

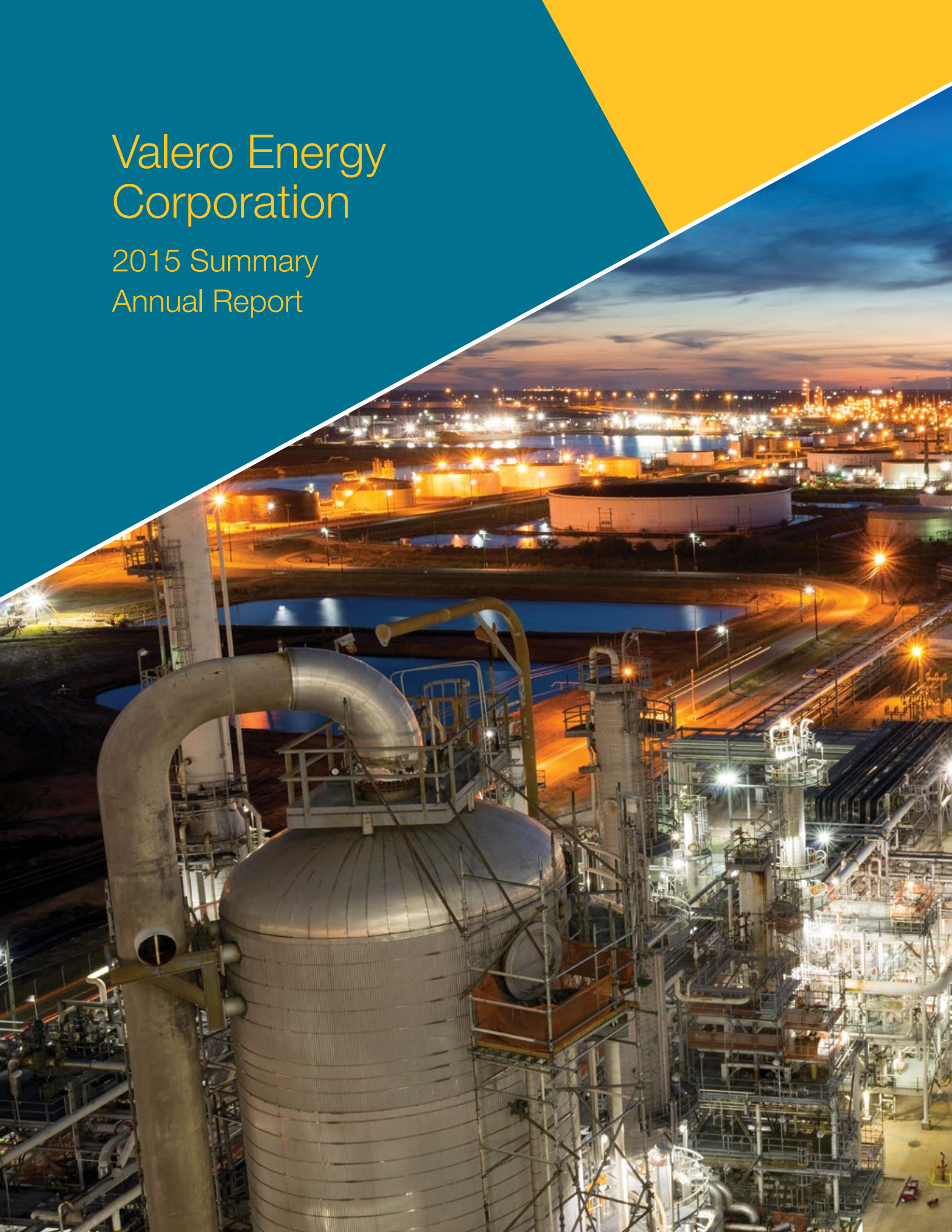
Being the Best

2015 Summary Annual Report



Valero Energy Corporation

2015 Summary
Annual Report





Contents

- 2 Financial Highlights
- 4 A Letter to Our Shareholders
- 8 Valero Vision and Guiding Principles
- 10 A Look at Our Company
- 12 Map of Operations
- 16 Being the Best: Operating Safely and Reliably
- 20 Being the Best: Commercial and Operational Flexibility
- 24 Being the Best: Disciplined Capital Management to Unlock Value
- 28 Board of Directors
- 30 Executive Team

