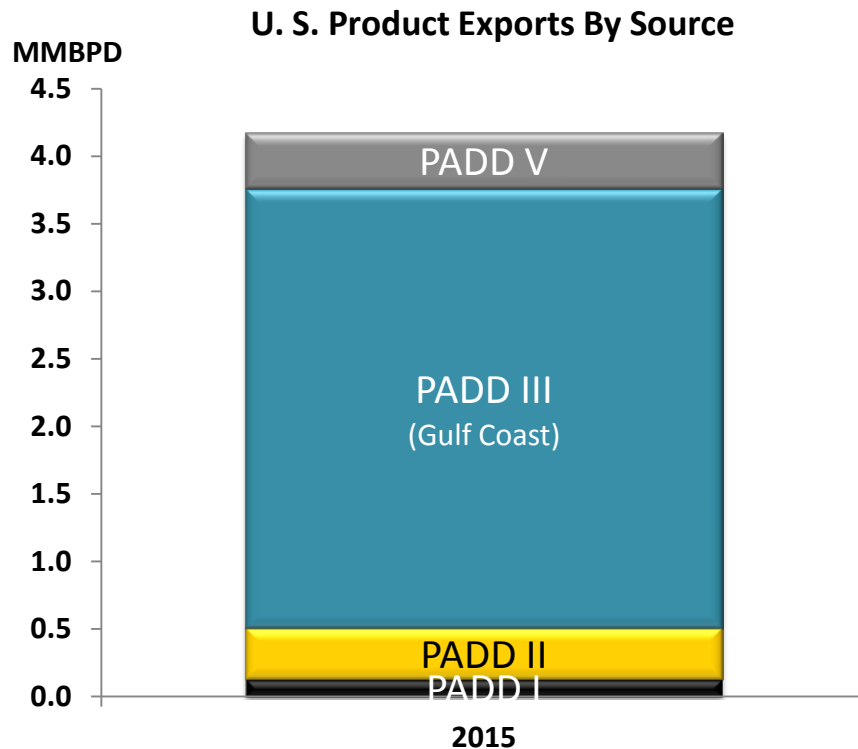
World Petroleum Demand Growth



Source: Consultant (EIA and IEA) and Valero estimates. Consultant annual estimates generally updated 6 to 12 months after year end.

U.S. Is Growing Product Exports Market Share

Refiners in U.S. Gulf Coast are the largest source of products exported to Latin America and countries in the Atlantic Basin



Source: DOE Petroleum Supply Monthly data as of February 2015; Latin America includes South and Central America plus Mexico.



Strategy to Enhance Stockholder Returns

Operations Excellence

- Demonstrate commitment to safe and reliable operations
- Continuously improve our excellent operating performance
- Optimize margins with refining system's feedstock and product markets flexibility

Capital Returns to Stockholders

- Disciplined capital allocation
- Seek to increase cash returns through dividend growth
- Reduce shares outstanding and concentrate future value per share via stock buybacks

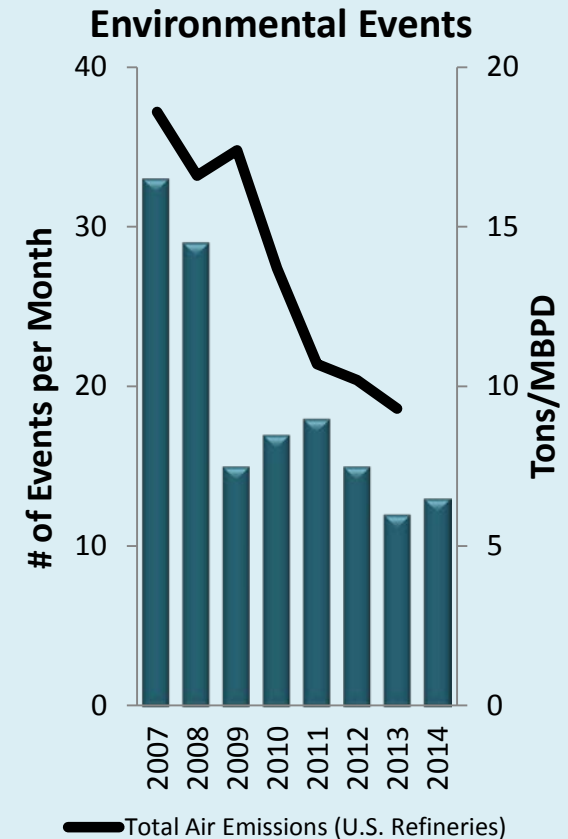
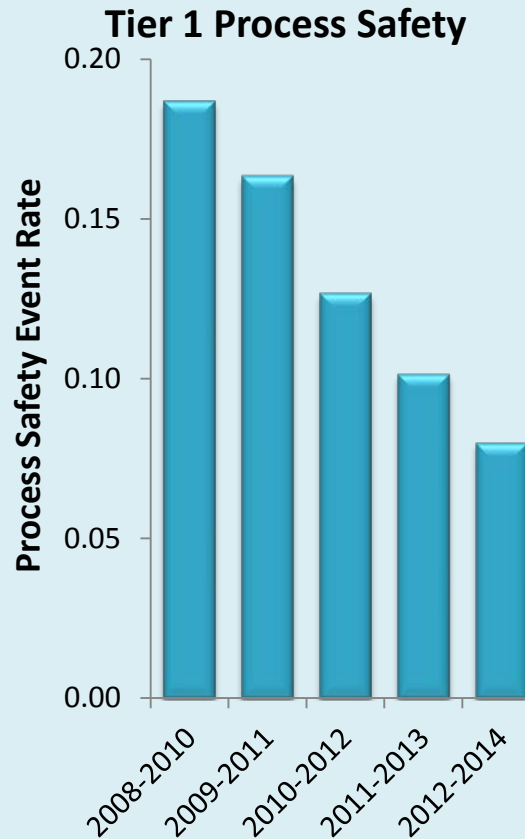
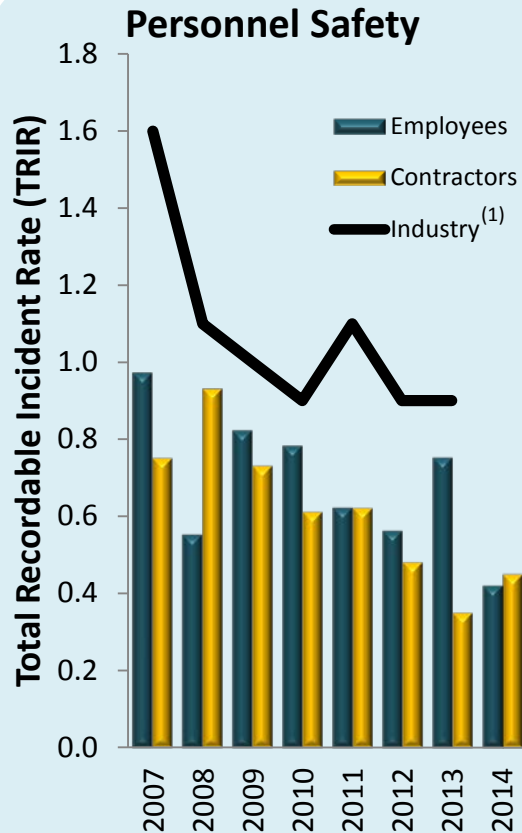
Disciplined Capital Investments

- Rigorous investment management and execution process
- Invest to grow logistics assets and reduce feedstock costs
- Evaluate investments to upgrade natural gas and natural gas liquids
- Opportunistic renewable fuels investments

Unlocking Asset Value

- Grow Valero Energy Partners LP and realize value for Valero
- Execute accelerated drop-down strategy and evaluate other potential MLP-able earnings streams

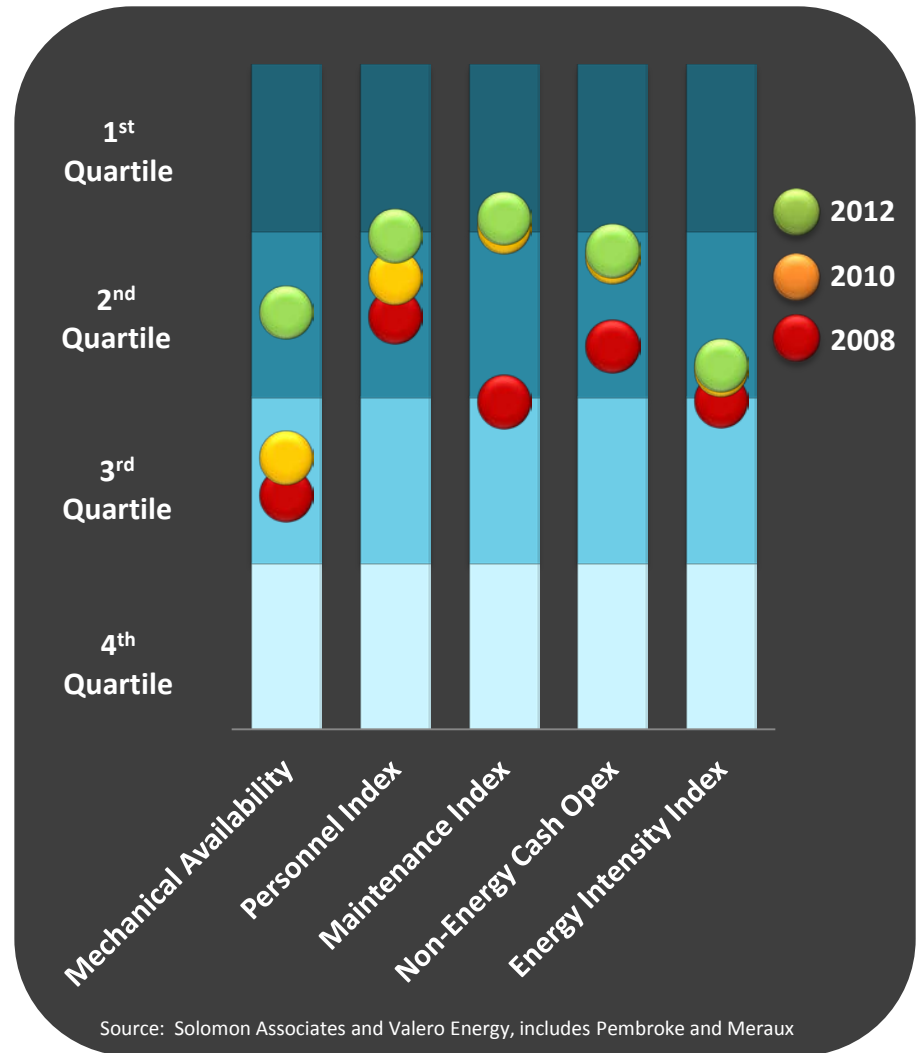
Persistent Focus Drives Results in Safety, Environmental, and Regulatory Compliance



(1)Source: U.S. Bureau of Labor Statistics.
All 2014 values are estimates.
Statistics are for refining only.

Excellent Operating Performance through Continuous Improvements

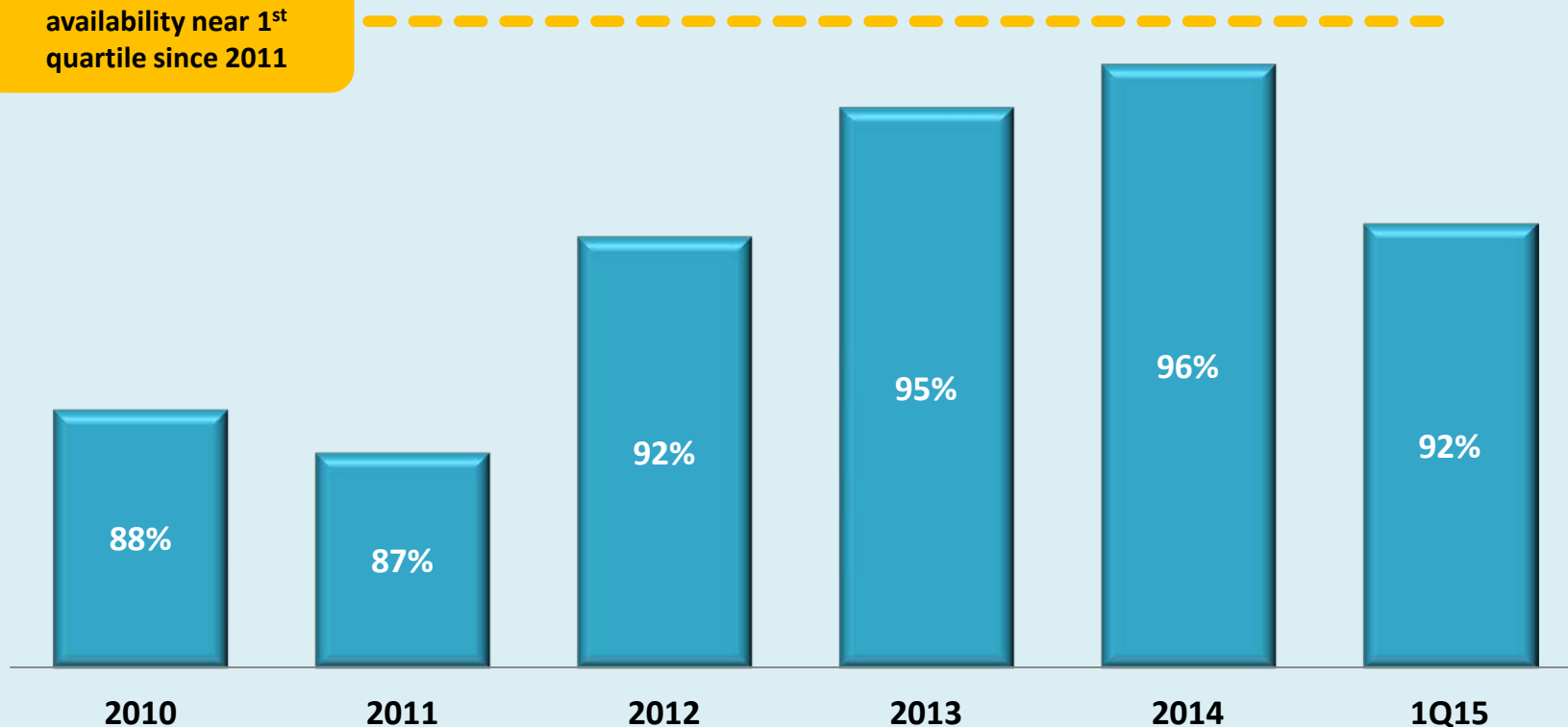
- Reliability drives safe and profitable operations
 - Seven of our refineries are first quartile in mechanical availability
- Initiated new reliability programs and investments beginning mid-2000s
- Significant gains made in operations benchmarks since 2008, particularly in mechanical availability
- Personnel committed to excellence



Investments, Operations Excellence, and Commercial Optimization Drive High Utilization

Valero Refinery Utilization Rates

System-wide mechanical availability near 1st quartile since 2011

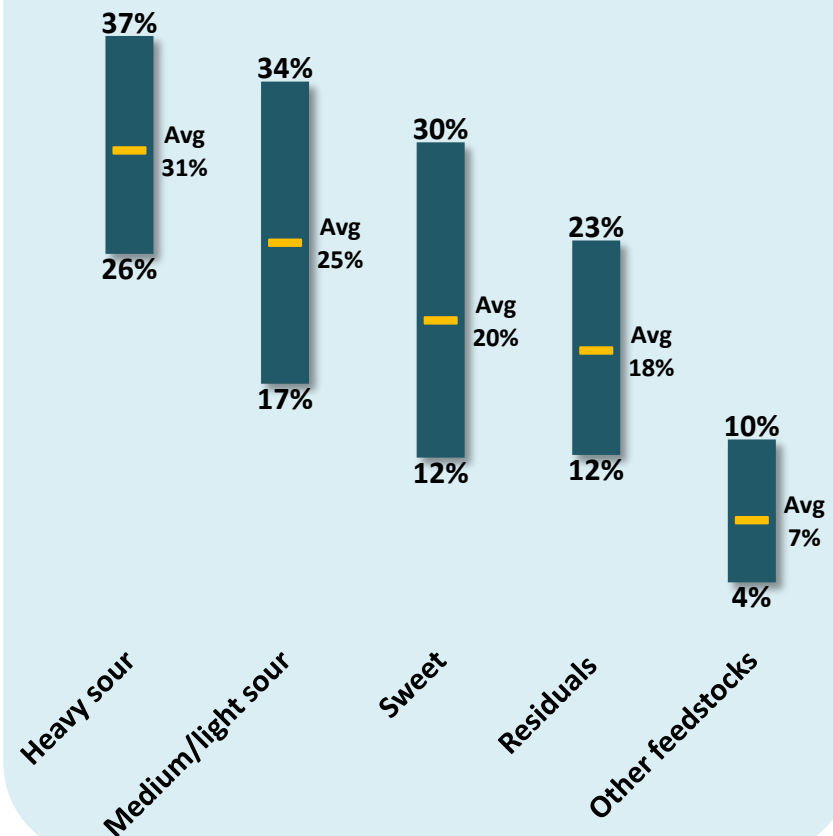


Sustained high availability and favorable margin environment enable higher capacity utilization rates

Refinery Feedstock Flexibility Enables Margin Optimization

- Refining and logistics growth investments enhance our capability to adjust feedstocks and optimize margins
- Able to shift feed slate as price environment changes
- Expect additional light crude flexibility with completion of Houston and Corpus Christi topper units currently under construction

Valero's Gulf Coast Region Quarterly Feedstock Mix 2010 – 2015⁽¹⁾



(1) 2015 through March 31.

Capital Allocation Framework Emphasizes Discipline and Stockholder Returns

“Non-Discretionary”

Sustaining Capex

- Estimate \$1.5 billion or lower annual “stay-in-business” spend
- Key to safe and reliable operations

Dividend Growth

- Focus on sustainability
- Increase competition for cash flow versus reinvestments (growth capex and acquisitions)

Debt and Cash

- Maintain investment grade credit rating
- Target 20% to 30% debt-to-cap ratio⁽¹⁾

“Discretionary”

Stock Buybacks

- Flexibility to return cash, reduce share count, and manage capital employed
- Increase competition versus reinvestments

Growth Capex

- Prioritize higher-value, higher-growth opportunities that enhance future returns

Acquisitions

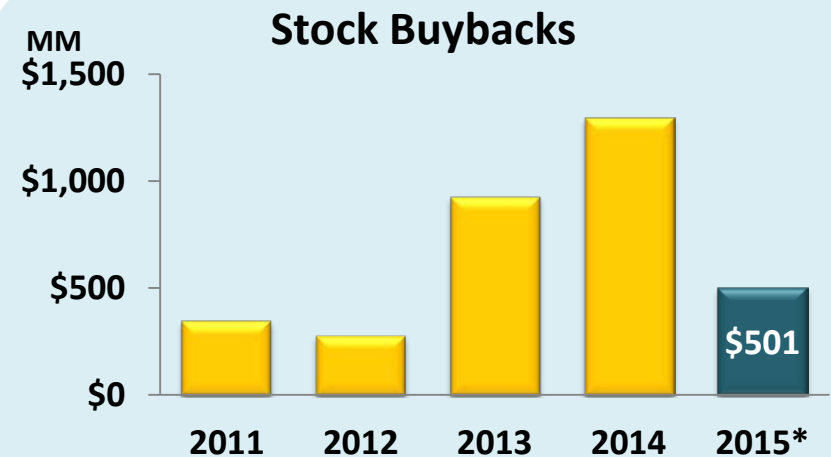
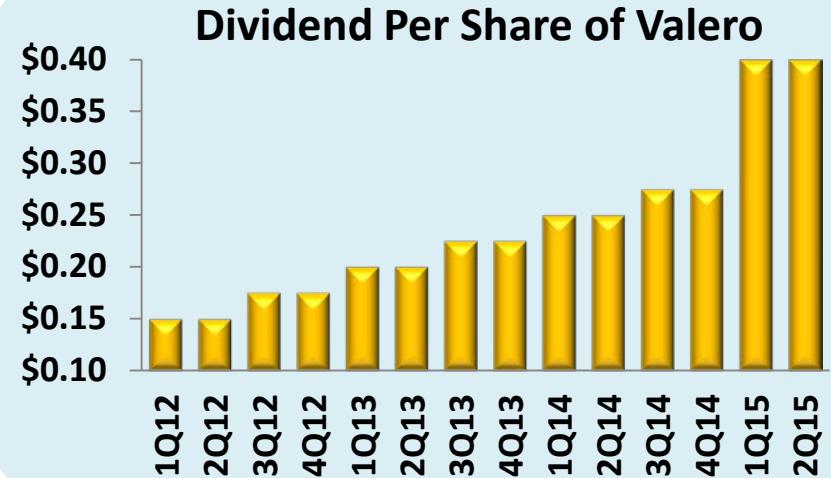
- Evaluate accretion versus stock buybacks
- Enhance future returns

