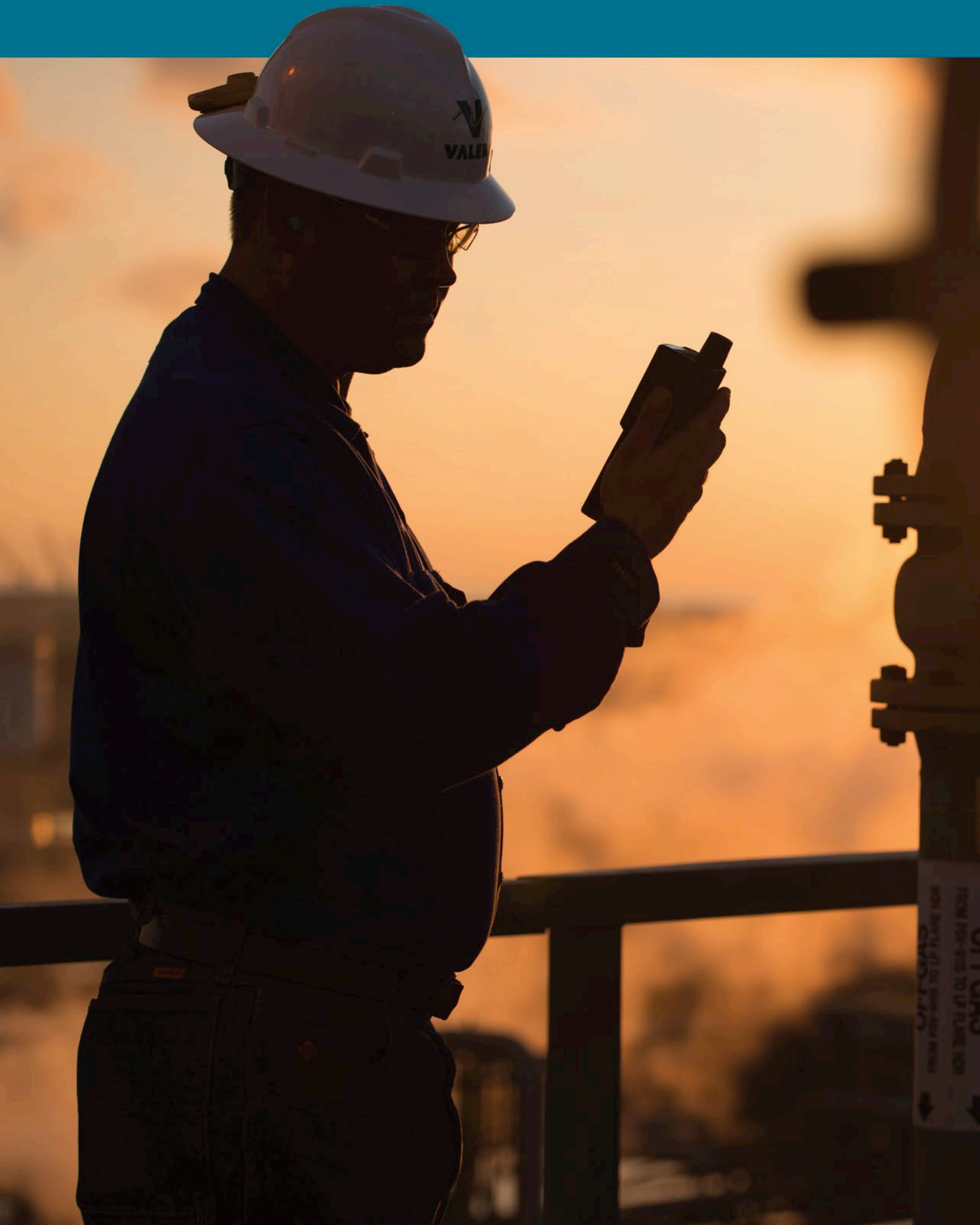
Focus on Excellence

2014 Summary Annual Report

VALERO



Contents

VALERO ENERGY CORPORATION

2014 Summary Annual Report

New hydrocrackers at Port Arthur (pictured) and St. Charles are exceeding expectations.