Financial Highlights



[Millions of dollars, except per-share amounts]

	2015	2014
Operating Revenues	\$ 87,804	\$ 130,844
Operating Income	\$ 6,358	\$ 5,902
Net Income Attributable to Valero Stockholders	\$ 3,990	\$ 3,630
Earnings Per Common Share – Assuming Dilution	\$ 7.99	\$ 6.85
Total Assets	\$ 44,343	\$ 45,550
Valero Stockholders' Equity	\$ 20,527	\$ 20,677
Capital Expenditures and Deferred Turnaround and Catalyst Costs	\$ 2,291	\$ 2,802

Please visit www.valero.com to learn more about our company. The terms “Valero,” “we,” “our” and “us,” when used herein, may refer to Valero Energy Corporation, to one or more of our consolidated subsidiaries, or to all of them taken as a whole.

This is only a financial summary. The company’s full, audited financial statements are contained in its Annual Report on Form 10-K for the year ended December 31, 2015, which has been filed with the U.S. Securities and Exchange Commission and made available to all stockholders. This information is also available at www.valero.com.

A Letter to Our Shareholders



I am pleased to report that 2015 was an outstanding year for Valero. We delivered impressive financial results, maintained our focus on operational excellence, optimized our business through disciplined capital allocation and unlocked the value of our assets.

Thanks to the efforts of our team and our ability to position ourselves favorably relative to the dynamics of our markets, we achieved the highest adjusted earnings per share in our history and returned significant cash to our shareholders.

For the year, Valero earned adjusted net income from continuing operations attributable to shareholders of \$9.24 per share, an increase of \$2.56 per share over 2014. Even after adjusting for lower cost-of-market inventory value resulting from lower crude and product prices, actual net income was \$7.99 per share – still ahead of our 2014 performance. Additionally, we maintained a strong balance sheet, with an investment-grade credit rating and a low debt-to-capital ratio of 20 percent.

We generated cash from operations of \$5.6 billion, up from \$4.2 billion of cash provided by operating activities in 2014. We used this cash to continue investing in our future and to fulfill our commitment to return cash to shareholders. During the year, we returned 80 percent of adjusted net income to shareholders, exceeding our cash return target of 75 percent.

Central to our capital allocation commitment is maintaining a dividend payout at the high end of our peer group. During 2015, we increased our annualized dividend by 82 percent, from \$1.10 per share to \$2.00 per share. Further demonstrating our confidence in Valero's earning power, our board in January 2016 approved a 20 percent increase to \$2.40 per share. In all, we returned \$3.7 billion to shareholders in 2015 through dividends and repurchases of 44.9 million shares.

We believe that the key to achieving great financial results is a commitment to safety and operational excellence. We continued to pursue these objectives in 2015 and I am very proud of our accomplishments on this front.

Our intense focus on safety produced our lowest-ever refinery employee total recordable incidence rate and Tier 1 process safety rate. We achieved an average refinery utilization rate of 95 percent while maintaining the lowest operating costs per barrel among our peers, completing multiple strategic refinery projects, and expanding our logistics system.

Another key to Valero's sustained growth through the years has been our focus on developing and maintaining an industry-leading portfolio of highly efficient assets. This gives us exceptional flexibility in our system to process the most cost-advantaged feedstocks and optimize supply and distribution to adapt to conditions in the marketplace.





During 2015, we continued to invest in projects that create long-term value and will drive our future growth:

- We invested more than \$2.4 billion in our business to ensure safe and reliable operations and to advance our refining growth strategy. This is in keeping with our strategic plan to continue to grow our core business by executing organic growth projects that optimize our refining and logistics businesses.
- We commissioned a new crude unit at Corpus Christi, and completed hydrocracker expansions at both our Port Arthur and St. Charles facilities as well as a crude-unit expansion at McKee. We continue to target higher-return, shorter cash-flow cycle growth projects.
- We acquired a 50 percent interest in the Diamond Pipeline, with Plains All American, to provide our refinery in Memphis with more crude-oil supply options and long-term cost savings by connecting with the important crude oil hub of Cushing, Okla. And, our Jean Gaulin refinery in Quebec began receiving crude oil from Enbridge's Line 9B pipeline, further diversifying its crude sources. We will pursue diversification of earnings streams by considering partnerships in new project lines as well as acquisitions.
- In 2016, we expect to complete a new crude unit at our Houston refinery during the second quarter. Additionally, we recently approved construction of a 13,000 barrel-per-day alkylation unit at Houston that would upgrade low-cost natural gas liquids into premium-priced alkylate, a high octane blending component in gasoline. Valero has other projects under development related to octane enhancement, feedstock flexibility and co-generation.