(1) Debt-to-cap ratio based on total debt reduced by \$2 billion cash balance

Increasing Dividends and Stock Buybacks

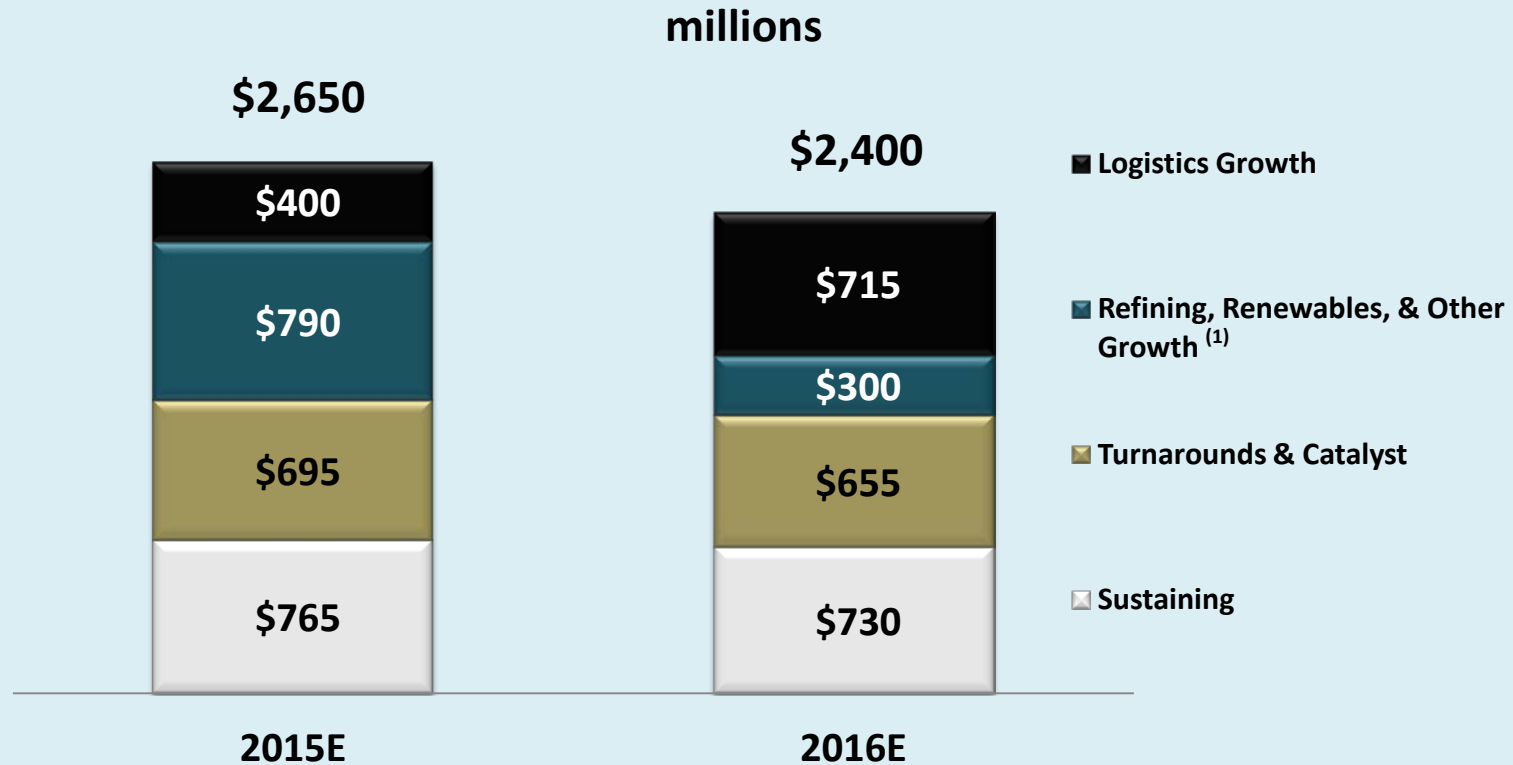
- Increased dividend by 45% in 1Q15 versus 4Q14
- Regular dividend increases over last three years
- Accelerated stock buybacks beginning in 2013
- Approximately \$1.2 billion of stock repurchase authorization at end of 1Q15

Targeting >50% total payout ratio of earnings in 2015 via dividends and stock buybacks



*2015 through May 11

Advancing Growth Investments While Managing Capital Spending Lower



(1) Excludes estimated placeholder for methanol project of \$150 million in 2015 and \$300 million in 2016 as evaluation remains in progress

- Logistics growth spending increases after completion of crude toppers in 2016
- Expect nearly all logistics growth investments to be eligible for drop-down to VLP

Logistics Investments Enhance Valero's Feedstock Flexibility and Export Capability



Pipelines

- Connection to Centurion pipeline in Childress, TX and incremental 40 to 50 MBPD Midland-priced crude as substitute for Cushing-priced crude primarily at the McKee refinery
- Expect Diamond Pipeline to supply Memphis refinery via Cushing, with start up in 1H17



Tanks, Docks, and Vessels

- Tanks and vessels to supply crude to Quebec City refinery post-Enbridge Line 9B reversal expected in 2Q15
- Commissioned new Corpus Christi dock in 3Q14 and tanks for crude oil loading in April 2015



Rail

- Purchased 5,320 CPC-1232 railcars; received 4,964 through April 2015
- Expect new railcars to serve long-term needs in ethanol and asphalt
- Crude unloading facilities at Quebec City, St. Charles, and Port Arthur

Crude Topper Investments Very Attractive

- 160 MBPD new topping capacity designed to process up to 50 API domestic sweet crude
 - Should lower feedstock cost by generating 55 MBPD low sulfur resid
 - Expect increase in net throughput capacity of 105 MBPD
- Expect startup in 1H16
- Expect 50% IRR on 2014 prices, >25% IRR with Brent and LLS even
- Corpus Christi: Estimated \$350 MM capex for 70 MBPD capacity
- Houston: Estimated \$400 MM capex for 90 MBPD capacity

Combined Projects Estimates

Total investment ⁽¹⁾	\$750 MM
Annual EBITDA contribution ⁽²⁾	\$500 MM
Unlevered IRR on total spend ⁽²⁾	50%

(1) Excluding interest and overhead allocation

(2) Estimates based on 2014 full year average prices; EBITDA = operating income before deduction for depreciation and amortization expense

Incremental Volume (MBPD)

<u>Feeds</u>	
Eagle Ford crude	160
Low sulfur atmos resid	(55)
<u>Products</u>	
LPG	3.3
Propylene	1.3
BTX	0.4
Naphtha (at export prices)	40
Gasoline	12
Jet	39
Diesel	13
Resid	(3)

Estimate \$500 million annual EBITDA for combined projects in 2014 price environment

Investments in Natural Gas and NGLs Upgrading

Hydrocracker Expansions

- Increase distillate yield partially from hydrogen via natural gas
- Completed Meraux's 20 MBPD capacity expansion in 4Q14; expect approximately \$90 million annual EBITDA contribution at 2014⁽¹⁾ prices on total investment of approx. \$260 million
- 30 MBPD total capacity addition at Port Arthur and St. Charles in progress; expect startup in 2H15

Evaluating Methanol Plant at St. Charles

- 1.6 – 1.7 million tonnes per year production (36 – 38 MBPD)
- Leverages existing assets to reduce capital requirement compared to grassroots facility
- Continuing to evaluate capital costs and project economics
- Expect investment decision in 2Q15; startup in 2018 if approved

Evaluating Houston Alkylation Unit

- 12.5 MBPD capacity
- Upgrades low-cost NGLs to premium-priced alkylate
- Continuing to evaluate capital costs and project economics
- Expect investment decision in 2015; startup in 2018 if approved

(1) 2014 full year average prices; see project details in Appendix



Sponsored MLP Valero Energy Partners (NYSE:VLP)

Growth-oriented
logistics MLP with
100% fee-based
revenues

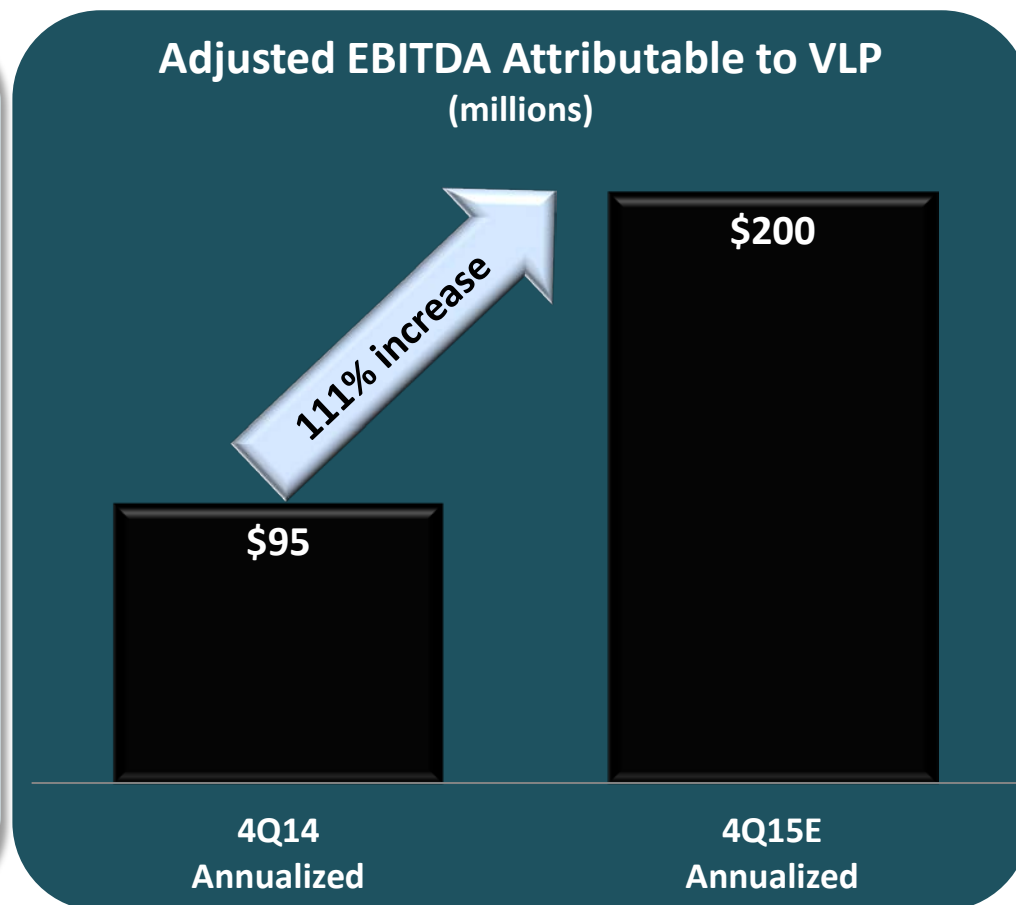
- Valero owns entire 2% general partner interest, all incentive distribution rights, and 69.6% LP interest
- High-quality assets integrated with Valero's refining system
- Primary vehicle to grow Valero's midstream investments
- Provides access to lower cost capital



Unlocking Asset Value

VLP Delivering Growth

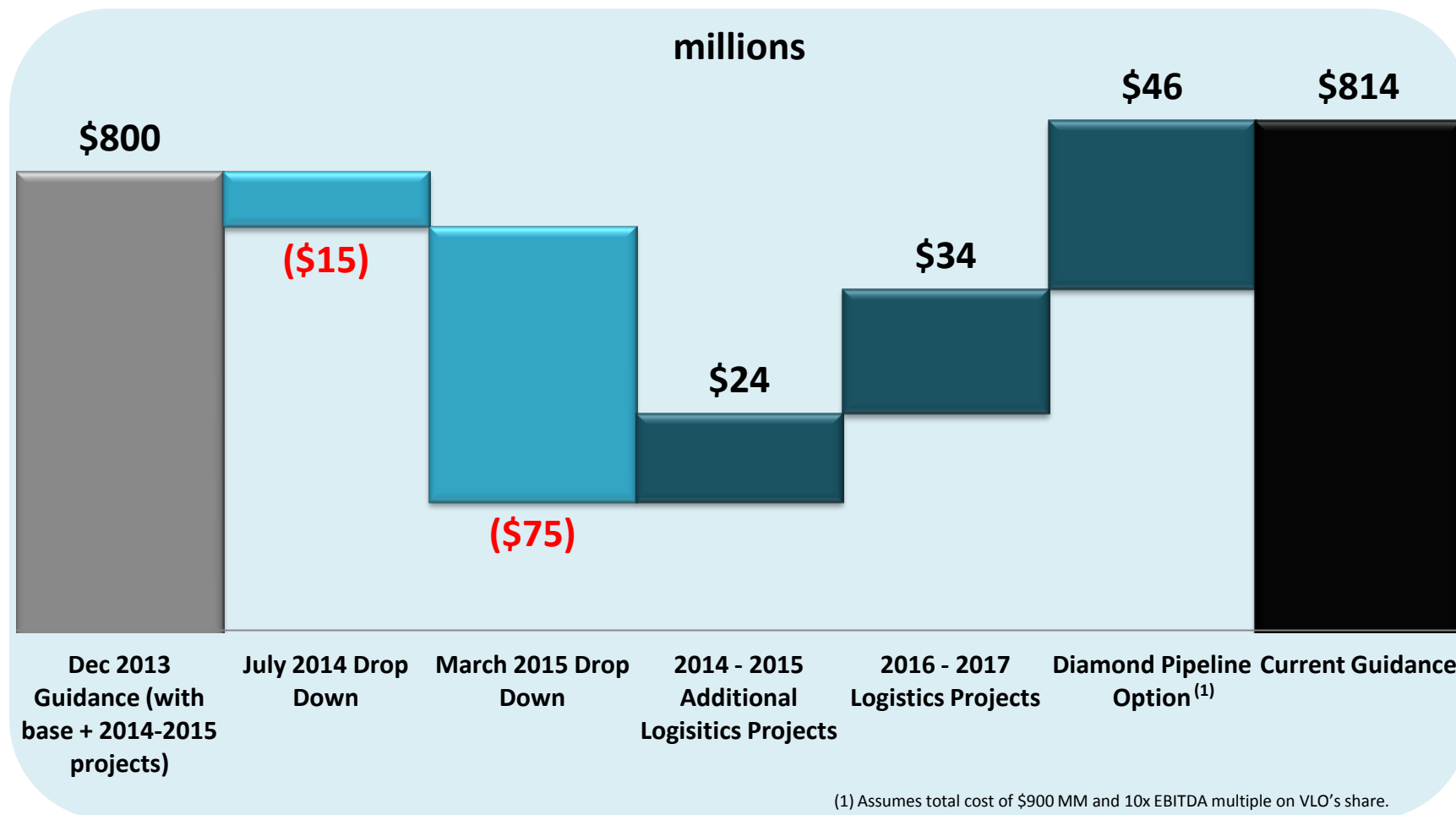
- 1st acquisition – Texas Crude Systems Business in July 2014 for \$154 million
- 2nd acquisition – Houston and St. Charles Terminal Services Business in March 2015 for \$671 million
- Plan to grow VLP's 4Q15 annualized EBITDA to approximately \$200 million
- Targeting approximately 25% CAGR for LP distributions through 2017



See Appendix for reconciliation of estimated 2015 EBITDA to net income.

VLP is on target to acquire \$1 billion of assets from VLO in 2015

Significant Inventory of Estimated MLP Eligible EBITDA at Valero



Fuels distribution would provide incremental EBITDA if selected

Estimated Inventory of Eligible MLP Assets



Pipelines⁽¹⁾

- Over 1,200 miles of active pipelines
- Expect start-up of 440-mile Diamond Pipeline from Cushing to Memphis refinery in 1H17



Racks, Terminals, and Storage⁽¹⁾

- Over 100 million barrels of active shell capacity for crude and products
- 139 truck rack bays



Rail

- Three crude unloading facilities with estimated total capacity of 150 MBPD
- Purchased CPC-1232 railcars expected to serve long-term needs in ethanol and asphalt



Marine⁽¹⁾

- 51 docks
- Two Panamax class vessels



Fuels Distribution

- Evaluating qualifying volumes and commercial structure as potential drop-down candidate

(1) Includes assets that have other joint venture or minority interests.



We Believe VLO Is an Excellent Investment

- Majority of capacity has access to cost-advantaged crude, natural gas, NGLs, and corn
- Proven operations excellence
- Emphasis on capital allocation to stockholders
- Discipline and rigor in capital projects and M&A selection and execution
- Unlocking value through growth in MLP-able assets and drop-downs to VLP
- Excellent ethanol investments and operations
- Focus on valuation multiple expansion

Appendix

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Key 2014 Highlights

Operations Excellence

- Achieved record annual system refinery capacity utilization of approximately 96% in 2014
- Increased average consumption of price-advantaged North American light sweet crudes in 2014 by approximately 200 MBPD compared to 2013
- Reduced Quebec refinery's crude costs by \$3/bbl versus Brent from premium of approximately \$2/bbl in 2013 to discount of approximately \$1/bbl in 2014
- Secured attractively priced term-supply of WTI Midland for Mid-Continent refineries
- Increased gasoline and diesel exports by 49 MBPD, or approximately 18%, in 2014 versus 2013
- Launched Top Tier gasoline in wholesale marketing system
- Achieved record \$835 million annual Ethanol segment EBITDA

Capital Returns to Stockholders

- Increased cash returned to stockholders through dividends and buybacks by \$460 million in 2014, or 33%, versus 2013

Disciplined Capital Investments

- Completed and started up Meraux hydrocracker conversion project in 4Q14
- Secured capital efficient Diamond Pipeline option and supply to Memphis refinery with crude from Cushing
- Started up 90 MBPD of total crude rail unloading capacity at St. Charles and Port Arthur
- Acquired idled ethanol plant in Mt. Vernon, Indiana at less than 15% of replacement cost and restarted facility within five months

Unlocking Asset Value

- Grew VLP via first drop-down acquisition of \$154 million purchase price on July 1, 2014

Other

- Diamond Green Diesel JV benefitted by approximately \$126 million on retroactive reinstatement of Blenders Tax Credit



Key Goals Expected in 2015

Operations Excellence

- Start up Montreal crude terminal with the Enbridge Line 9B reversal and lower Quebec refinery's crude costs versus Brent compared to 2014
- Grow product export market share and increase branded wholesale fuels volume

Capital Returns to Stockholders

- Increase total payout ratio of earnings over 2014's 50% payout level

Disciplined Capital Investments

- Complete Houston and Corpus Christi toppers on time and on budget
- Make final investment decisions on methanol plant at St. Charles refinery and alkylation unit at Houston refinery; if approved, share strategic rationale with investors
- Complete 25 MBPD McKee CDU capacity expansion
- Complete 30 MBPD total hydrocracker capacity expansions at Port Arthur and St. Charles
- Gain permit approval to construct Benicia crude rail unloading facility

Unlocking Asset Value

- Grow the size of identified MLP-able EBITDA available for drop-downs to VLP
- Execute \$1 billion of drop-down transactions to VLP

Ethanol Investments Have Performed Well

Excellent Acquisitions

- 11 plants acquired between 2Q09 and 1Q14 for \$794MM, less than 35% of replacement value
- 1.3 billion gallons total annual production

Outstanding Cash Generation

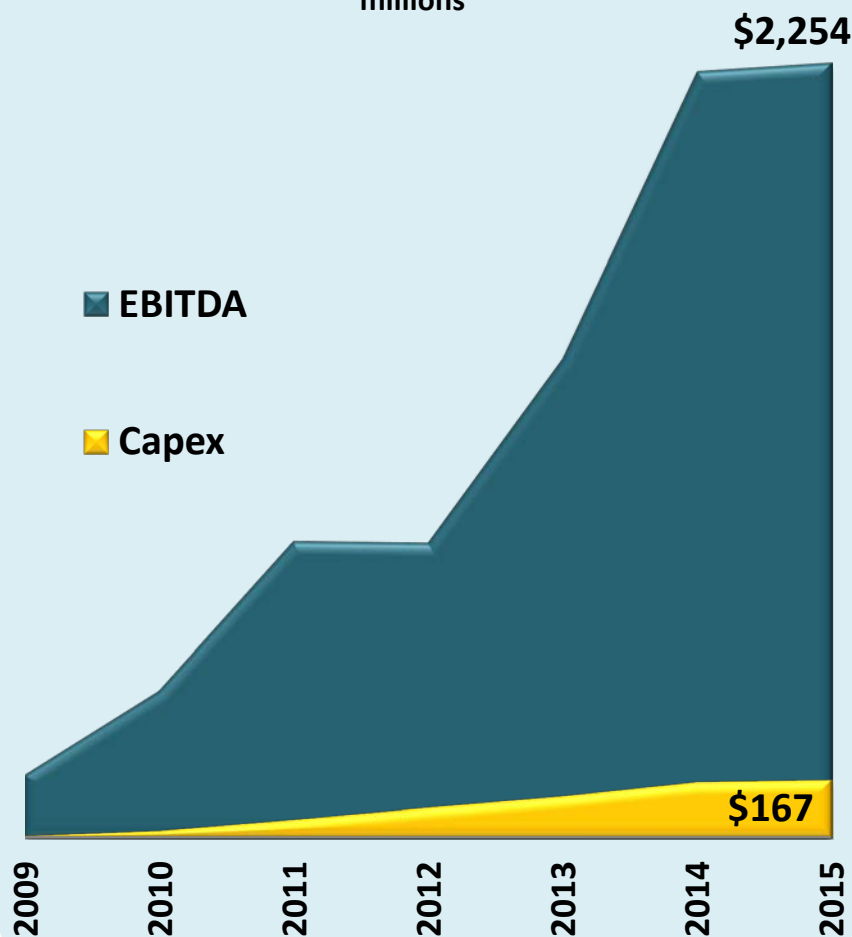
- \$2.3 billion cumulative EBITDA generated since acquisitions
- \$167 million cumulative capex excluding acquisition costs

Competitive Advantages

- Scale and location in corn belt
- Operational best practices transferred from refining
- Low capital investment