Financial Highlights

[Millions of dollars, except per-share amounts]

	2014	2013
Operating Revenues	$ 130,844	$ 138,074
Operating Income	$ 5,902	$ 3,957
Net Income Attributable to Valero Stockholders	$ 3,630	$ 2,720
Earnings Per Common Share – Assuming Dilution	$ 6.85	$ 4.97
Total Assets	$ 45,550	$ 47,260
Valero Stockholders' Equity	$ 20,677	$ 19,460
Capital Expenditures and Deferred Turnaround and Catalyst Costs	$ 2,802	$ 2,755

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, 2014, which has been filed with the SEC and made available to all stockholders. This information is also available at www.valero.com.

A Letter to Our Shareholders

Fellow Shareholders,

On behalf of our Valero team, thank you for the support and trust you have provided to us. You will recall that in 2014, we completed a leadership transition that was well-planned and smoothly executed by our Board of Directors. As our results demonstrated, our team continued to perform very well through the transition.

Our strategy continues to target excellence in operations as a top priority. Our team understands that reliability drives safe and profitable operations. Our priorities also include returning cash to shareholders, maintaining discipline in our capital investments and unlocking implicit values in our portfolio of assets.

"Our strategy continues to target excellence in operations as a top priority. Our team understands that reliability drives safe and profitable operations."

We are proud of our solid financial results for 2014, with reported operating income of more than $5.9 billion and net income of $3.6 billion, or $6.85 per share – our best performance since 2007. Our refineries and ethanol plants ran extremely well, which enabled us to capture higher refining margins and post strong earnings for 2014. We also continued to optimize our supply, distribution and marketing activities.

The increase in production of North American crude oil and natural gas continues to provide a competitive advantage for our refineries located in the U.S. Gulf Coast, the Mid-Continent and Canada. Additionally, our Gulf Coast plants have ready access to export markets, which enables us to operate at higher utilization rates.

In addition to solid financial performance, the Valero team had many accomplishments that I am pleased to share with you.

Operations

- Our safety results were excellent, as we recorded our lowest-ever employee injury rate, and our combined rate for employees and contractors also was an all-time low, and less than half the industry average.
- We continued to lead with the most refineries approved as VPP "Star Sites," the highest safety designation by the U.S. Occupational Safety and Health Administration and affiliated state agencies. We voluntarily submit to rigorous safety audits under the program, which has approved eight of Valero's U.S. refineries as Star Sites, as well as two asphalt terminals.
- We continued to achieve top-tier refinery operating performance, which enabled our high refinery utilization rate of 96 percent in 2014. We also continued to reduce our rate of disruptive process safety events.
- We continued to reduce total air emissions resulting from startup, shutdown and malfunction events. We earned awards in 2014 for our process of recovering usable oil from waste materials and reprocessing it into high-value fuel.
- Our Valero Renewables ethanol plants maintained the highest production capacity in the industry of their type, allowing us to add equivalent capacity of 1.6 plants with essentially no capital increase. Also, our Diamond Green Diesel joint venture bio-refinery is running well above its nameplate capacity.

A new crude unit is under construction at Corpus Christi.

96%
refinery utilization rate

$1.9 billion
returned to shareholders

$2.2 billion
Renewables earnings since 2009

Capital Allocation

- We returned $1.9 billion in cash to you through dividends and stock purchases. That's an increase of one-third compared with 2013. Early in 2015, we further raised our regular quarterly dividend by 45 percent, to 40 cents per share, or $1.60 annualized. This increase demonstrates our belief in Valero's earnings power and confirmation of our desire to share our earned cash with shareholders.
- We are dedicated to maintaining our investment-grade credit rating and continue to govern our uses of cash accordingly. Valero finished 2014 with cash and temporary cash investments of $3.7 billion, additional liquidity of $6.1 billion and a net debt-to-capitalization ratio of 17.4 percent.