Valero Energy Partners LP (NYSE: VLP), the midstream master limited partnership of which Valero is general partner and majority limited-partner unitholder, also generated solid financial and operational performance during the year. In 2015, we exceeded our target of \$1 billion in drop-down transactions into VLP, and we see significant opportunities to continue doing so in 2016.

Overall, Valero Energy Partners is well positioned for the future and continues to have a very favorable outlook for growing its distribution to unitholders.

Valero's renewables business is performing well during a challenging point in the cycle. While ethanol prices are being impacted by low crude prices, our ethanol plants generated more than \$240 million in adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) in 2015. With their low capital investment, advantaged location and prospects for strong global demand and rising usage mandates, the plants remain a solid part of our long-term strategy. And, with demand for renewable diesel fuel rising, we're looking at projects to potentially boost plant capacity of our Diamond Green Diesel joint venture.

In short, we're committed to being the best operator, investing in our business for the long term to grow earnings per share and returning cash to shareholders. We executed on all of these commitments during 2015 and generated record performance. We will continue to invest in our business while balancing returns to shareholders.

As always, we thank you for your continued support and trust.



Joe Gorder
Chairman, President and
Chief Executive Officer

Valero Vision and Guiding Principles



Vision Statement

Valero will be the premier manufacturer, distributor and marketer of quality transportation fuels and petrochemical feedstocks, while serving the needs of our employees, communities and stakeholders.

Guiding Principles:



Safety

Safety is our foundation for success.



Environment

We produce environmentally clean products and are committed stewards of the environment.



Community

We share our success with the communities where we live and work through volunteerism, charitable giving and the economic support of being a good employer.



Employees

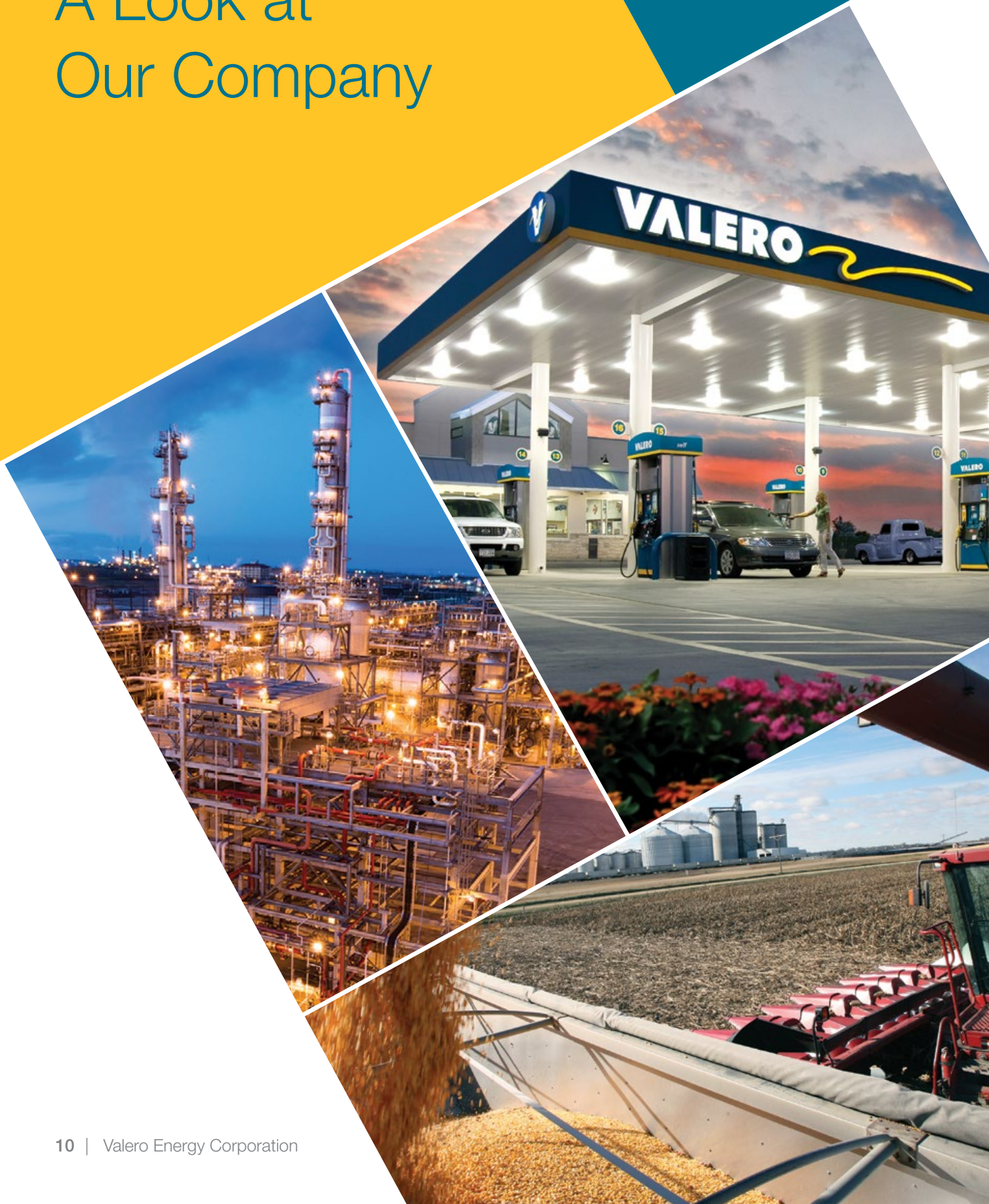
We consider our employees a competitive advantage and our greatest asset. As such, we provide them with a safe and rewarding work environment with opportunities for growth and personal development.