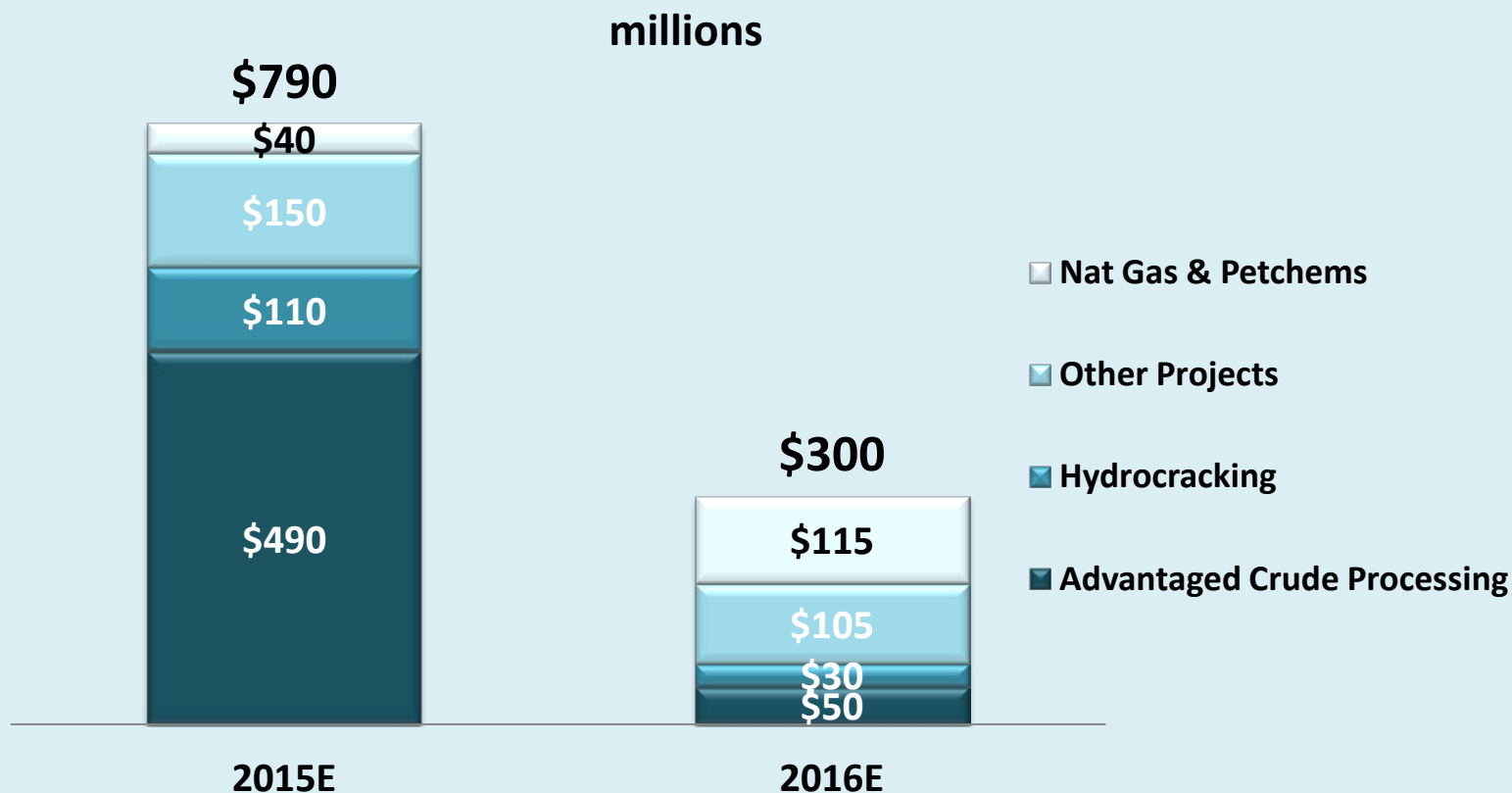
Cumulative Capex and EBITDA

millions



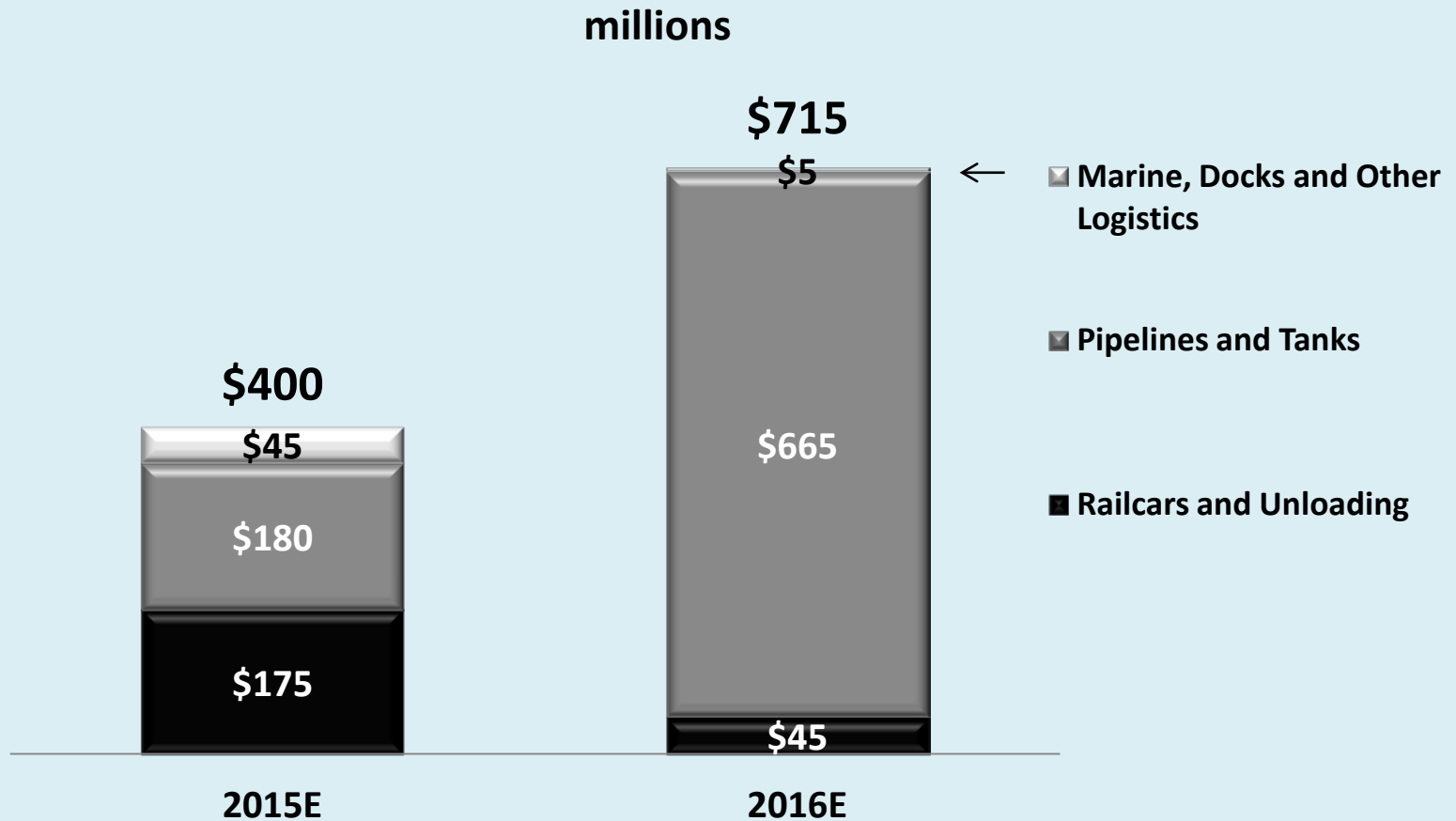
Note: See Appendix for reconciliation of EBITDA to GAAP results.

Refining & Renewables Capital Focused on Capturing Benefits of Key Long-Term Trends



- Advantaged crude processing optimizes feedstock flexibility, mainly for light crudes
 - Hydrocracking increases production of high-margin distillates
- Petchems, methanol, and hydrocracking upgrade natural gas or NGLs to higher value liquids

Allocating Significant Growth Capital to Logistics



- Railcars spending declines as receipt of railcars order concludes
- Future spending focuses on pipelines

Gated Investment Management Process

PHASE 1

Opportunity Evaluation

- Identify opportunities and alternatives
- Develop business case
- Generate cost estimate range of +100% to -50%

PHASE 2

Lead Case Development

- Select lead case and define project objectives
- Improve cost estimate to +/- 30%

PHASE 3

Refinement

- Define project scope and execution plans
- Prepare decision support package for final decision
- Narrow cost estimate to +/-10%

PHASE 4

Execution

- Detail engineering, procurement, and initial construction
- Develop start-up schedule

APPROVED

Startup and Evaluate

- Post-audit back-casting
- Capture lessons learned

- **Development costs increase as project progresses through the phases**
- **NPV and IRR of future cash flows per price forecasts and operating plans evaluated**
- **“Target” IRR hurdle rate ranges, which can change depending on the project and market conditions:**
 - Refining growth projects, target $\geq 50\%$ in Phase 1 to $\geq 30\%$ in Phase 3
 - Cost savings projects, target $\geq 12\%$ in Phase 3
 - Logistics projects, target pre-tax $\geq 12\%$ in Phase 3 + refinery benefits



McKee Diesel Recovery Improvement and CDU Expansion Startup Expected in 2H15

Investment Highlights

- Adding 25 MBPD crude unit capacity and parallel light ends processing train
- Expect to improve yields and volume gain by recovering diesel from FCC and HCU feeds
- Expect to increase diesel and gasoline production on price-advantaged crude
- Expect to reduce energy consumption via heat integration

Status

- Diesel recovery and benefits started in mid-2014; expect crude expansion start-up in 2H15

Project Estimates

Total investment	\$140 MM
Annual EBITDA contribution ⁽¹⁾	\$100 MM
Unlevered IRR on total spend ⁽¹⁾	45%

(1) Estimates based on 2014 full year average prices; EBITDA = operating income before deduction for depreciation and amortization expense

	Incremental Volume (MBPD)
<u>Feeds</u>	
WTI	25
<u>Products</u>	
LPG	0.4
Benzene concentrate	0.3
Gasoline	12
Jet	-
Diesel	12
Resid	0.6

Meraux Hydrocracker Conversion

Completed December 2014

Investment Highlights

- Converted hydrotreater into high-pressure hydrocracker and repurposed old FCC gas plant for additional LPG recovery
- Expect to upgrade 23 MBPD gasoil and low-cost hydrogen (via natural gas) mainly into high quality diesel
- Expect to increase refinery distillate yield versus gasoline (Gas/Diesel ratio drops from 0.72 to 0.59)
- Expect to increase refinery liquid volume yield by 1.8%
- Avoided compliance capex on FCC

Status

- Project started up in Dec 2014 and is operating well

Project Estimates

Total investment	\$260 MM
Annual EBITDA contribution ⁽¹⁾	\$90 MM
Unlevered IRR on total spend ⁽¹⁾	25%

(1) Estimates based on 2014 full year average prices; EBITDA = operating income before deduction for depreciation and amortization expense

	Incremental Volume (MBPD)
<u>Feeds</u>	
Purchased hydrogen (MMSCFD)	13
<u>Products (MBPD)</u>	
Gasoline	5
Jet	-
Diesel	19
HSVGO	2
Unconverted gasoil	(23)
Fuel oil	-



Houston and Corpus Christi Crude Topping Units Expected Online in 1st Half of 2016

Houston

Estimates Incremental Volume (MBPD)

Feeds

Eagle Ford crude	90
Low sulfur atmos resid	(29)
Distillate	(2)
Butane	(2)
Hydrogen (MMSCFD)	3

Products

LPG	0.8
Propylene	0.4
Naphtha	24
Gasoline	5
Jet	23
Diesel	4
Slurry	0.2

Project Estimates

Total investment	\$400 MM
Annual EBITDA contribution ⁽¹⁾	\$240 MM
Unlevered IRR on total spend ⁽¹⁾	45%

Corpus Christi

Estimates Incremental Volume (MBPD)

Feeds

Eagle Ford crude	70
Low sulfur atmos resid	(24)

Products

LPG	2.5
Propylene	0.9
BTX	0.4
Naphtha	16
Gasoline	7
Jet	16
Diesel	9
Resid	(3)

Project Estimates

Total investment	\$350 MM
Annual EBITDA contribution ⁽¹⁾	\$260 MM
Unlevered IRR on total spend ⁽¹⁾	55%

(1) Estimates based on 2014 full year average prices; EBITDA = operating income before deduction for depreciation and amortization expense

Diamond Pipeline

Investment Highlights

- Valero holds option until January 2016 to acquire 50% interest in pipeline
- Increases Memphis refinery's crude supply flexibility via connection to Cushing and economic crudes
- Provides direct control over crude blend quality
- Grows Valero's inventory of assets eligible for VLP drop-down in capital-efficient manner
- Expect completion in 1H17 or earlier

Project Estimates

Total investment ⁽¹⁾	\$484 MM
Cumulative spend through 2014	Zero
Annual EBITDA contribution ⁽²⁾	\$46 MM
Unlevered pre-tax IRR on total spend	at least 12%

(1) Includes additional Valero cost for pipeline connection at Memphis refinery

(2) EBITDA = Operating income before deduction for depreciation and amortization expense

Estimated Key Price Sensitivities on Project Economics

Change in Estimated EBITDA ⁽¹⁾ Relative to 2014 ⁽²⁾ Prices (\$millions/year)	McKee Diesel Recovery & CDU Expansion	Meraux HCU Expansion	Corpus Christi Topper	Houston Topper
ICE Brent, +\$1/bbl	none	\$0.8	\$0.4	none
ICE Brent – WTI, +\$1/bbl	\$5.5	none	None	none
ICE Brent – LLS, +\$1/bbl	N/A	none	\$25.6	\$32.9
Group 3 CBOB – ICE Brent, +\$1/bbl	\$2.0	N/A	N/A	N/A
Group 3 ULSD – ICE Brent, +\$1/bbl	\$5.5	N/A	N/A	N/A
USGC CBOB – ICE Brent, +\$1/bbl	N/A	\$1.7	\$2.4	\$2.4
USGC ULSD – ICE Brent, +\$1/bbl	N/A	\$6.8	\$9.0	\$9.9
Natural gas (Houston Ship Channel), +\$1/mmBtu	-\$0.7	-\$1.9	-\$4.3	-\$3.2
Naphtha – ICE Brent, +\$1/bbl	N/A	none	\$5.8	\$8.8
LSVGO – ICE Brent, + \$1/bbl	N/A	-\$7.3	\$3.1	\$5.2
Total investment IRR, +10% cost	-6%	N/A	-5%	-4%

(1) Operating income before deduction for depreciation and amortization expense

(2) 2014 full year average

Note: Margin drivers shown are not inclusive of all feedstocks and products in economic models. Estimated economic sensitivities can not be accurately interpolated or extrapolated solely from the estimated key price sensitivities shown above.



Project Price Set Assumptions

Driver (\$/bbl)	2014 Average
ICE Brent	99.49
ICE Brent – WTI	6.35
ICE Brent – LLS	2.75
USGC CBOB – ICE Brent	3.52
G3 CBOB – WTI	12.27
USGC ULSD – ICE Brent	14.25
G3 ULSD – WTI	23.88
Natural gas (Houston Ship Channel, \$/mmBtu)	4.34
Naphtha – ICE Brent	-0.67
LSVGO – ICE Brent	8.86

Port Arthur and St. Charles Hydrocrackers Performing Better Than Expected

- 120 MBPD of combined new capacity successfully started end of 2012 and mid-2013
- Designed to produce high-quality distillates from low-quality feedstocks and natural gas

- Realized annual EBITDA estimated at \$800 million for trailing 4-quarters 3Q14
- Compares to \$780 million implied by disclosed guidance model⁽¹⁾

- Benefits visible in U.S. Gulf Coast region reported results improvement from 4Q12 to 3Q14



- Approximately half of benefits visible in margin capture rate increase of >4% and balance of benefits in 100 MBPD throughput volume increase from feedstocks and new gas plant

(1) See page 39 for details and assumptions.



Port Arthur and St. Charles Hydrocrackers

Performance Details

Benefits Realized in Reported Results

\$mm, except /bbl amounts	Trailing 4 Quarters		Increase
	4Q12	3Q14	
<u>Gulf Coast Capture Rate</u>	58.8%	63.2%	4.4%
x Gulf Coast Indicator/bbl, trailing 4Q 3Q14			\$19
= Extra margin captured/bbl			\$0.83
x Gulf Coast volume, trailing 4Q 3Q14 MPBD			1,586
x Annualized Days			365
= Benefit from higher Capture Rate			\$483
 <u>Gulf Coast Throughput Volume MBPD</u>	 1,488	 1,586	 98
x Gulf Coast Indicator/bbl, trailing 4Q 3Q14			\$19
x Gulf Coast Capture Rate, trailing 4Q 3Q14			63%
x Annualized Days			365
= Benefit from higher Volume			\$429
 Total Benefit from Hydrocracker Projects			\$912
Less: estimated operating costs before depreciation and amort. exp.			-110
= EBITDA (estimated)			\$802

Key Assumptions

- Market prices for trailing 4 quarters as of 3Q14 applied to guidance model disclosed by Valero in February 2012 to estimate \$780 million in EBITDA
- Gulf Coast capture rate increase based on average of trailing 4 quarters reported margin per barrel (excluding cost of RINs allocated in results at \$0.30/bbl for 4Q12 and \$0.40/bbl for 4Q13 averages) divided by Gulf Coast indicator margin
- Gulf Coast LPGs pricing based on propane
- Many factors can influence our reported margins including, but not limited to, charges, yields, pricing, timing and ratability, secondary costs, other allocations, hedging, and GAAP inventory costing methods
- EBITDA = operating income before deduction for depreciation and amortization expense



Drop Down of Houston and St. Charles Terminal Services Business to VLP

Operations

- Crude oil, intermediates, and refined petroleum product terminaling services in Houston, Texas and Norco, Louisiana
 - 3.6 million barrels of storage capacity on the Houston ship channel
 - 10 million barrels of storage on the Mississippi River
- 10-year terminaling agreements with VLO subsidiaries
- Over 85% of revenue is contractually obligated by minimum volume commitments
- Expected to contribute \$75 million of EBITDA annually

Financing

- \$671 million transaction closed on March 1, 2015
- \$411 million in cash to VLO
 - \$211 million in cash from VLP's balance sheet
 - \$200 million under VLP's revolving credit facility
- \$160 million 5-year subordinated loan agreement with VLO
- \$100 million issuance of VLP units to VLO
 - 1,908,100 million common units
 - 38,941 general partner units
 - Common and general partner units allocated in proportion to allow general partner to maintain its 2 percent interest

Transaction puts Valero on track to achieve \$1 billion in drop-down transactions in 2015



Valero's GP Interest in VLP Nearing the "High Splits"

	Target Quarterly Distribution per Unit	Marginal Percentage Interest in Distributions	
		Unitholders	GP
Minimum quarterly	\$0.2125	98%	2%
First target	above \$0.2125 up to \$0.244375	98%	2%
Second target	above \$0.244375 up to \$0.265625	85%	15%
Third target	above \$0.265625 up to \$0.31875	75%	25%
Thereafter	\$0.31875	50%	50%

- 1Q15 distribution at \$0.2775 per unit
- Valero's GP interest in VLP expected to reach 50% split in 2015, payable in 2016, based on accelerated drop-down strategy



Valero's Light Crude Processing Capacity in North America

McKee Crude Unit Expansion

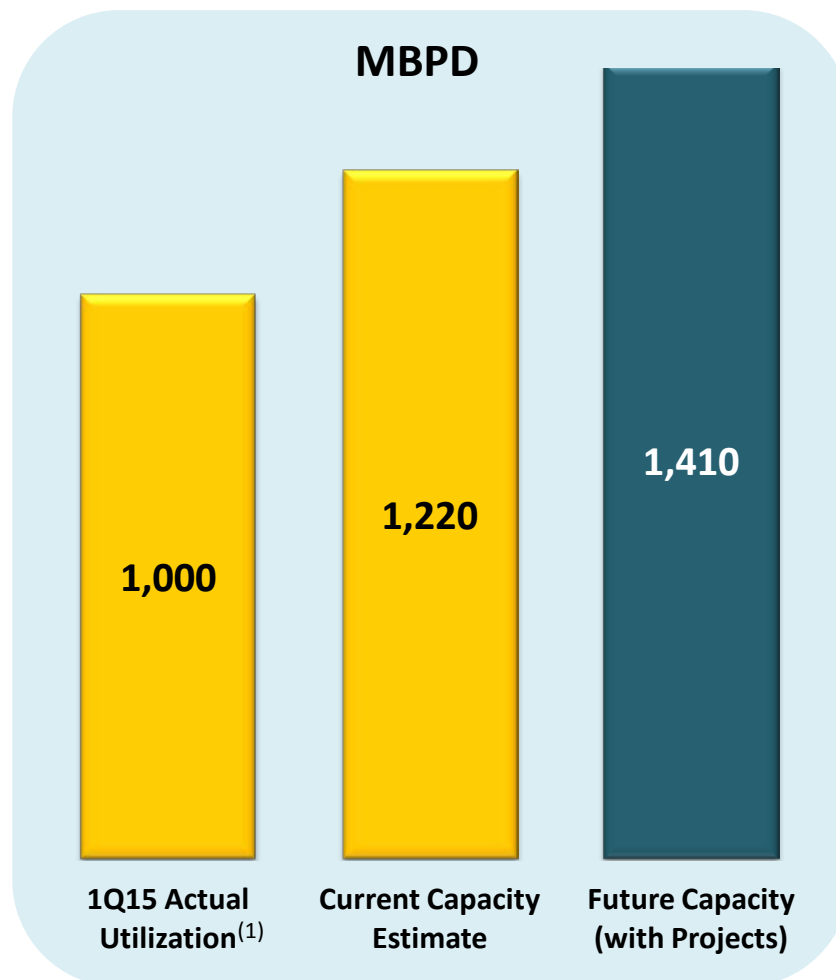
- 25 MBPD additional capacity expected in 2H15
- Distillate recovery improvements