Stakeholders

Our stakeholders are our partners to whom we pledge to deliver operational excellence, disciplined management of capital and long-term value.

A Look at Our Company



Since its founding in 1980, Valero has grown to be one of the world's leading refiners, marketers and corporate citizens.

Based in San Antonio, Texas, USA, Valero is an international manufacturer and marketer of quality transportation fuels, petrochemical products and power. It is the world's largest independent petroleum refiner, with assets that include 15 refineries with a combined throughput capacity of 3 million barrels per day, and a vast network of pipelines and terminals.

The refineries are geographically diverse, with locations along the United States Gulf and West coasts, and in the Mid-Continent, as well as in Canada and the United Kingdom.

Valero owns and operates some of the most complex refineries in the industry, efficiently producing high-value fuels including diesel, gasoline and jet fuel, and specialty products such as asphalt, propane and natural gas liquids.

Valero additionally is general partner and majority limited-partner unitholder of Valero Energy Partners LP ("VLP"), a publicly traded midstream master limited partnership.

Valero also is a major fuel wholesaler, with about 7,500 branded wholesale outlets under the Valero, Diamond Shamrock, Shamrock and Beacon brands in the U.S. and the Caribbean; Ultramar in Canada; and Texaco in the U.K. and Ireland.

Through its Valero Renewable Fuels Company LLC subsidiary, or Valero Renewables, Valero was the first traditional petroleum refiner to enter large-scale ethanol production. It has 11 state-of-the-art plants, with total production capacity of 1.4 billion gallons per year – making Valero one of the largest ethanol producers in the U.S. Under Sunray Wind, Valero operates a 50-megawatt wind farm that produces electricity for its McKee refinery and a local utility.

Valero's subsidiary Diamond Alternative Energy LLC is a joint-venture partner with Darling Ingredients Inc. in a 10,800 barrel-per-day renewable diesel plant next to the Valero St. Charles Refinery in Norco, La., processing used cooking oil, recycled animal fat and corn oil into renewable diesel fuel.

In 2015, Valero once again was the top independent refiner on Fortune magazine's World's Most Admired Companies list, and was named to Forbes magazine's first-ever list of the 500 Best Employers.

Safety is Valero's highest priority, with dedicated efforts in both occupational and process safety. Valero, its employees and charitable organization also demonstrate leadership in communities through a variety of philanthropic efforts, volunteer activities and educational support programs, generating more than \$40 million for worthy recipients in 2015 through direct donations or fundraising, and contributing more than 135,000 volunteer hours. Valero is committed to its employees, providing a safe work environment, competitive pay and benefits and opportunities for career advancement.