Houston Crude Topper

- 90 MBPD capacity expected 1H16
- Displaces 30 MBPD intermediate feedstock purchases

Corpus Christi Crude Topper

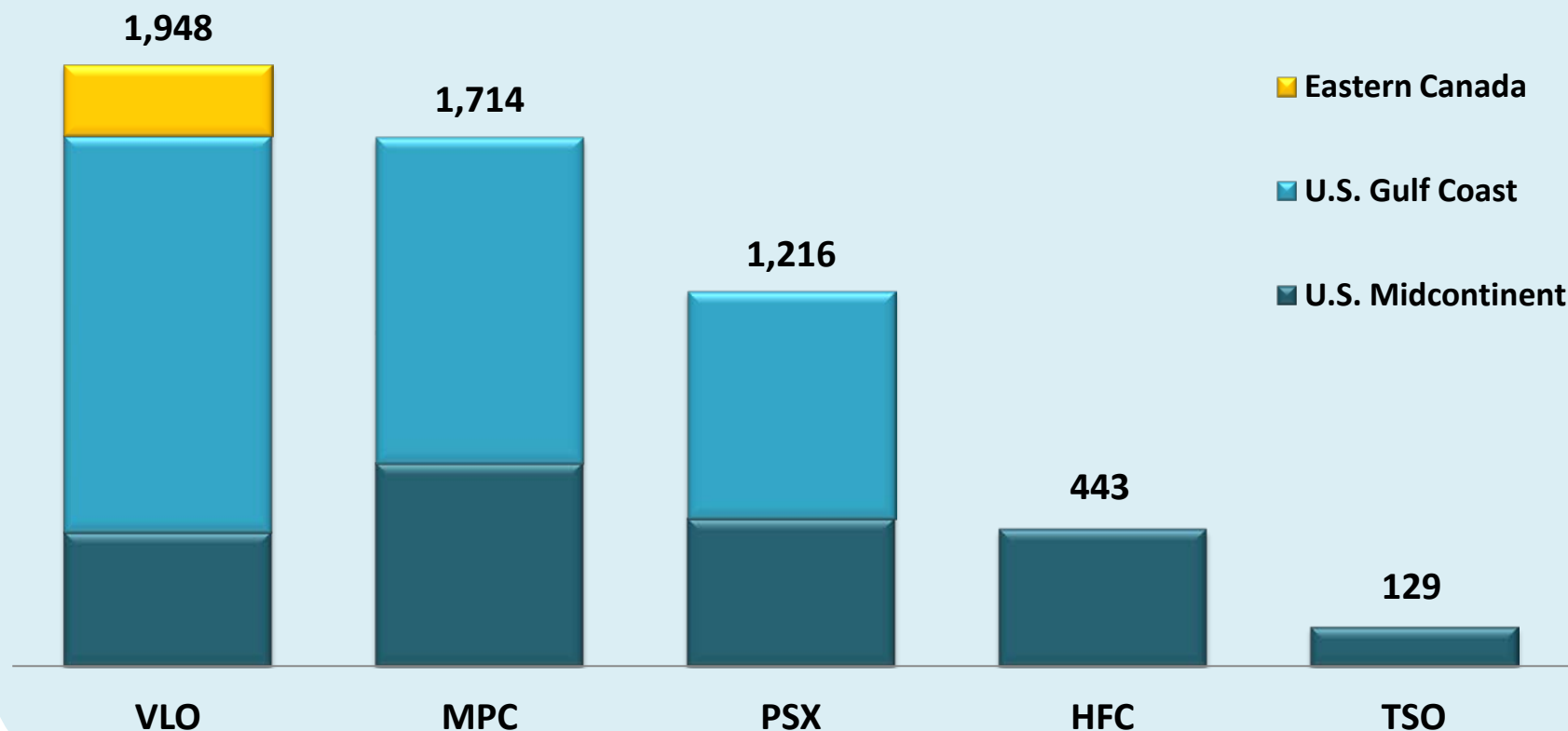
- 70 MBPD capacity expected 1H16
- Displaces 25 MBPD intermediate feedstock purchases



(1) Actual light crude consumption less than capacity due to turnaround maintenance and economics. Includes imported foreign sweet crudes.

Valero Leads Peers in Total Location-Advantaged Crude Capacity

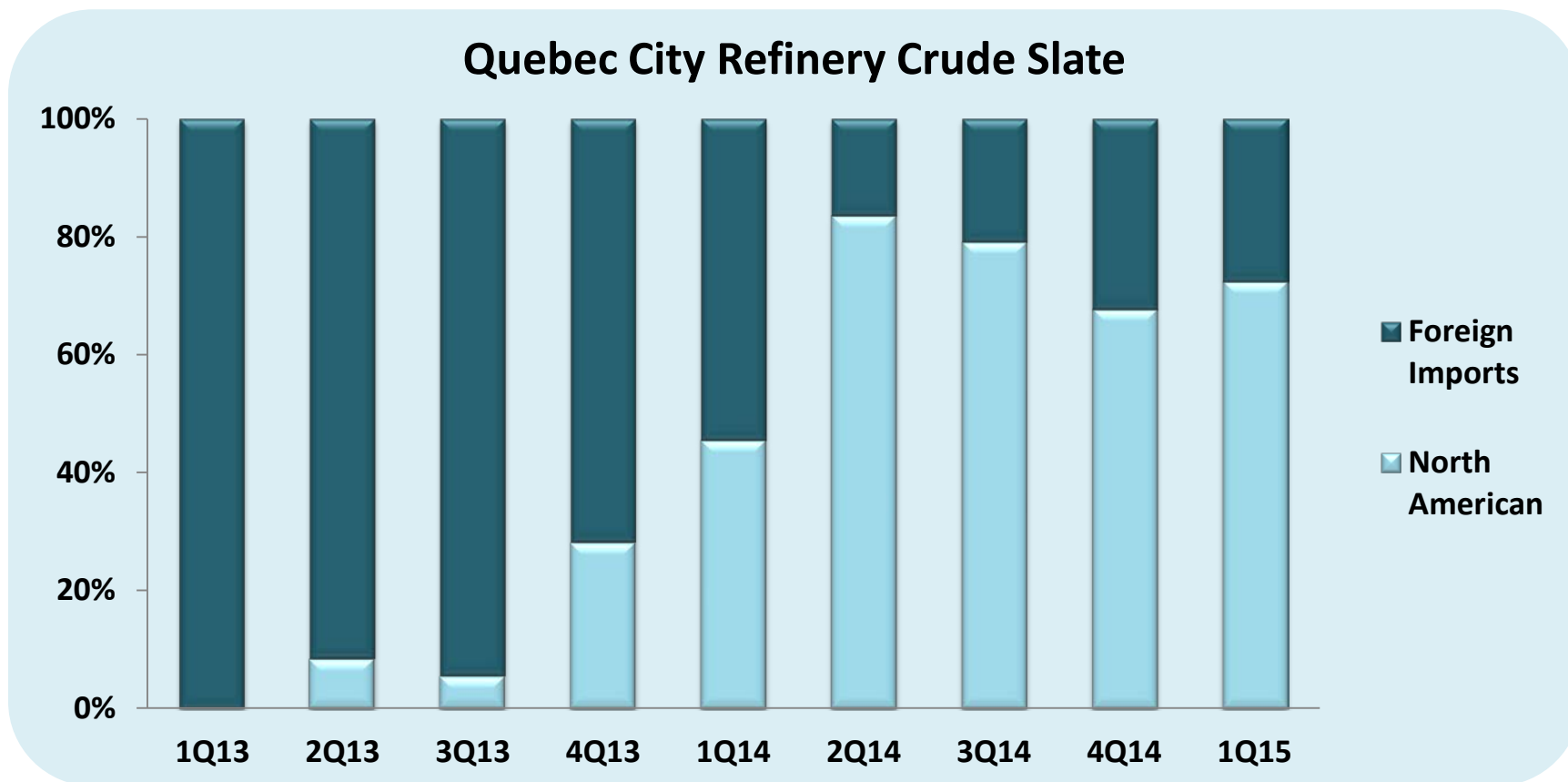
MBPD



Source: Company 10-K reports. Crude distillation capacity based on geographic location.

Access to lower cost North American crude benefits refiners in Mid-Continent, Gulf Coast, and Eastern Canada; product export opportunities for Gulf Coast and Canada

Expect Quebec City Refinery to Have Cost-Advantaged Access to 100% North American Crude in 2015



Shifted to cost-advantaged crudes via rail and foreign flagged ships from USGC, with additional savings expected from deliveries on Enbridge Line 9B beginning in 3Q15

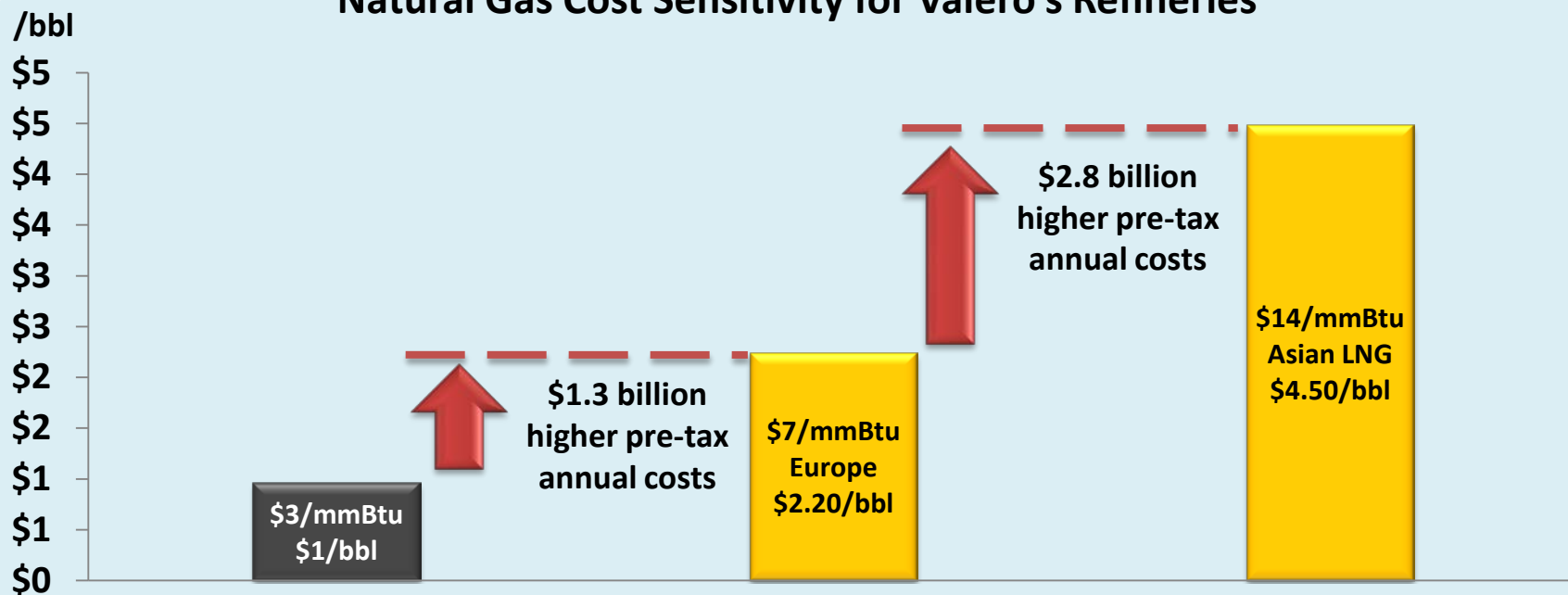


U.S. Natural Gas Provides Opex and Feedstock Cost Advantages

Valero's refining operations consume approximately 864,000 mmBtu/day of natural gas, split almost equally between operating expense and cost of goods sold

Significant annual pre-tax cost savings compared to refiners in Europe or Asia

Natural Gas Cost Sensitivity for Valero's Refineries



Note: Estimated per barrel cost of 864,000 mmBtu/day of natural gas consumption at 92% refinery throughput capacity utilization, or 2.7 MMBPD.



Capacity to Export Additional Product

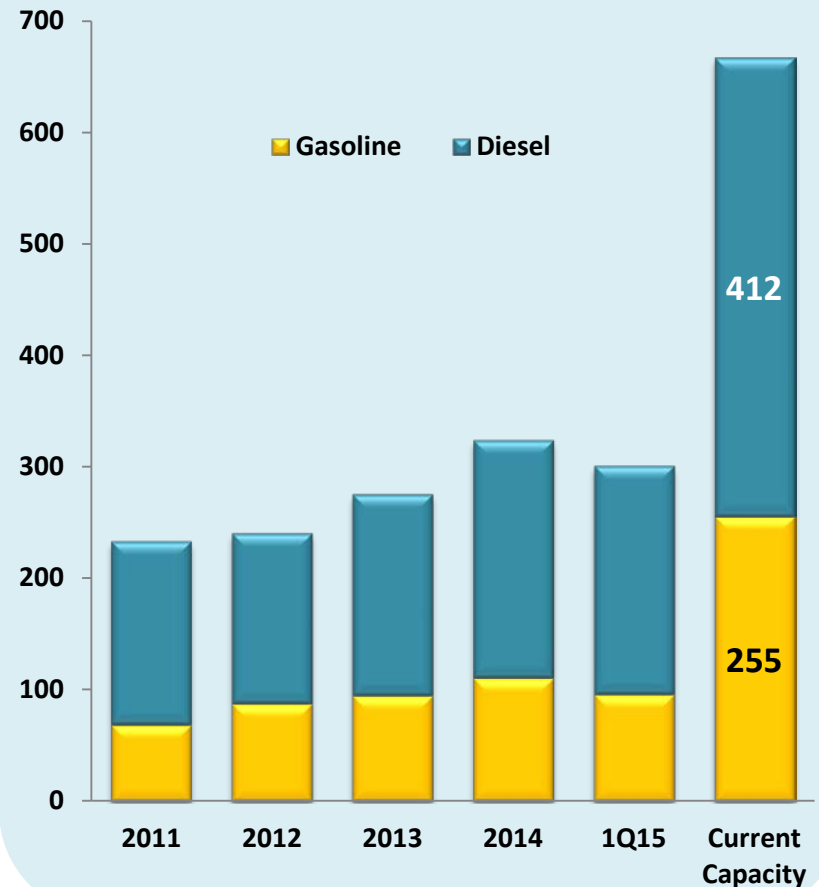
Export markets pull volume from U.S., enabling high refinery utilization and improved margins

Supported by global refined products demand growth

Logistics investments also support segregation

Opportunities to expand U.S. Gulf Coast export capability for gasoline to 308 MBPD and diesel to 472 MBPD

Valero's U.S. Product Exports (MBPD)





Long-Term Macro Market Expectations

Global Outlook

- Economic activity and total petroleum demand increases
- Transportation fuels demand grows
- Refining capacity growth slows after 2015; utilization stabilizes then expected to increase
- Refinery rationalization pressure continues in Europe, Japan, and Australia

U.S. Economy and Petroleum Demand

- Economic growth strengthens over next five years, which stimulates refined product demand
- Diesel and jet fuel demand continues to strengthen
- Gasoline demand continues to recover moderately, expected to strengthen near-term with lower prices

North American Resource Advantage

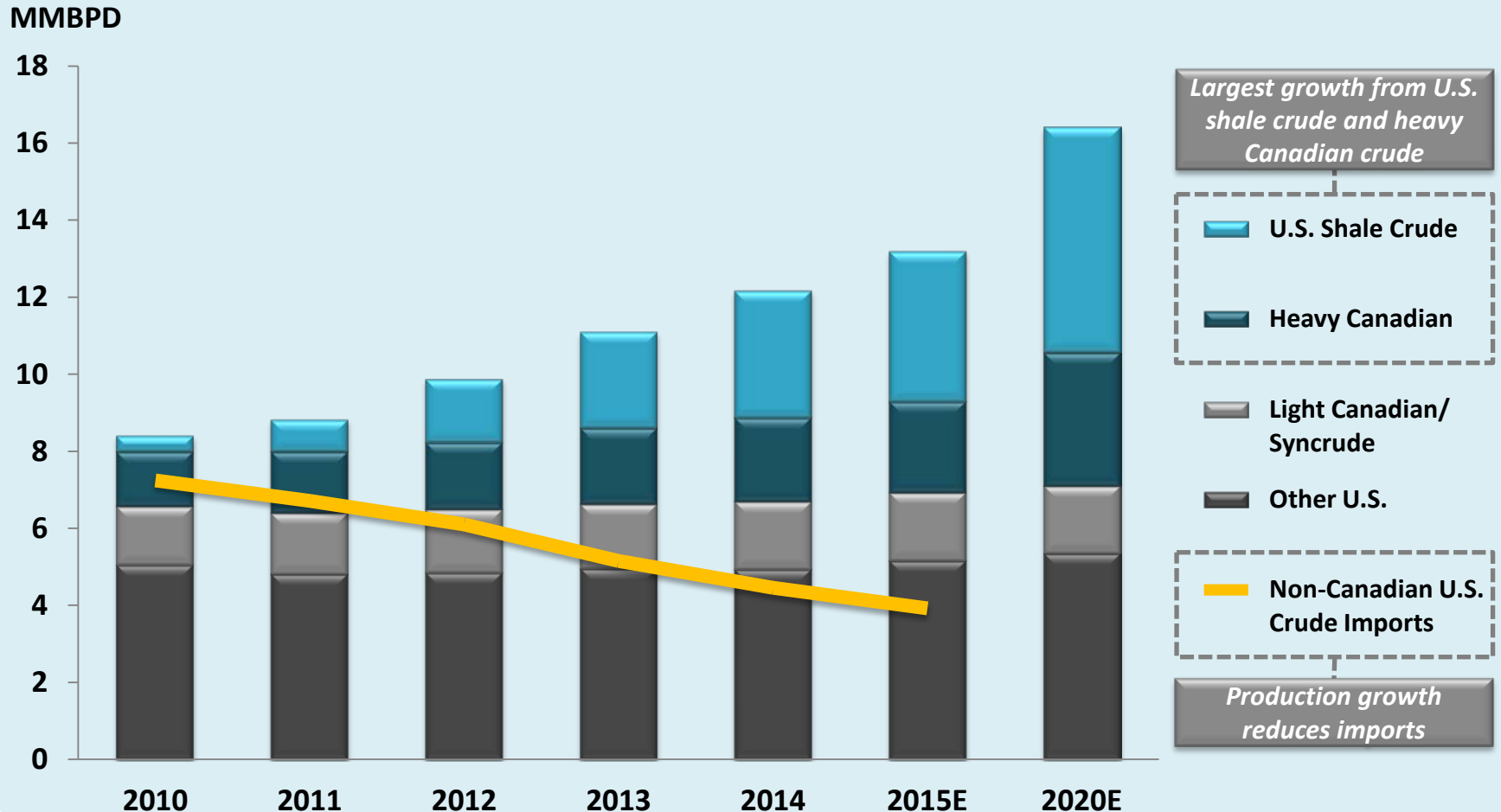
- Natural gas production growth still attractive and development continues
- Crude production growth continues, but tempered with lower prices
- North American refiners maintain competitive advantage
- Broad lifting of crude export ban not expected for several years, if ever

International Export Markets

- U.S. continues to be an advantaged net exporter of products
- Atlantic Basin market continues to grow, with increasing demand from Latin America and Africa
- U.S. Gulf Coast is strategically positioned with globally competitive assets

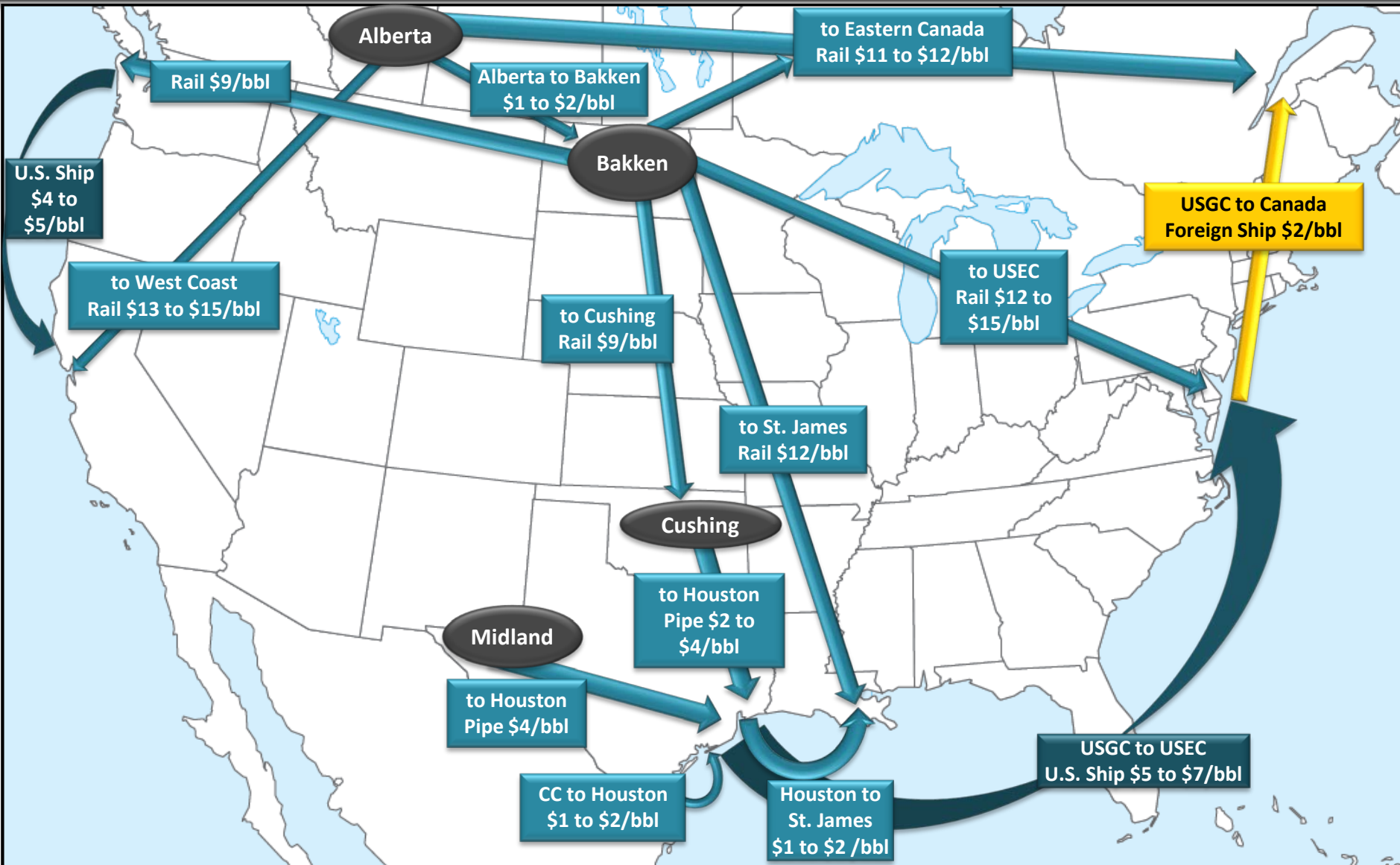
U.S. and Canadian Production Growth Provides Crude Cost Advantage to North American Refiners