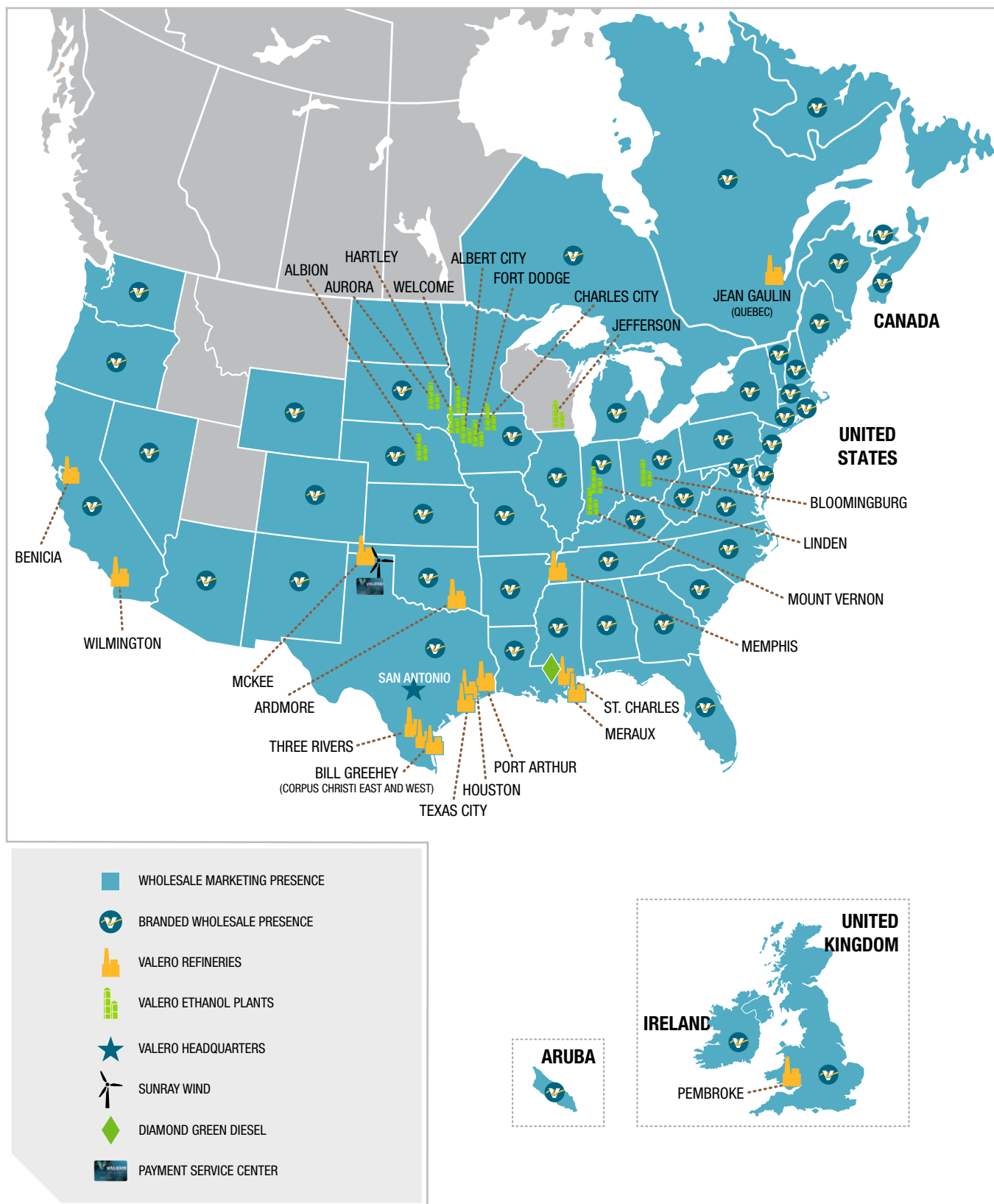
In 2015, Valero once again was the top independent refiner on Fortune magazine's World's Most Admired Companies list, and was named to Forbes magazine's first-ever list of the 500 Best Employers. Also, Valero twice has made the list of America's 50 most community-minded major companies — The Civic 50.

Map of Operations



The collage features three distinct images. On the left, a close-up of a white wind turbine blade against a blue sky. On the right, a large green storage tank with the 'DIAMOND GREEN DIESEL' logo and text. At the bottom, two red semi-trucks at a trucking terminal under a blue roof.


**DIAMOND
GREEN DIESEL**







Being the Best: Operating Safely and Reliably



When it comes to operating safely and reliably, “being the best” isn’t just a goal or motto for Valero. The company can claim results that already indicate it’s among the best operators in the business.

Safety is the foundation of Valero’s success, and 2015 was the best year in company history for both occupational and process safety. Valero’s safety performance has improved over the years compared with industry benchmarks, and ranks in the top percentages among all refineries in several metrics.

Valero recorded its lowest-ever refinery employee injury rate in 2015, and far lower than the industry average. Employee and contractor injury rates are tracked by total incidents recorded per 200,000 working hours, known as the Total Recordable Incidence Rate, or TRIR.

In 2015, Valero established its record-low refinery employee TRIR of 0.40, while its contractors continued their strong safety performance. The company’s combined employee and contractor TRIR of 0.38 also was a new low, compared with an industry average for refinery employees of about 0.70.

Valero accomplished this by establishing high internal standards and going beyond basic regulatory compliance in voluntarily submitting to thorough safety audits by the U.S. Occupational Safety and Health Administration and affiliated state agencies, under the Voluntary Protection Program, or VPP.

Locations are approved as VPP “Star Sites” once they pass the audits, and must be re-approved every three years to keep the designation, which is regarded as OSHA’s highest plant safety recognition.

Eight U.S. Valero refineries are OSHA Star Sites – the most of any refiner – as are two Valero asphalt terminals and the company’s Aviation Department. In addition, Valero’s Jean Gaulin refinery in Quebec holds an internal Valero VPP Star after twice passing a VPP-style audit by an independent OSHA-trained team. The Pembroke refinery in Wales is developing a similar Valero VPP program.

Safety is the foundation of Valero’s success, and 2015 was the best year in company history for both occupational and process safety.

“For us, VPP is our playbook,” said Sean Horne, Valero Vice President-Safety. “And in our business, we have to be in the game all the time, 24/7.”

Valero also continues to drive improvement in process safety and reliability, because it recognizes that a reliable operation is a safe and profitable operation. In 2015, Valero achieved its best-ever process-safety performance – a three-year rolling average of 0.079 Tier 1 events per 200,000 work hours, or a nearly 60 percent reduction since 2010.

Improvements in safety and reliability in turn lead to better environmental performance, and Valero continues to reduce emissions and boost energy efficiency. Its total environmental scorecard incidents, such as unplanned releases and spills, have decreased more than 55 percent since 2007.

Perhaps most telling is how Valero compares with industry metrics – notably, the Solomon surveys of more than 80 refineries. Valero has shown improvement nearly across the board, and ranks in the first quartile, or top 25 percent, in categories including maintenance index and non-energy cash operating expense. In fact, Valero is the lowest-cost operator in its peer group.

In other highlights across the company:

- The Pembroke refinery earned Valero Chairman's Awards in both refinery reliability and environmental performance, after achieving no major-unit operating outages. The Chairman's Awards recognize individual locations for operational excellence.
- The Houston refinery took the Valero Chairman's Award for refinery safety, after achieving no recordable injuries during 2015 and no contractor lost-time injuries since 2006, and continuing its leadership in process safety.
- The Valero Renewables-Welcome ethanol plant in Minnesota won the Valero Chairman's Award for Renewables plant excellence, rated across seven categories, after recording no recordable injuries in two years, and no reliability or environmental incidents in 2015.
- Valero received 13 safety awards from American Fuel & Petrochemical Manufacturers, the industry's major trade association, in 2015. Refineries at Ardmore, Benicia, Corpus Christi, Houston, St. Charles, Texas City and Three Rivers were honored, as well as the Wilmington asphalt plant.
- In 2015, the Wilmington and Houston refineries, and the Houston asphalt plant, earned re-approval as VPP Star Sites.
- Valero refineries earned Stars Among Stars awards from OSHA in 2015 for low incidence rates compared with industry averages. The Ardmore, Houston and Bill Greehey East (Corpus Christi) refineries received Star of Excellence awards for recording rates at least 90 percent below industry averages. The Texas City refinery won a Star award for a rate at least 50 percent below industry averages.
- The Valero hangar in San Antonio became one of only three corporate aviation departments in the U.S. to earn a VPP Star.