U.S. and Canadian Crude Production vs. U.S. Crude Imports

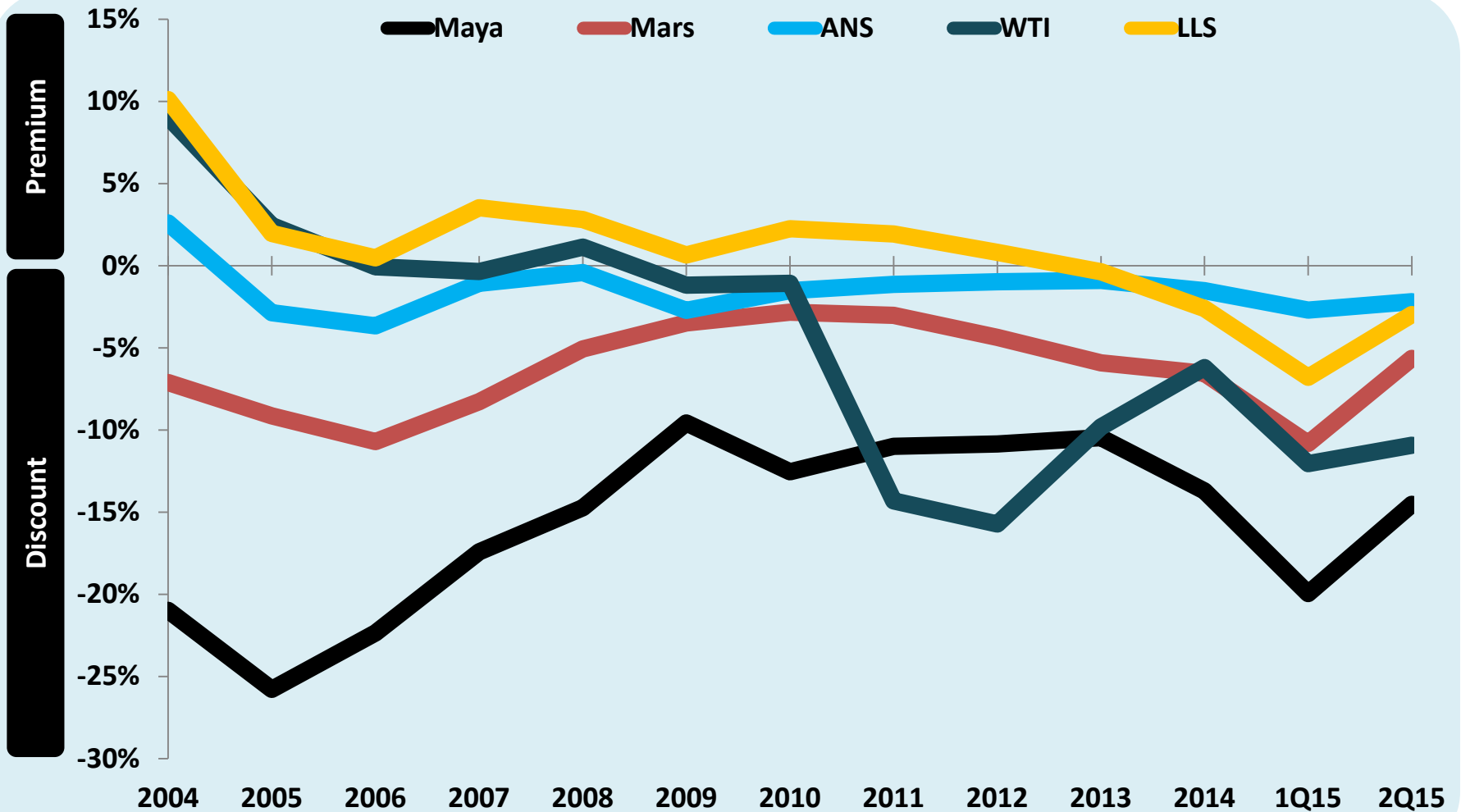


Source: EIA, Consultants, company announcements and Valero estimates; 2015 U.S. Crude imports as of February 2015

Estimated Crude Oil Transportation Costs

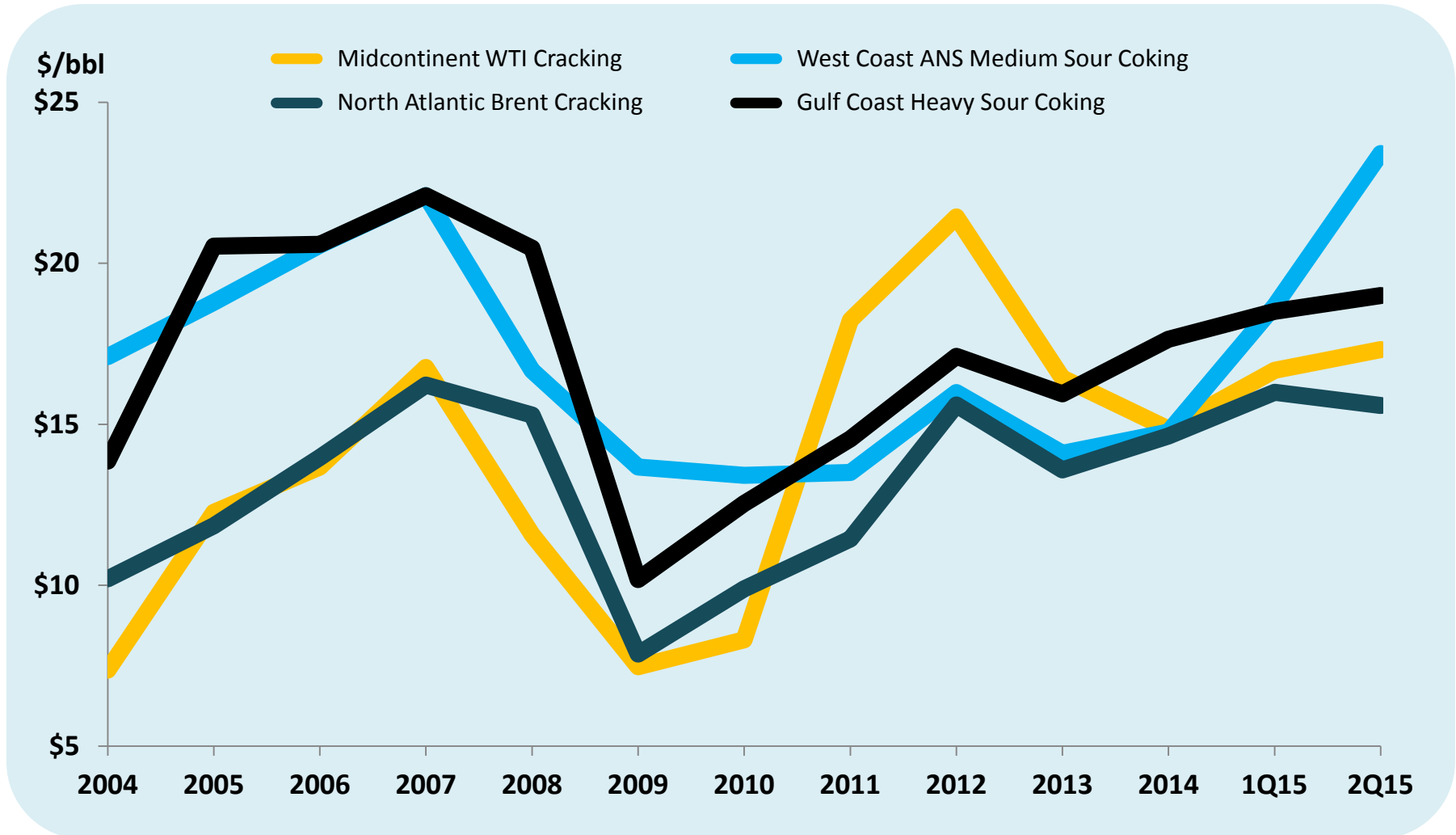


Crude Oil Differentials Versus ICE Brent



Source: Argus; 2Q15 through May 1. LLS prices are roll adjusted.

Valero's Regional Refining Indicator Margins



Source: Argus; 2Q15 through May 1.

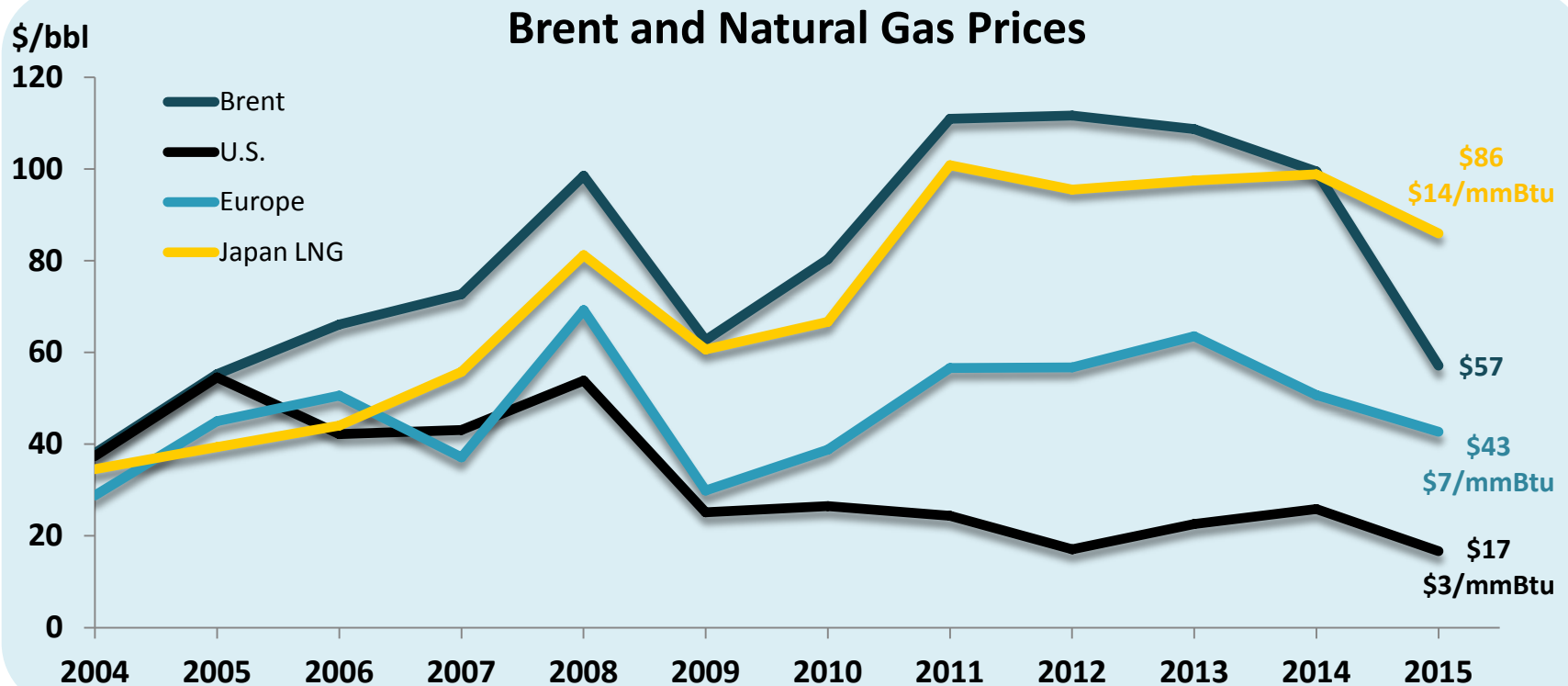


Regional Indicator Margins Defined

- Gulf Coast Indicator: $(\text{GC Colonial 85 CBOB A grade} - \text{LLS}) \times 60\% + (\text{GC ULSD 10ppm Colonial Pipeline prompt} - \text{LLS}) \times 40\% + (\text{LLS} - \text{Maya Formula Pricing}) \times 40\% + (\text{LLS} - \text{Mars Month 1}) \times 40\%$
- Midcontinent Indicator: $[(\text{Group 3 CBOB prompt} - \text{WTI Month 1}) \times 60\% + (\text{Group 3 ULSD 10ppm prompt} - \text{WTI Month 1}) \times 40\%] \times 60\% + [(\text{GC Colonial 85 CBOB A grade prompt} - \text{LLS}) \times 60\% + (\text{GC ULSD 10ppm Colonial Pipeline} - \text{LLS}) \times 40\%] \times 40\%$
- West Coast Indicator: $(\text{San Fran CARBOB Gasoline Month 1} - \text{ANS USWC Month 1}) \times 60\% + (\text{San Fran EPA 10 ppm Diesel pipeline} - \text{ANS USWC Month 1}) \times 40\% + 10\%$
(ANS – West Coast High Sulfur Vacuum Gasoil cargo prompt)
- North Atlantic Indicator: $(\text{NYH Conv 87 Gasoline Prompt} - \text{ICE Brent}) \times 50\% + (\text{NYH ULSD 15 ppm cargo prompt} - \text{ICE Brent}) \times 50\%$
- LLS prices are Month 1, adjusted for complex roll
- Prior to 2010, GC Colonial 85 CBOB is substituted for GC 87 Conventional
- Prior to 4Q13, Group 3 Conventional 87 gasoline substituted for Group 3 CBOB

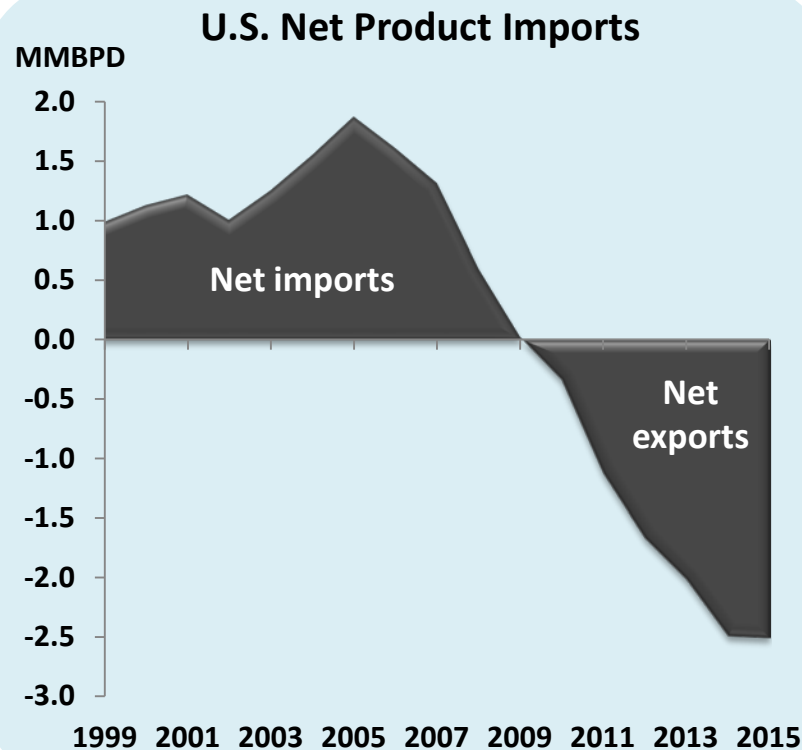
Low Cost U.S. Natural Gas Provides Competitive Advantage

- U.S. natural gas is significantly discounted to Brent on an energy equivalent basis
- Prices expected to remain low and disconnected from global oil and gas markets for foreseeable future



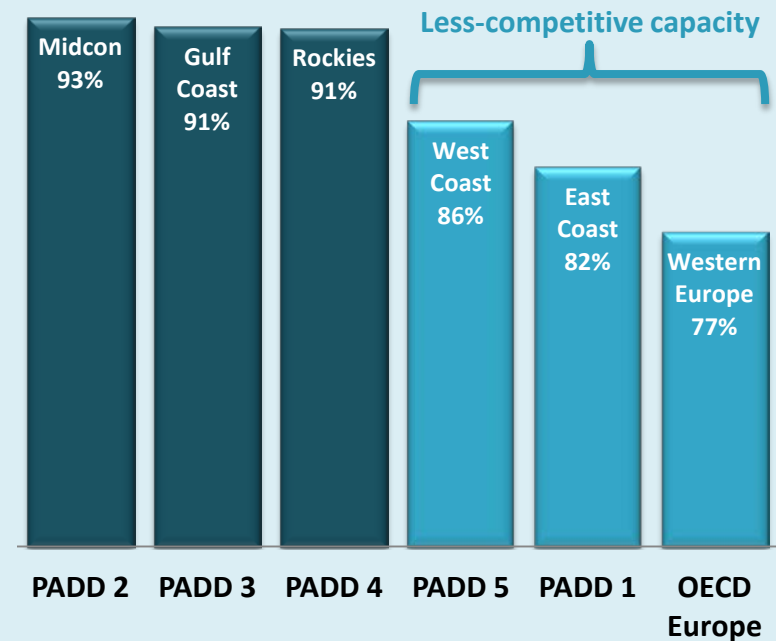
U.S. Refining Capacity Is Globally Competitive and Continues to Take Market Share

- U.S. flipped from importer to exporter on lower local product demand and higher refinery utilization, particularly in PADDs 2, 3, and 4, driven by structural cost advantages for crude oil and natural gas
- Gulf Coast refineries have gained export market share in the Atlantic Basin



Source: EIA (2015 data through February)

Refinery Utilization by PADD
Trailing 12-months

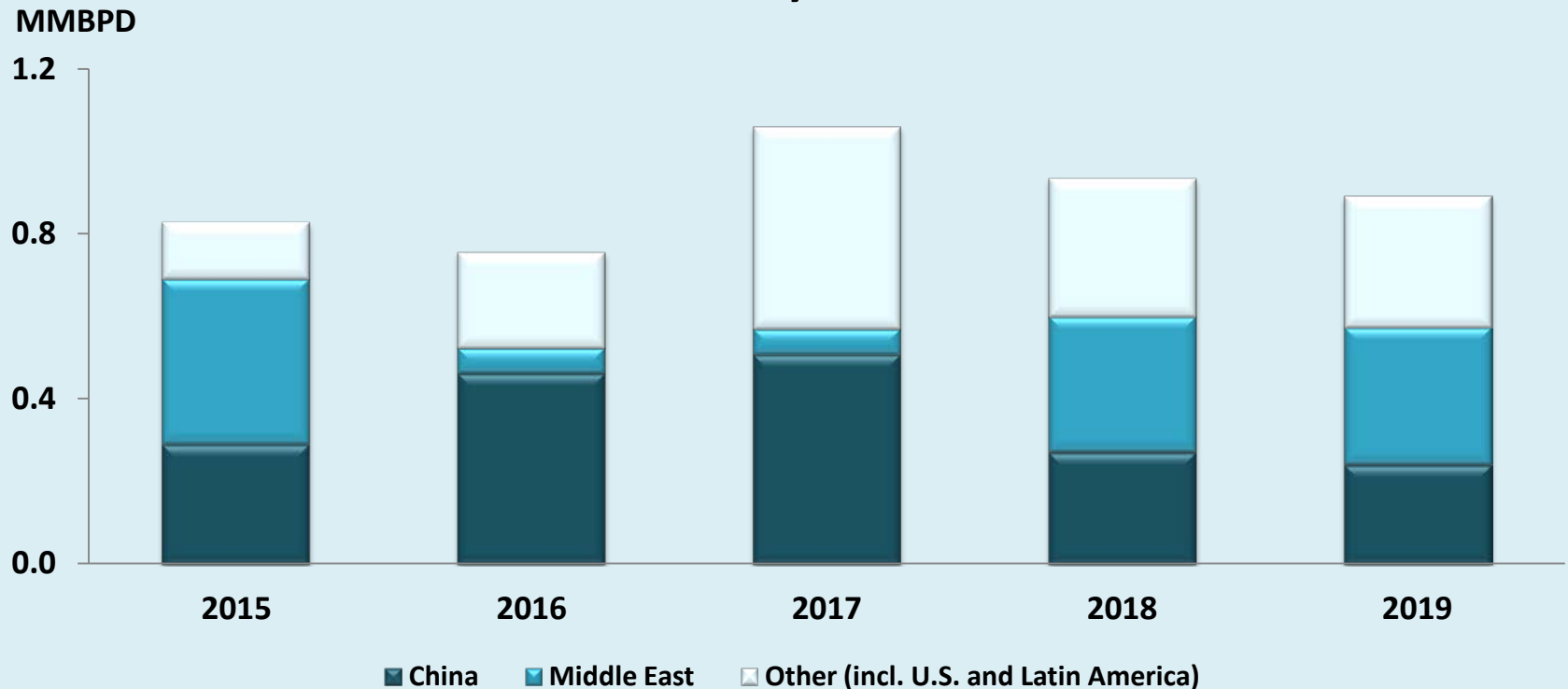


Source: EIA and IEA (U.S. data through February 2015, Europe data through March 2015)

World Refinery Capacity Growth

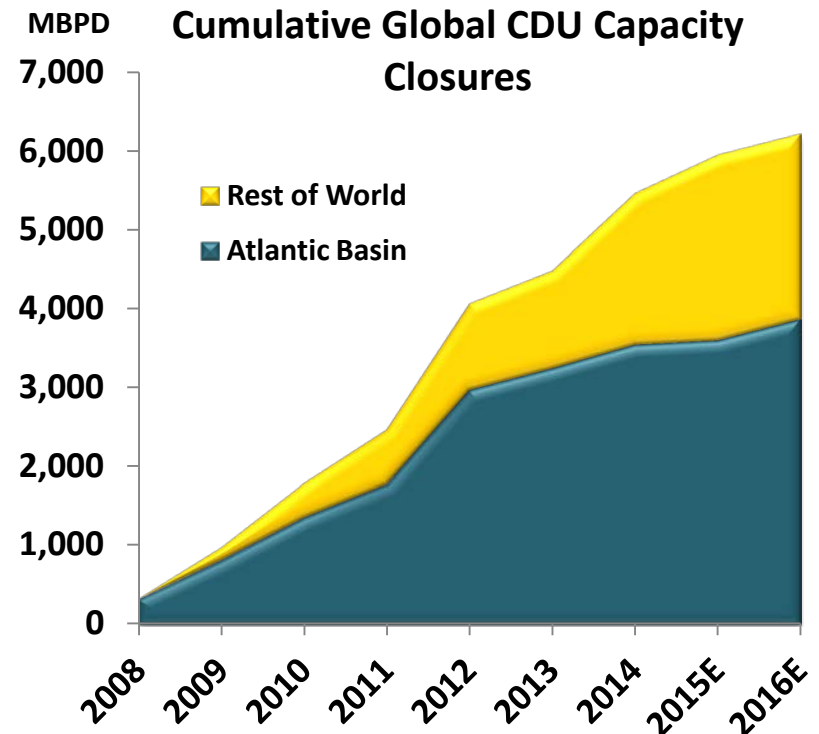
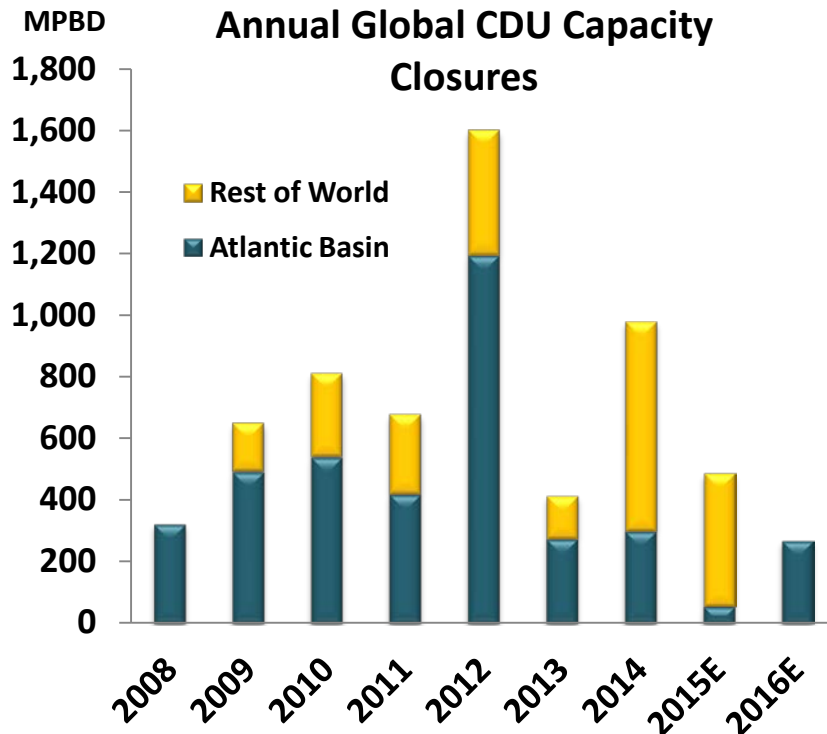
- New capacity additions expected in Asia and the Middle East
- Announced new capacity in Latin America likely to be smaller and start later than planned
- Capacity rationalization expected to continue in Europe

Estimated Net Global Refinery Crude Distillation Additions



Capacity Rationalization in Atlantic Basin

- Marginal refiners continue to rationalize capacity
- Closures in the last few years have been focused in Japan, Australia, and Europe



Global Refining Capacity Rationalization

Location	Owner	CDU Capacity Closed (MBPD)	Year Closed	Location	Owner	CDU Capacity Closed (MBPD)	Year Closed
Perth Amboy, NJ	Chevron	80	2008	Rome, Italy	Total/Erg	88	2012
Bakersfield, CA	Big West	65	2008	Fawley, U.K.*	ExxonMobil	80	2012
Ingolstadt, Germany*	Bayernoil	102	2008	Paramo, Czech Republic	Unipetrol	20	2012
Yabucoa, Puerto Rico	Shell Yabucoa, Inc.	76	2008	St. Croix, USVI	Hovensa	350	2012
Westville, NJ	Sunoco	145	2009	San Nicholas, Aruba	Valero	235	2012
Bloomfield, NM	Western	17	2009	Lisichansk, Ukraine	TNK-BP	175	2012
North Pole, AK*	Flint Hills Resources	85	2009	Clyde, Australia	Shell	75	2012
Teesside, UK	Petroplus	117	2009	Port Reading, NJ	Hess		2013
Gonfreville L'Orcher, France*	Total	90	2009	Dartmouth, Canada	Imperial Oil	88	2013
Dunkirk, France	Total	140	2009	Harburg, Germany	Shell	107	2013
Toyama, Japan	Nihonkai Oil	57	2009	Porto Marghera, Italy	ENI	80	2013
Yorktown, VA	Western	65	2010	Sakaide, Japan	Cosmo Oil	140	2013
Montreal, Canada	Shell	130	2010	North Pole, AK	Flint Hills Resources	80	2014
Reichstett, France	Petroplus	85	2010	Mantova, Italy	MOL	69	2014
Wilhelmshaven, Germany	ConocoPhillips	260	2010	Stanlow, U.K.*	Essar	101	2014
Sodegaura, Japan*	Fuji Oil	50	2010	Milford Haven, U.K.	Murphy	130	2014
Oita, Japan*	JX Holdings	24	2010	Yokkaichi, Japan*	Cosmo Oil	43	2014
Mizushima, Japan*	JX Holdings	110	2010	Tokuyama, Japan	Idemitsu Kosan	114	2014
Negishi, Japan*	JX Holdings	70	2010	Kurnell, Australia	Caltex	135	2014
Kashima, Japan*	JX Holdings	18	2010	Kawasaki, Japan*	Tonen-General	67	2014
Marcus Hook, PA	Sunoco	175	2011	Wakayama, Japan*	Tonen-General	38	2014
St. Croix, USVI*	Hovensa	150	2011	Muroran, Japan	JX Holdings	180	2014
Arpechim, Romania	OMV Petrom	70	2011	Chiba, Japan*	Kyokuto Petroleum Ltd.	23	2014
Cremona, Italy	Tamoil	94	2011	Kaohsiung, Taiwan	Chinese Petroleum Corp.	200	2015
Ogimachi, Japan	Toa/Showa Shell	120	2011	Bulwer Island, Australia	BP	102	2015
Fushun, China	Fushun Petrochem.	70	2011	Chiba, Japan*	Idemitsu Kosan	20	2015
Paramount, CA	Alon	90	2012	Kawasaki, Japan*	Tonen-General	10	2015
North Pole, AK*	Flint Hills Resources	48	2012	Nishirara, Okinawa	Petrobras/Nansei Sekiyu	100	2015
Berre L'Etang, France	LyondellBasell	105	2012	Collombey, Switzerland	Tamoil	55	2015
Coryton, U.K.	Petroplus	175	2012	Lindsey, U.K.*	Total	110	2016
Petit Couronne, France	Petroplus	160	2012	La Mede, France	Total	159	2016

*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, Valero estimates, and direct and public disclosure by each owner.

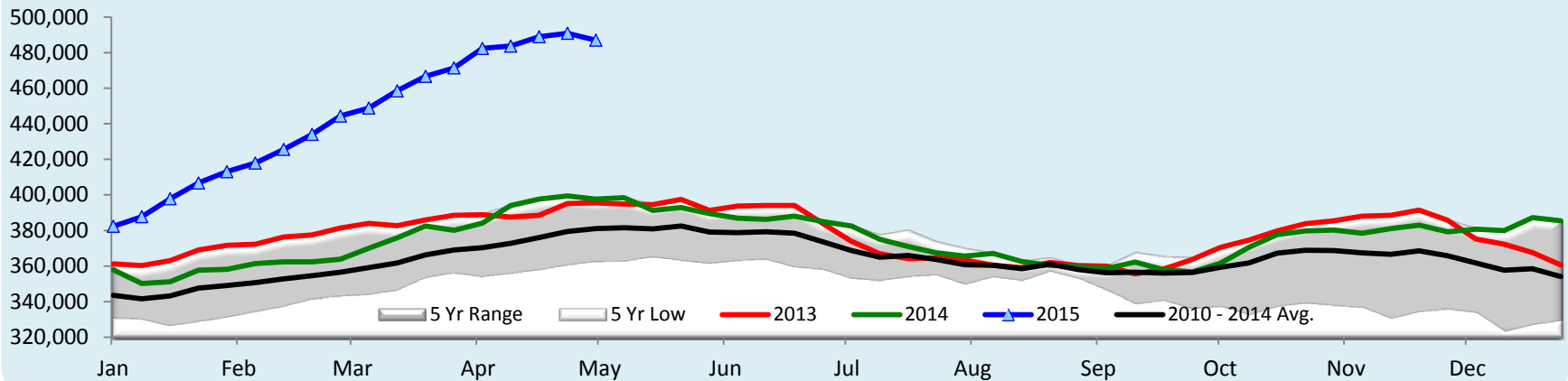
Global Refining Capacity For Sale or Under Strategic Review

Location	Owner	CDU Capacity (MBPD)
Lytton, Australia	Caltex	109
Nishihara, Japan	Petrobras/Sumitomo	95
Inchon, Korea	SK Energy	270
Whitegate, Ireland	Phillips 66	71
Barbers Point, HI	Chevron	54
Pasadena, TX	Petrobras	100
Bahia Blanca, Argentina	Petrobras	31
Göthenburg, Sweden	Shell	80
Port Dickson, Malaysia	Shell	156
Livorno	ENI	106
Taranto	ENI	120
Mazeikiai, Lithuania	PKN	190
Okinawa, Japan	Petrobras/Nansei Sekiyu	100
Falconara, Italy	API	80
Hamburg, Germany	Tamoil	78
Collombey, Switzerland	Tamoil	72
Chiba, Japan	Cosmo Oil	240
Chiba, Japan	TonenGeneral	152

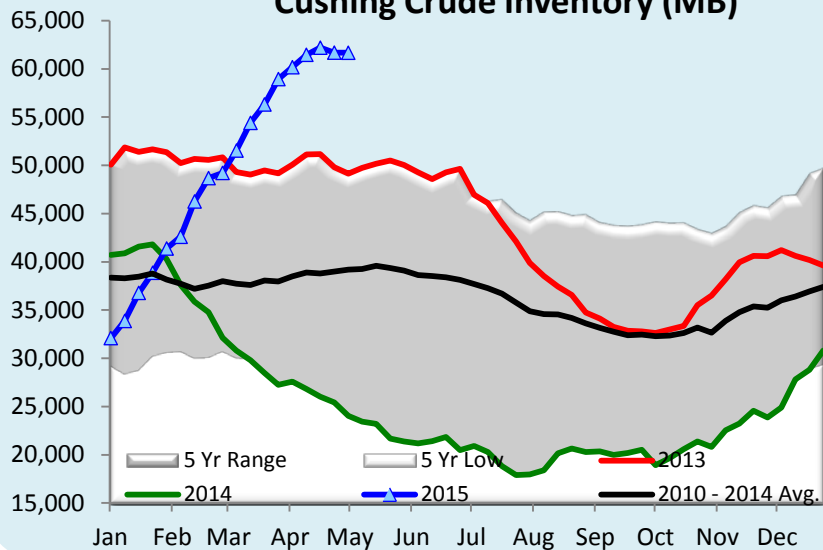
Sources: Direct and public disclosure by each owner

U.S. Crude Fundamentals

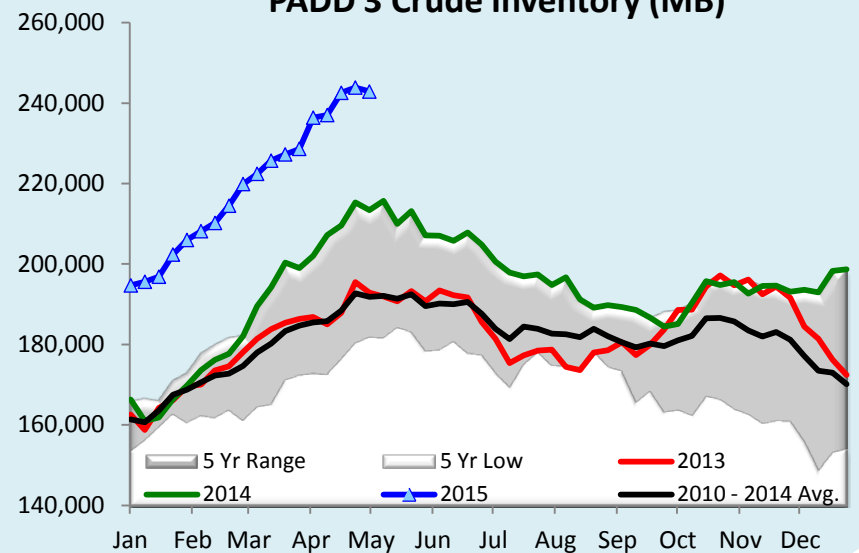
U.S. Crude Inventory (MB)



Cushing Crude Inventory (MB)

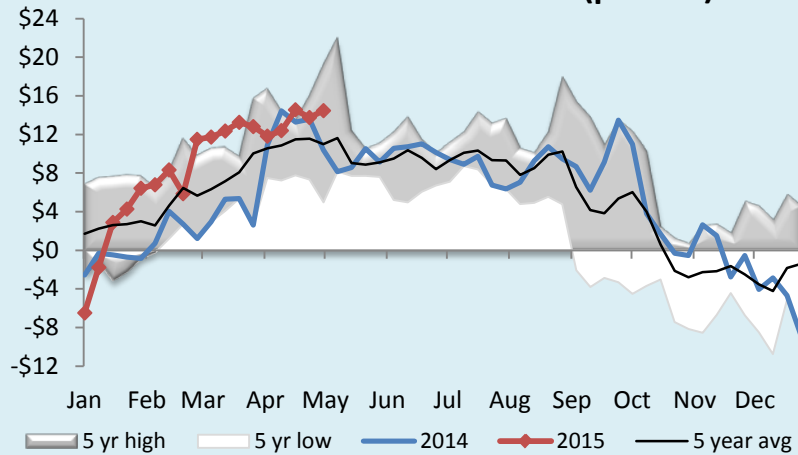


PADD 3 Crude Inventory (MB)



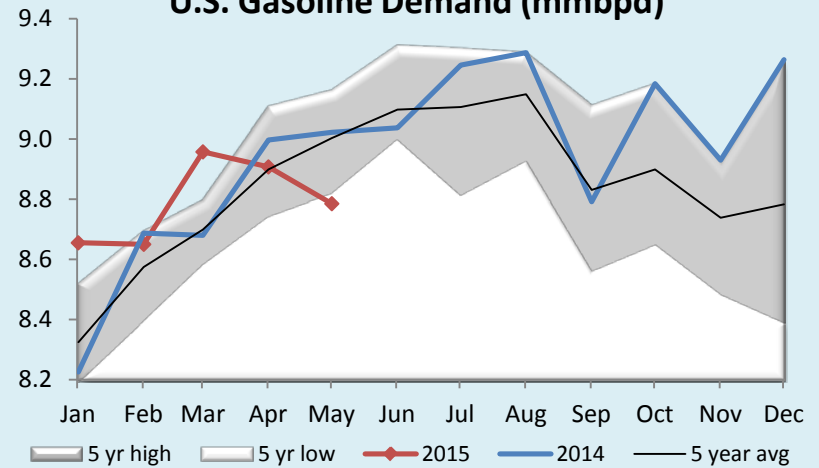
U.S. Gasoline Fundamentals

USGC Brent Gasoline Crack (per bbl)



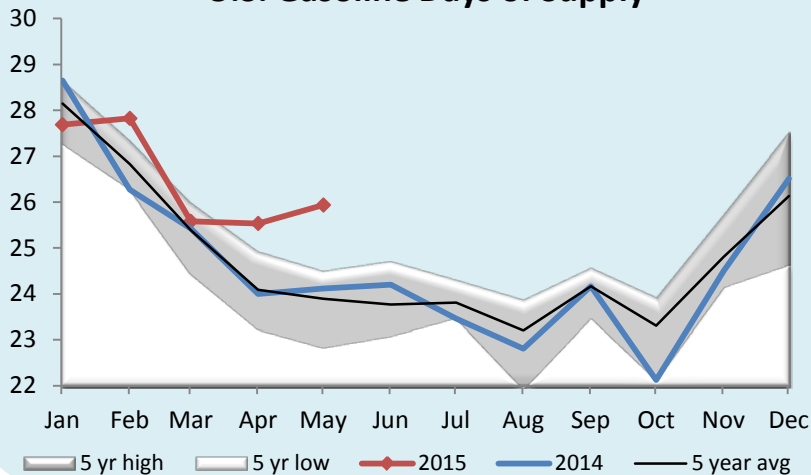
Source: Argus; 2015 weekly data through May 1

U.S. Gasoline Demand (mmbpd)



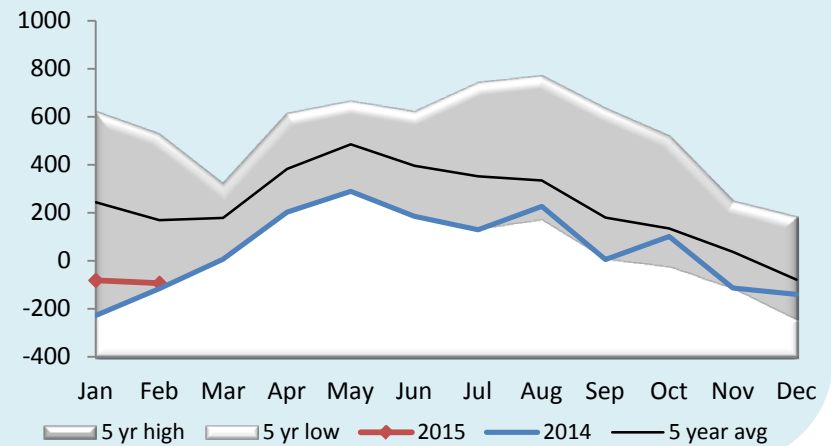
Source: DOE monthly data through Feb 2015; 2015 weekly data through May 1

U.S. Gasoline Days of Supply



Source: DOE monthly data through Feb 2015; 2015 weekly data through May 1

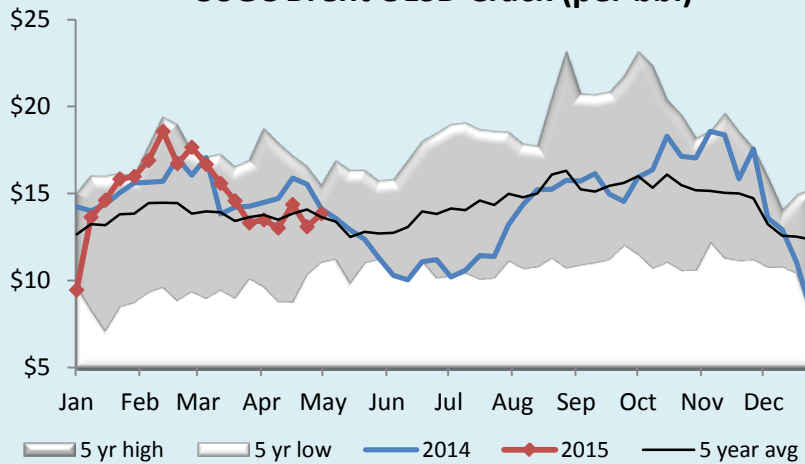
U.S. Net Imports of Gasoline and Blendstocks (mmbpd)