Being the Best: Commercial and Operational Flexibility



The location and complexity of Valero's refineries position the company as perhaps the most flexible of any in the industry. Why is that important?

For one thing, recent market conditions have favored refineries located along the Gulf Coast and in the mid-continent of North America – where all but four of Valero's 15 refineries are located. There is ready access to an abundant supply of low-cost natural gas, and to both North American and foreign crude oil. And a significant build-out of logistics facilities across the continent has improved efficiency and removed supply bottlenecks.

More than 55 percent of Valero's throughput capacity is located on the Gulf Coast, the most in its peer group. On the refined product side, the coastal refineries also afford proximity to growing product export markets in Mexico and Latin America, and they also have become a competitive supplier to Eastern Canada and Northwest Europe.

And its northern refineries in Wales and Quebec can efficiently serve the Atlantic Basin.

The ample global supply of crude oil is expected to keep prices low – and world growth in gross domestic product, response to lower product prices and product supply challenges in several regions are expected to continue to drive demand.

And if market conditions change? Valero's low-cost structure and refinery complexity make it highly responsive to market changes.

When margins compress, the lowest-cost operators fare the best. In 2015, Valero's refining cash operating expense per barrel

of throughput, excluding turnarounds and depreciation and amortization, was \$3.70, compared with a median of \$5.40 for its peer group.

And because Valero's refineries, particularly along the Gulf Coast, are among the most complex in the industry, they have the flexibility to process a wide range of crude oil and feedstocks.

That flexibility is critical to Valero's success – both now, and into the future. It gives the company unparalleled ability to recognize and respond to market signals. Valero manages highly variable feedstock ranges on the Gulf Coast, with the flexibility to adjust between heavy-sour, medium- and light-sour, and sweet crude oil; residual fuel oil and other feedstocks.

Valero has the ability in its system to process the most cost-advantaged feedstock, and to meet product demand. This allows Valero to continually optimize its system.

For example, new or expanded hydrocrackers can process heavy, sour feedstocks into high-quality diesel fuel to serve distillate demand. And new crude units can take light, sweet crude oil to produce gasoline and feedstock for other processing units.

Valero enjoys similar flexibility in exporting. The company can adjust exports based on foreign versus domestic demand – with the capacity to significantly boost export volumes from 2015 levels. Once again, Valero's system provides the opportunity to capture the highest available returns in wide-ranging market conditions.





Being the Best: Disciplined Capital Management to Unlock Value



Valero's strategic plan focuses on how to tackle challenges and seize opportunities to provide for long-term earnings growth. And the company firmly believes it is approaching the future from a position of strength – its strong balance sheet.

Maintaining a sound balance sheet, with an investment-grade credit rating, a low debt-to-capital ratio and significant liquidity, is Valero's overriding objective, and positions it best to respond to the market.

In 2015, the organization embraced its strategic initiatives, leading to a more disciplined approach to capital allocation and expense control. Valero intends to maintain a disciplined capital plan that supports long-term growth.

First, because of Valero's relentless focus on safety and reliability, approximately \$1.6 billion out of a 2016 capital budget of \$2.6 billion is non-discretionary spending dedicated to maintaining its asset base. The company's commitment and persistence in this area is what keeps its people and communities safe, operations reliable and cash operating cost among the lowest in its peer group.

Second, Valero applies discipline and rigor to make sound investments toward growing the profitability and competitiveness of its business. Approximately \$1 billion is allocated to strategic investments intended to drive long-term earnings growth, split between asset optimization and logistics.

Third, Valero is committed to delivering value to shareholders through cash returns. In fact, in 2015, Valero returned 80 percent of adjusted net income to shareholders, exceeding its cash return target of 75 percent. The company expects to continue robust capital returns through a mix of dividends and share repurchases, while maintaining a quality balance sheet that enables it to execute its plan and manage risk.

Finally, Valero continues to look for value-adding acquisition opportunities through a disciplined evaluation process.

Projects completed in 2015, or ongoing, are prime examples of Valero's asset optimization strategy targeting a short payback. A new crude-oil processing unit at Corpus Christi started up in December 2015, with a second one at Houston projected for completion during second-quarter 2016.

In 2015, the organization embraced its strategic initiatives, leading to a more disciplined approach to capital allocation and expense control.

Together, they not only increase processing capacity by approximately 160,000 barrels per day, but allow Valero to optimize the feedstock slate into those refineries. About 55,000 barrels per day of low-sulfur residual product will be "backed out" of the units, replacing feedstocks that previously needed to be purchased for other processing units.

The resulting net throughput capacity increase of 105,000 barrels per day is expected to contribute approximately \$430 million in EBITDA, at 2015 prices.

In addition, Valero invested in hydrocracker expansions – one completed at Port Arthur, and another set for completion at St. Charles – projected to increase diesel production capacity by about 23,000 barrels per day.

And in January 2016, Valero's board approved construction of a new alkylation unit at Houston that by 2019 is projected to produce an additional 13,000 barrels per day of alkylate, a high-octane gasoline blending component.

In logistics, Valero's partnership with Plains All American in the Diamond Pipeline is expected to improve the cost and the quality of crude oil for its Memphis refinery, from Cushing, Okla. That's also an example of a logistics interest that could "drop" into Valero Energy Partners LP, Valero's sponsored logistics master limited partnership.

The partnership includes pipeline and terminal assets that are tightly linked to Valero's core refining business, and it has performed very well. Valero has identified other existing assets that still could be dropped into the partnership, and that could contribute more than \$1 billion of estimated EBITDA over time.

In all, Valero intends to remain focused on achieving growth in earnings per share and delivering industry-leading returns for its shareholders.





Board of Directors





Jerry D. Choate
Former Chairman of the Board and CEO, The Allstate Corporation (retiring May 12, 2016)



Joe Gorder
Chairman of the Board, President and CEO, Valero Energy Corporation



Deborah Platt Majoras
Chief Legal Officer and Secretary, The Procter & Gamble Company



Sen. Don Nickles
Retired U.S. Senator (R-Okla.); Chairman and CEO, The Nickles Group



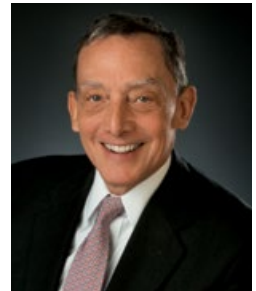
Philip J. Pfeiffer
Of Counsel, Norton Rose Fulbright LLP, San Antonio



Robert A. Profusek
Partner and Practice Leader, Mergers and Acquisitions, Jones Day



Dr. Susan Kaufman Purcell
Retired Director, Center for Hemispheric Policy, University of Miami



Stephen M. Waters
Managing Partner, Compass Partners Advisers LLP; former Chief Executive, Compass Partners European Equity Fund



Randall J. Weisenburger
Managing Member, Mile26 Capital LLC; former EVP and CFO, Omnicom Group Inc.



Rayford Wilkins Jr.
Former CEO-Diversified Businesses, AT&T

Executive Team





Joe Gorder
Chairman, President and
CEO



Jay Browning
Executive Vice President
and General Counsel



Mike Ciskowski
Executive Vice President
and Chief Financial Officer



Lane Riggs
Executive Vice President-
Refining Operations and
Engineering



Mark Schmeltekopf
Senior Vice President and
Chief Accounting Officer



Gary Simmons
Senior Vice President-
Supply, International Operations
and Systems Optimization



Donna Titzman
Senior Vice President and
Treasurer



Ken Applegate
Vice President-Transportation



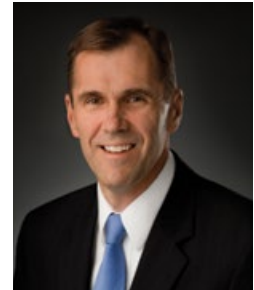
Eric Fisher
Vice President-Corporate
Development, Strategic
Planning and Investor Relations



Jason Fraser
Vice President-Europe



Rich Lashway
Vice President-Logistics
Operations



Martin Parrish
Vice President-Alternative
Fuels



Chris Quinn
Vice President and Assistant
Treasurer



Julia Rendon Reinhart
Vice President-Human
Resources



Cheryl Thomas
Vice President and
Chief Information Officer



Valero Energy Corporation

Corporate Headquarters

P.O. Box 696000

San Antonio, TX 78269

www.valero.com



Printed in the U.S.A.