Source: DOE monthly data through Feb 2015

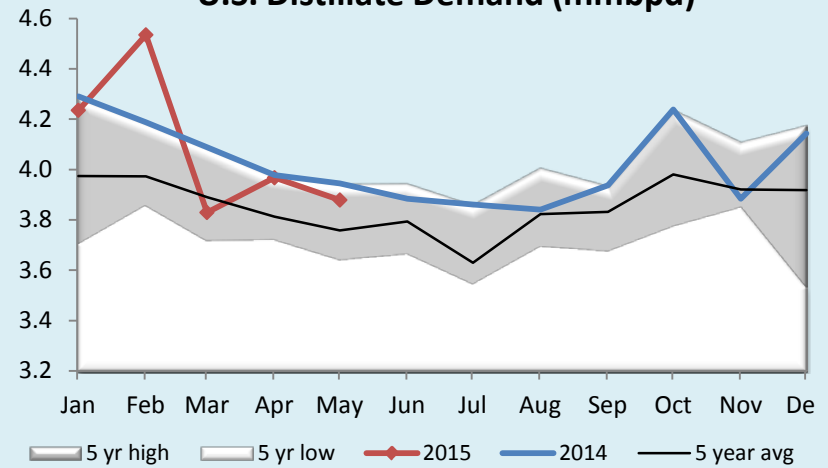
U.S. Distillate Fundamentals

USGC Brent ULSD Crack (per bbl)



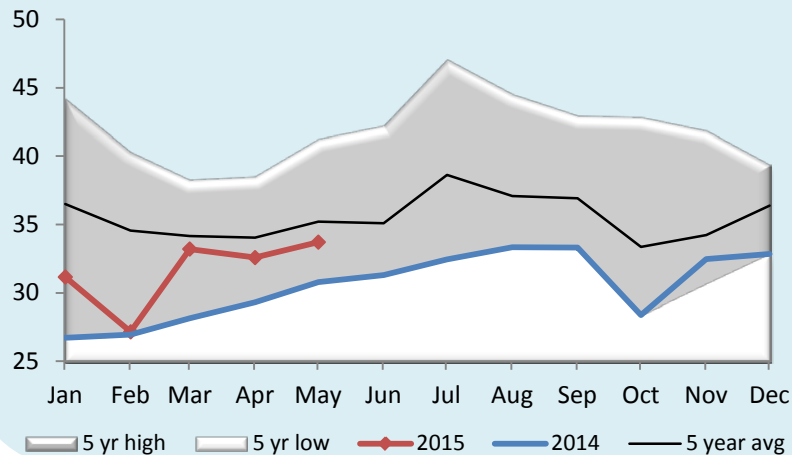
Source: Argus; 2015 weekly data through May 1

U.S. Distillate Demand (mmbpd)



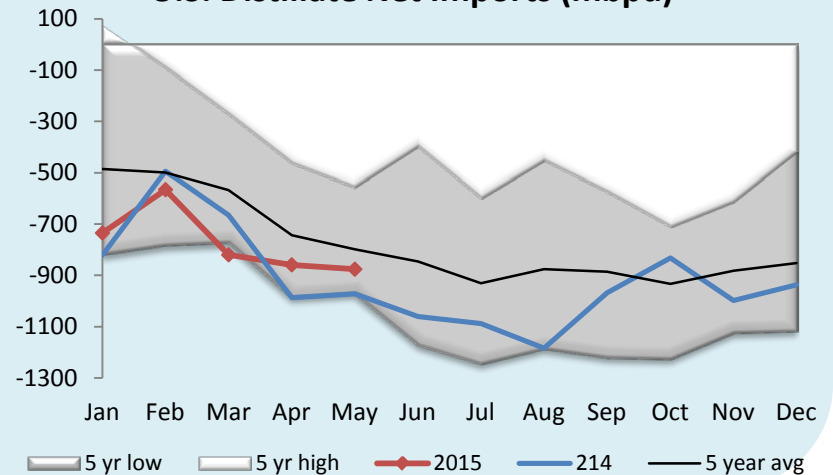
Source: DOE monthly data through Feb 2015; 2015 weekly data through May 1

U.S. Distillate Days of Supply



Source: DOE monthly data through Feb 2015; 2015 weekly data through May 1

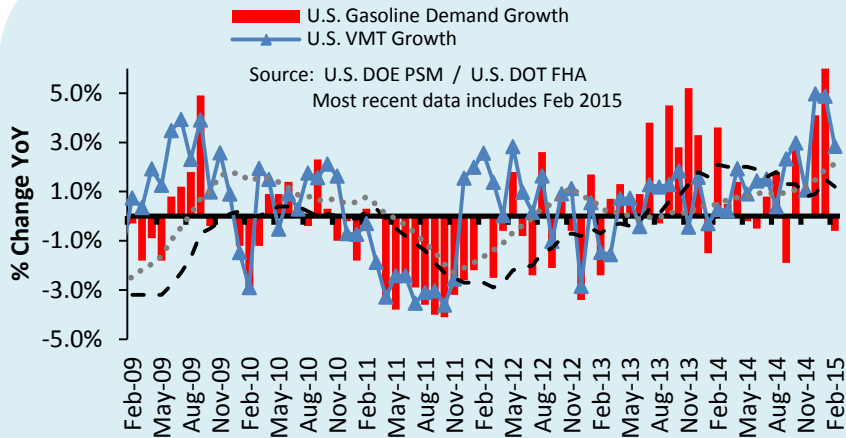
U.S. Distillate Net Imports (mbpd)



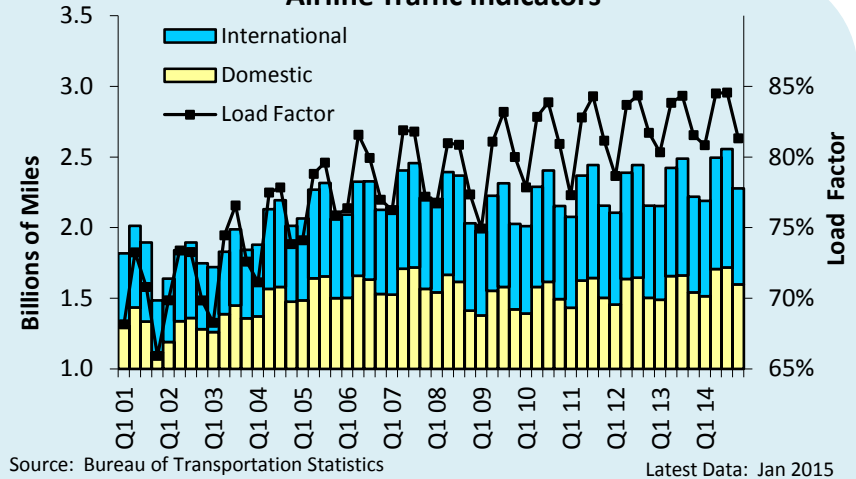
Source: DOE monthly data through Feb 2015; 2015 weekly data through May 1

U.S. Transport Indicators

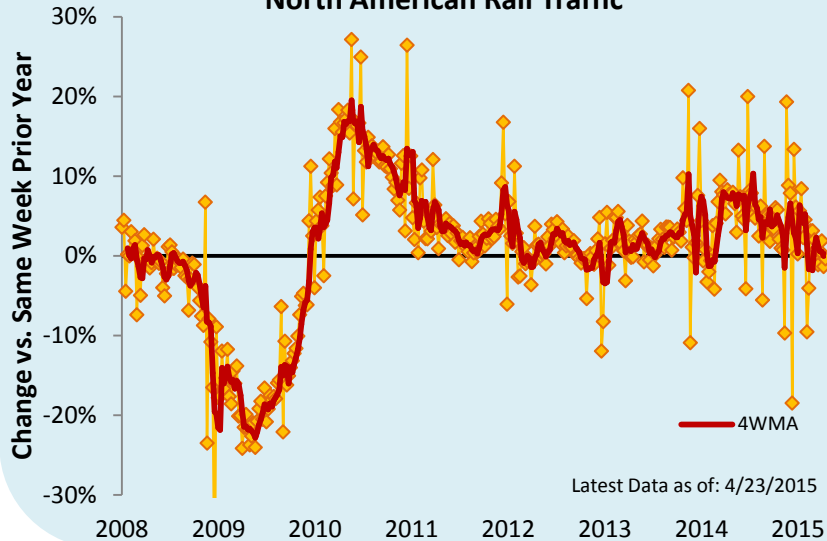
U.S. VMT Growth vs. Gasoline Demand Growth



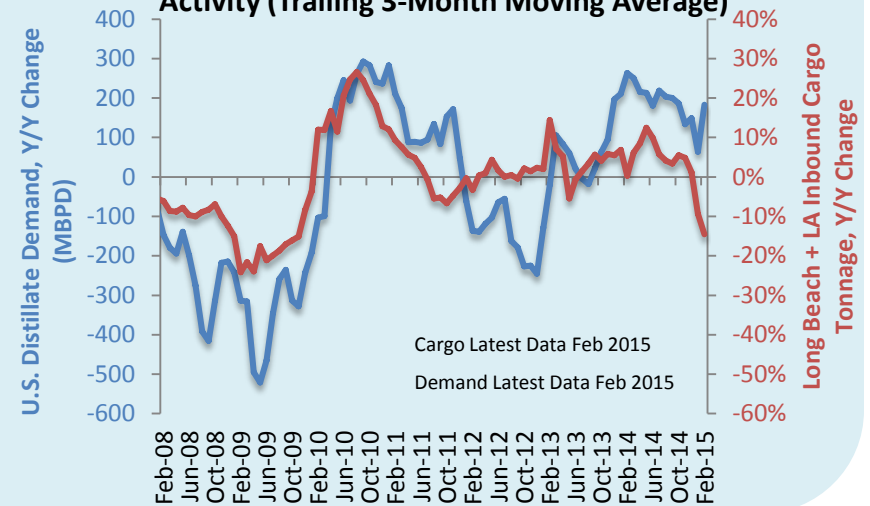
Airline Traffic Indicators



North American Rail Traffic

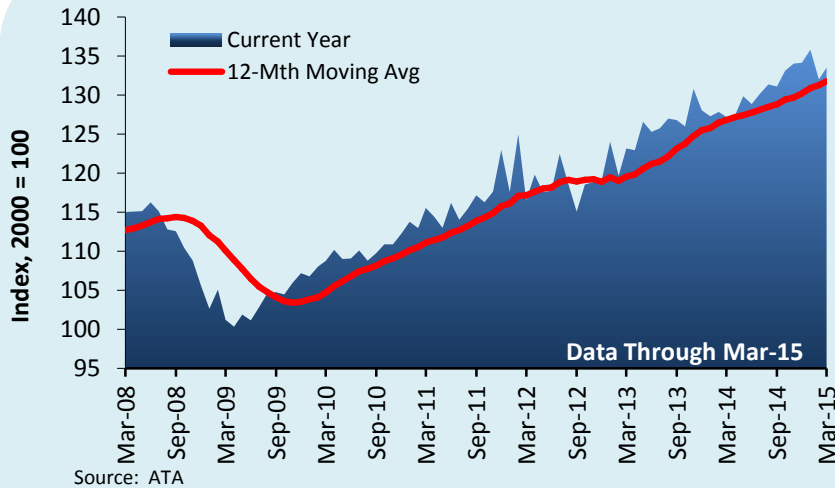


U.S. Distillate Demand and Long Beach + LA Cargo Activity (Trailing 3-Month Moving Average)

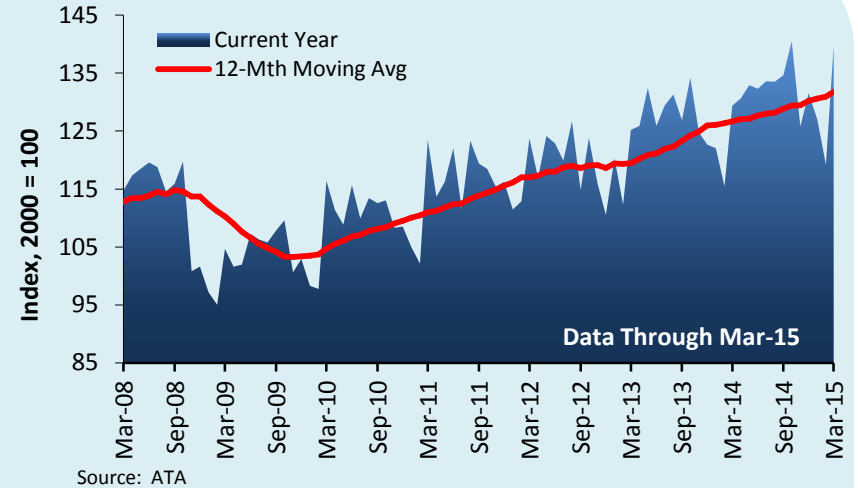


U.S. Transport Indicators: Trucking

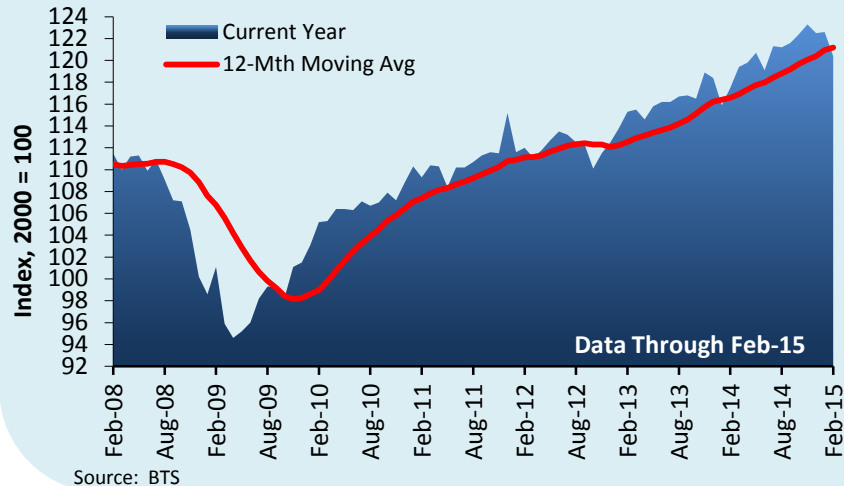
ATA Seasonally Adj Truck Tonnage Index



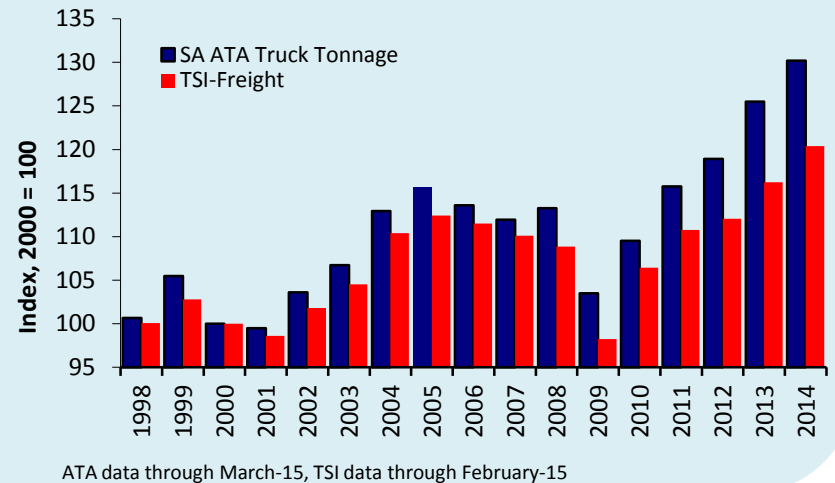
ATA Non-Seasonally Adj Truck Tonnage Index



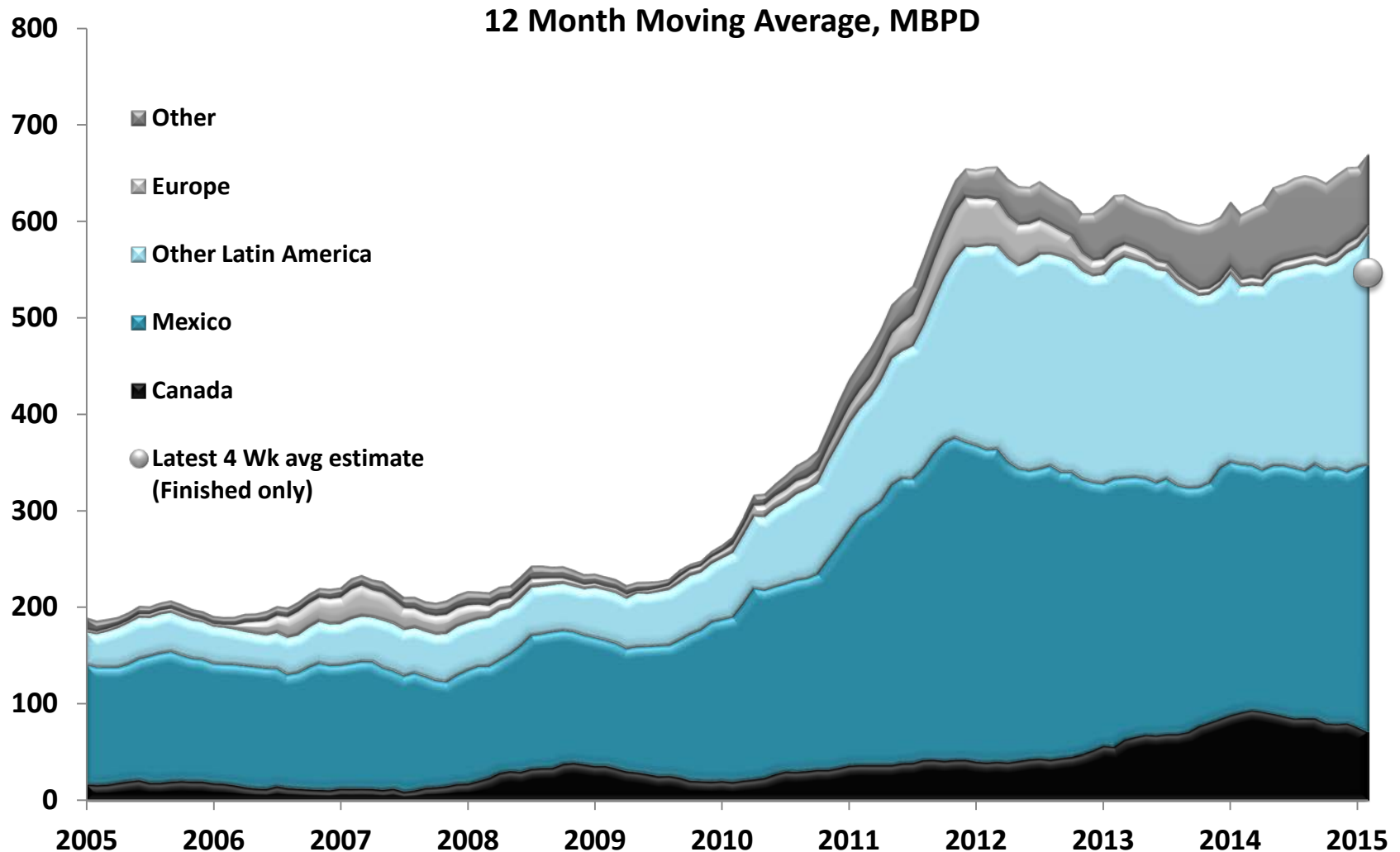
Transportation Services Index - Freight



Freight: Annual Index Averages



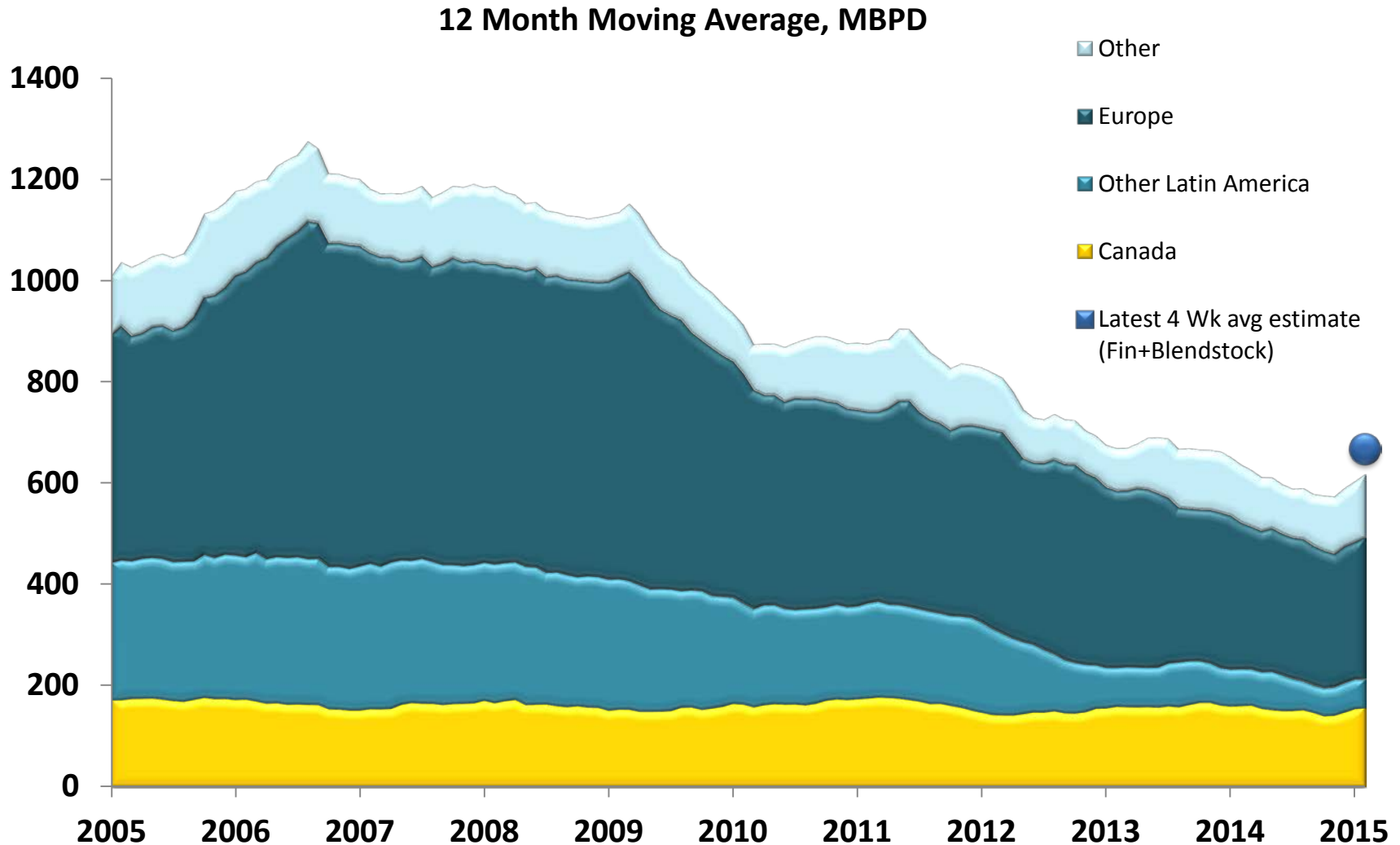
Increase in U.S. Gasoline Exports



Note: Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE, and other oxygenates)

Source: DOE Petroleum Supply Monthly data through February 2015. 4 Week Average estimate from Weekly Petroleum Statistics Report and Valero estimates.

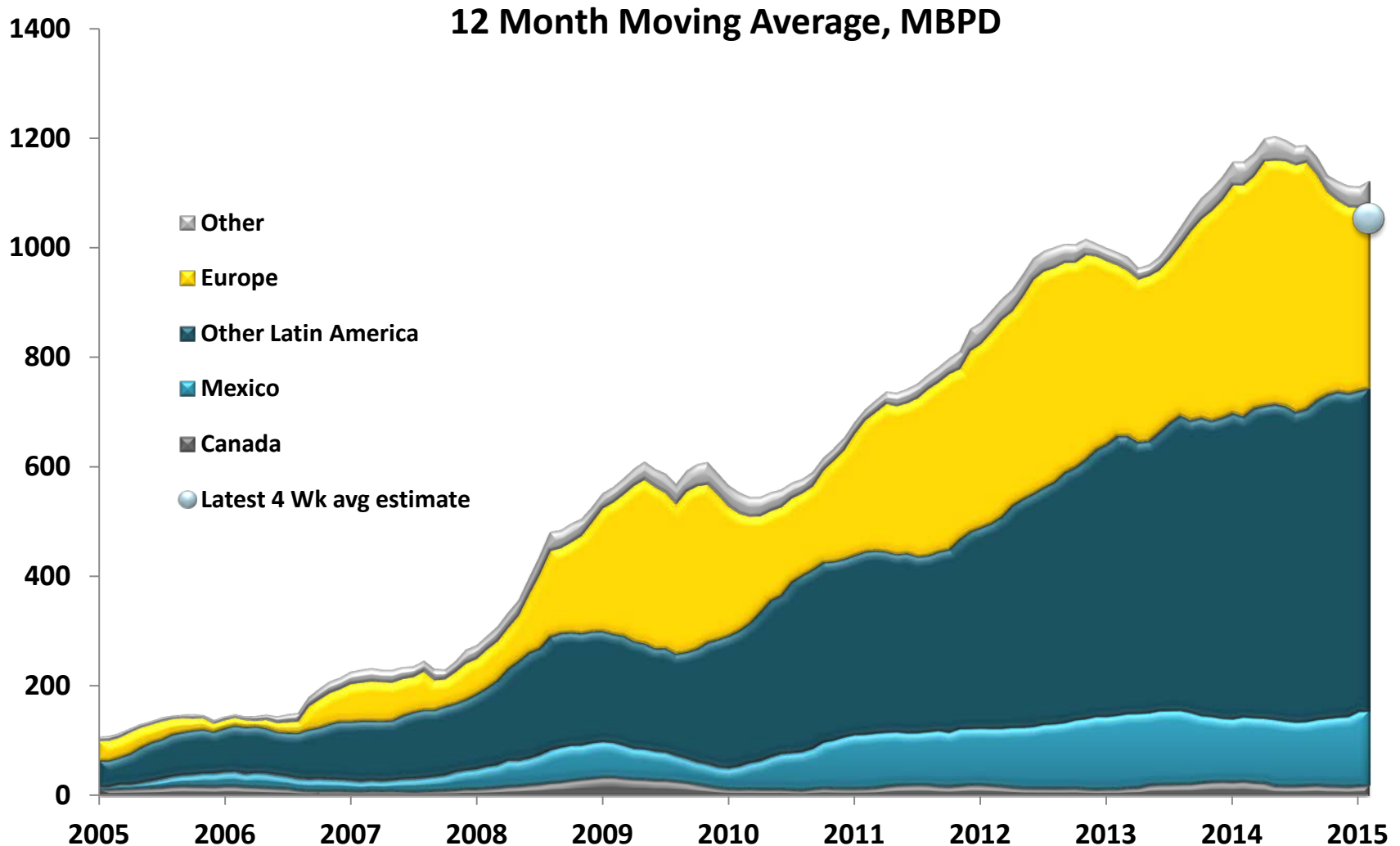
Decrease in U.S. Gasoline Imports



Note: Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE, and other oxygenates)

Source: DOE Petroleum Supply Monthly data through February 2015. 4 Week Average estimate from Weekly Petroleum Statistics Report and Valero estimates.

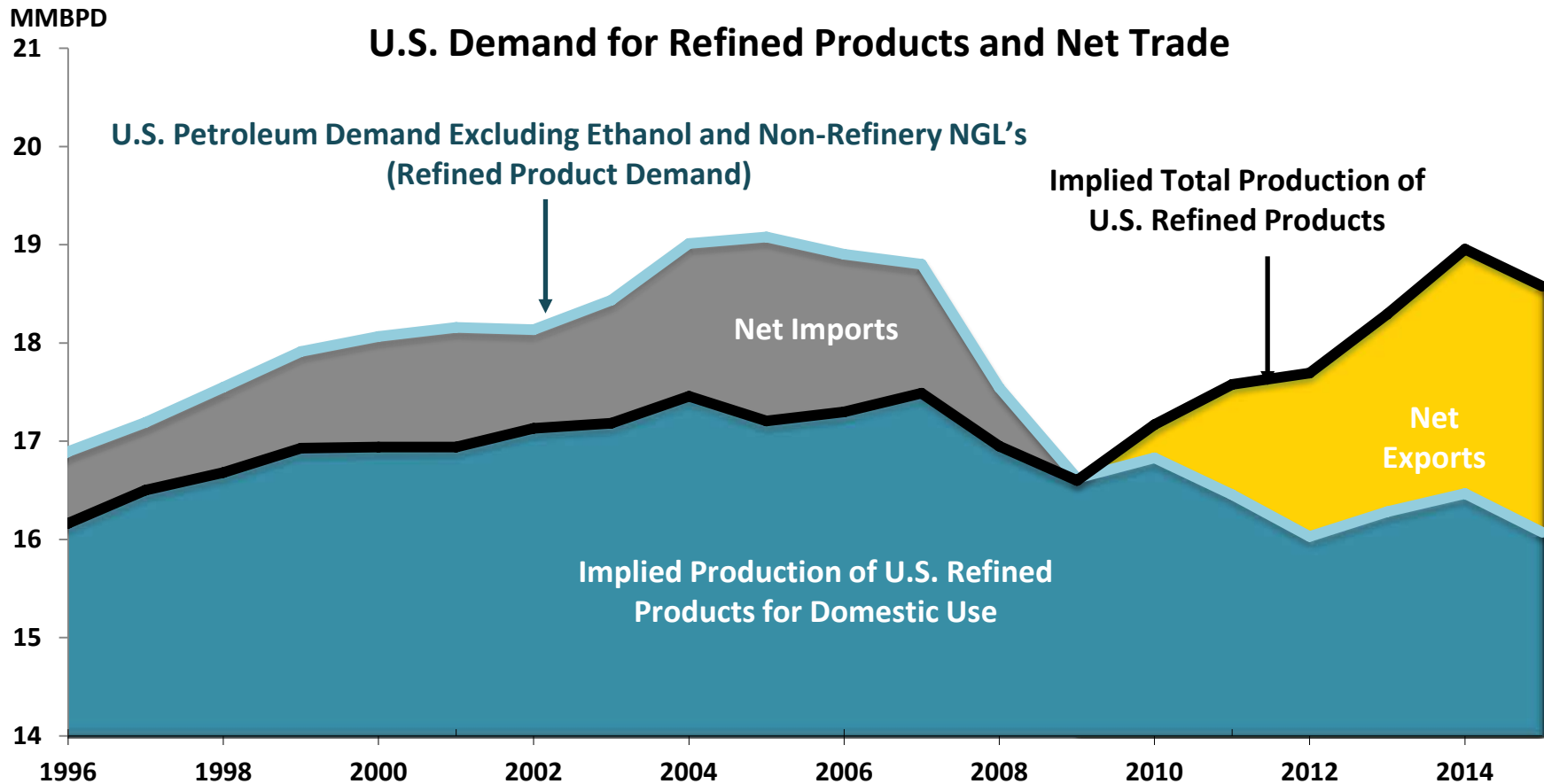
Increase in U.S. Diesel Exports



Source: DOE Petroleum Supply Monthly with data through February 2015. 4 Week Average estimate from Weekly Petroleum Statistics Report

U.S. Is Net Refined Products Exporter

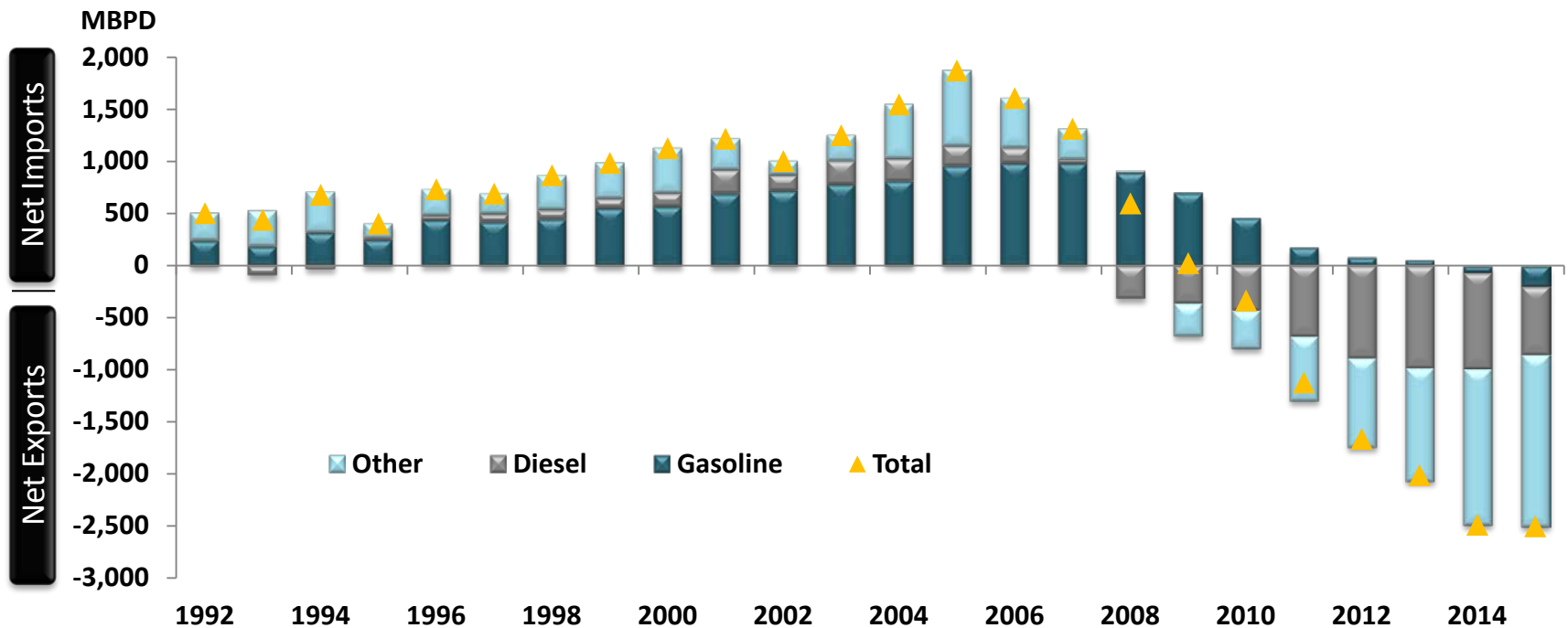
Valero's share of U.S. exports has averaged 20% to 25% over the past few years



Note: Implied production = Petroleum demand excluding ethanol and non-refinery NGLs minus product net imports. Source: EIA, Consultant and Valero estimates; data through February 2015

U.S. Shifted to Net Exporter

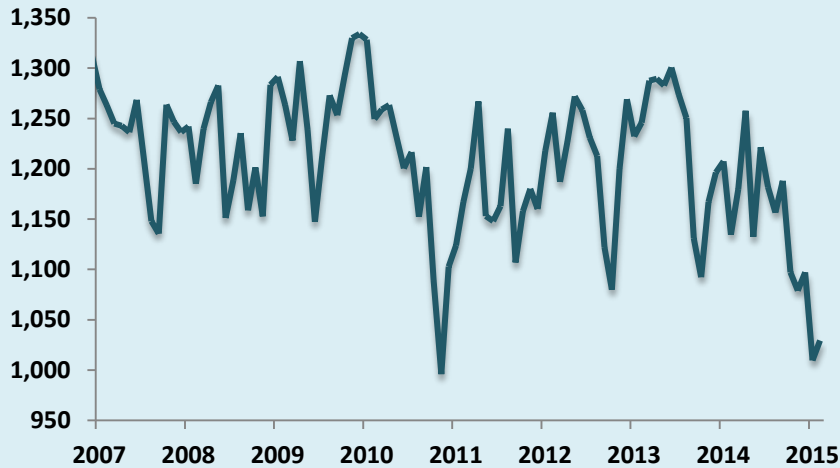
- Net refined products exports increased from 335 MBPD in 2010 to 2,504 MBPD in 2015
- Diesel net exports averaged 919 MBPD in 2014; 651 MBPD in 2015 (Jan-Feb)
- Gasoline net exports averaged 66 MBPD in 2014; 199 MBPD in 2015 (Jan – Feb)
- Gasoline and blendstocks have shifted to net exports



Note: Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE, and other oxygenates)
Source: DOE Petroleum Supply Monthly data through February 2015

Mexico Statistics

Crude Unit Throughput (MBPD)



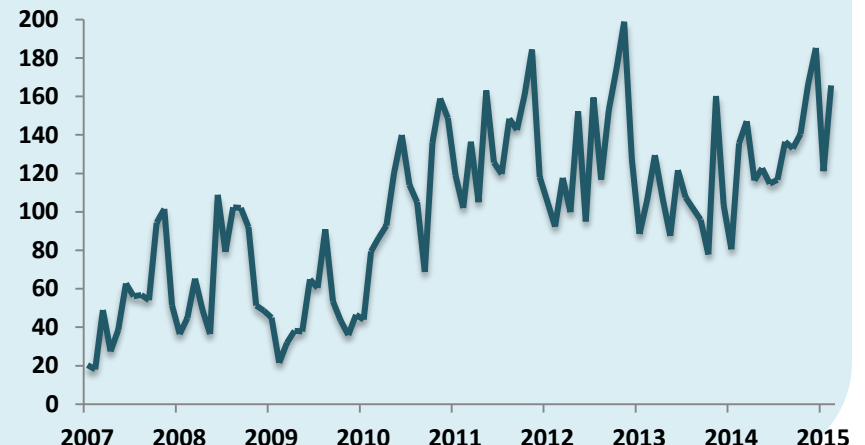
Crude Unit Utilization



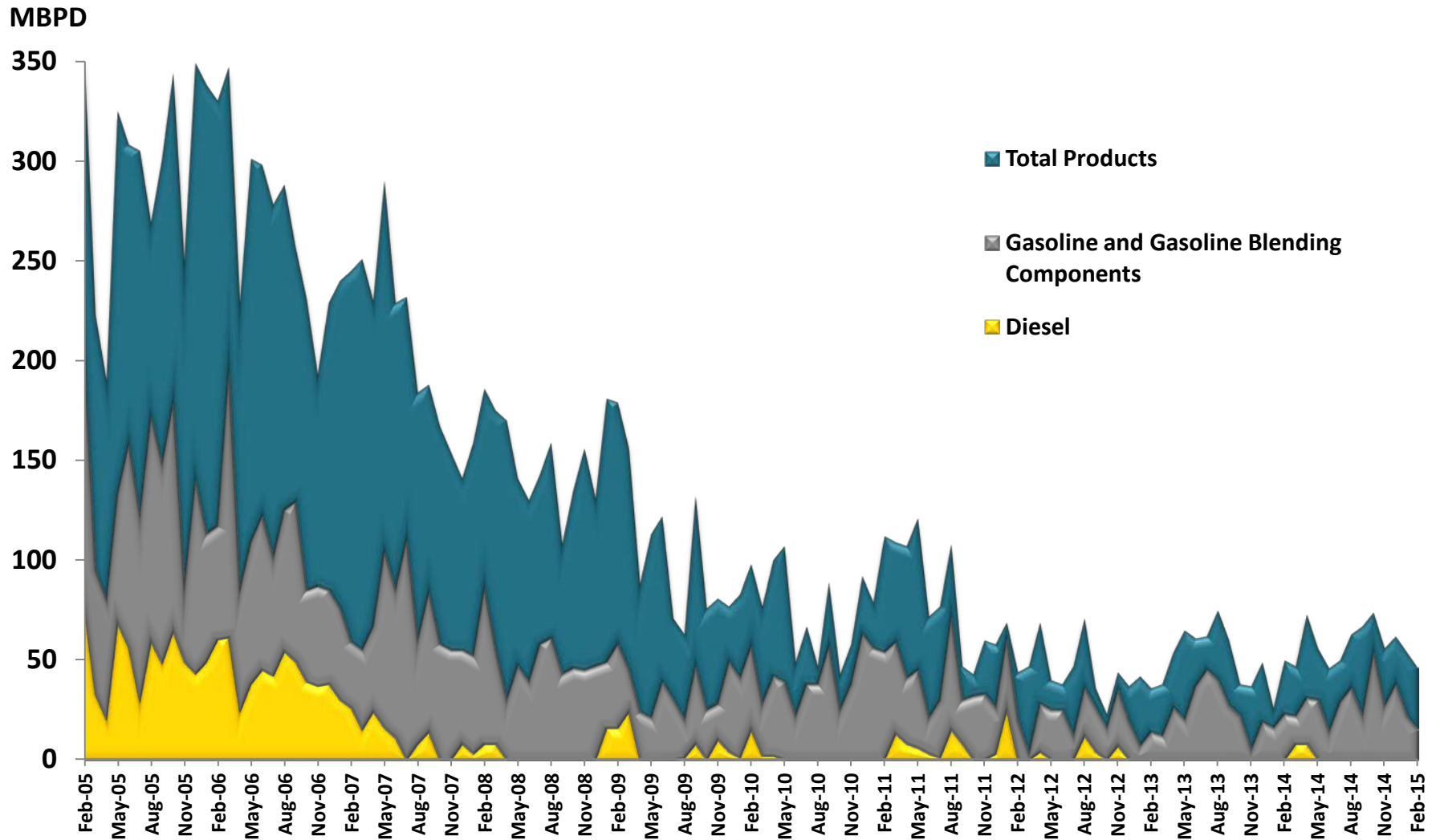
Gasoline Gross Imports (MBPD)



Diesel Gross Imports (MBPD)



Decrease in Venezuelan Exports to the U.S.





Non-GAAP Reconciliations

Reconciliation of VLO Ethanol Operating Income to EBITDA

Ethanol (millions)	2Q09 – 4Q09	2010	2011	2012	2013	2014	1Q15	Cumulative
Operating income	\$165	\$209	\$396	\$(47)	\$491	\$786	\$12	\$2,012
+ Depreciation and amortization expense	<u>\$18</u>	<u>\$36</u>	<u>\$39</u>	<u>\$42</u>	<u>\$45</u>	<u>\$49</u>	<u>\$13</u>	<u>\$242</u>
= EBITDA	\$183	\$245	\$435	\$(5)	\$536	\$835	\$25	\$2,254

Reconciliation of VLP Forecasted Net Income to EBITDA

Forecasted (thousands)	Full Year Beginning March 1, 2015 Valero Partners Houston and Louisiana
Net income	\$37,300
+ Interest expenses	18,100
+ Income tax expense	400
+ Depreciation expense	<u>\$20,000</u>
= EBITDA	\$75,800

Reconciliation of VLP Net Income Under GAAP to EBITDA

(millions)	Three Months Ended December 31, 2014		Three Months Ended December 31, 2015 Annualized	
	As Reported	Annualized (x4)	Forecasted	(x4)
Net income	\$19	\$76	\$32	\$128
Plus:				
Depreciation expense	5	18	11	44
Interest expense ⁽¹⁾	-	1	7	28
Income tax expense	-	-	-	-
EBITDA	\$24	\$95	\$50	\$200

(1) Interest expense and cash interest paid both include commitment fees to be paid on VLP's revolving credit facility. Interest expense also includes the amortization of estimated deferred issuance costs to be incurred in connection with establishing VLP's revolving credit facility.



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