Disciplined Capital Investments

- We expect our new crude units at the Houston and Corpus Christi refineries to optimize our crude and feedstock slates by increasing our capability to process price-advantaged light, sweet crude oils.
- Our new hydrocrackers at Port Arthur and St. Charles have performed better than expected to increase production of distillates.
- We're investing in logistics assets to increase our feedstock flexibility and our capability to export products.
- Our ethanol plants achieved record operating income of $786 million for the year. Since 2009, they have produced more than $2.2 billion of earnings before interest, taxes, depreciation and amortization.

The rigor and discipline that our team applied to project review and spending enabled us to complete our 2014 capital program under budget at approximately $2.8 billion.

Unlocking Implicit Asset Value

Valero Energy Partners LP ("VLP"), our sponsored master limited partnership, remains our primary strategy to grow Valero's logistics business and unlock asset value.

- In 2014, we executed our first acquisition ("drop-down") of Valero pipeline and terminal assets into the partnership since the initial public offering in late 2013.

> "We are dedicated to maintaining our investment-grade credit rating and continue to govern our uses of cash accordingly."

- In March of 2015, we completed our second drop-down to VLP of the Houston and St. Charles Terminal Services Business for $671 million.
- We are targeting approximately $1 billion of drops into VLP in 2015. Several new projects are also under evaluation for drops into VLP.

Service to Others

We are pleased that others recognize that Valero is an admirable company and a great place to work, and that our team is committed to supporting our communities.

- In 2014, Valero, its employees and charitable organization – the Valero Energy Foundation – generated more than $38 million for worthy charities or causes, through direct donations or fundraising. Our employees also volunteered more than 136,000 hours in 2014 for hundreds of community projects.

- Thanks to the overwhelming support of our business partners and our mutual commitment to support children's charities, we raised a record $10.4 million through our Valero Texas Open and Benefit for Children events in early 2015. With this year's outstanding result, we have now raised more than $100 million since becoming title sponsor in 2002. We are proud to be one of four PGA TOUR tournaments to achieve this level of giving – and as title sponsor, we did it the fastest.

> "We are pleased that others recognize that Valero is an admirable company and a great place to work, and that our team is committed to supporting our communities."

Our dedication to improving the quality of life in communities where we do business has been recognized with several awards.

- For the second consecutive year, Valero made the list of America's 50 most community-minded major companies – The Civic 50. The list is an annual initiative of Points of Light, the world's largest organization dedicated to volunteer service, in partnership with Bloomberg News.
- Valero is included on Fortune magazine's list of the "World's Most Admired Companies" – the "definitive report card on corporate reputations."
- Valero also made Forbes magazine's "America's Most Reputable Companies" list.
- Valero was named to Forbes' first-ever list of the "500 Best Employers," based on surveys of 20,000 employees of various companies.

We are very proud of our team's accomplishments in 2014. We thank you for your continued support and trust.

Joe Gorder
Chairman, President and
Chief Executive Officer


We Did It!
DRIVE
TO $100 MILLION FOR CHARITY
$100.9 Million
VALERO TEXAS OPEN


2.9 million
barrels per day refinery throughput capacity
7,400
branded wholesale outlets
1.3 billion
gallons per year ethanol production capacity

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.

As a Fortune 10 company based in San Antonio, Texas, USA, Valero is an international manufacturer and marketer of 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 2.9 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. Our flexibility allows us to react quickly to shifts and regional differences in the marketplace. For example, our Gulf Coast refineries are located in a key U.S. refining region, with large, complex plants that can readily serve export markets.

Valero owns and operates some of the most complex refineries in the industry, efficiently processing lower-cost crude oil and other feedstocks into high-value fuels, including diesel, gasoline, jet fuel and specialty products such as asphalt, propane and natural gas liquids.

Valero additionally owns the general partner of Valero Energy Partners LP ("VLP"), a publicly traded midstream master limited partnership.

Valero also is a major fuel wholesaler, with about 7,400 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 Renewables subsidiary, Valero was the first traditional petroleum refiner to enter large-scale ethanol production and has 11 state-of-the-art plants, with total production capacity of 1.3 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.

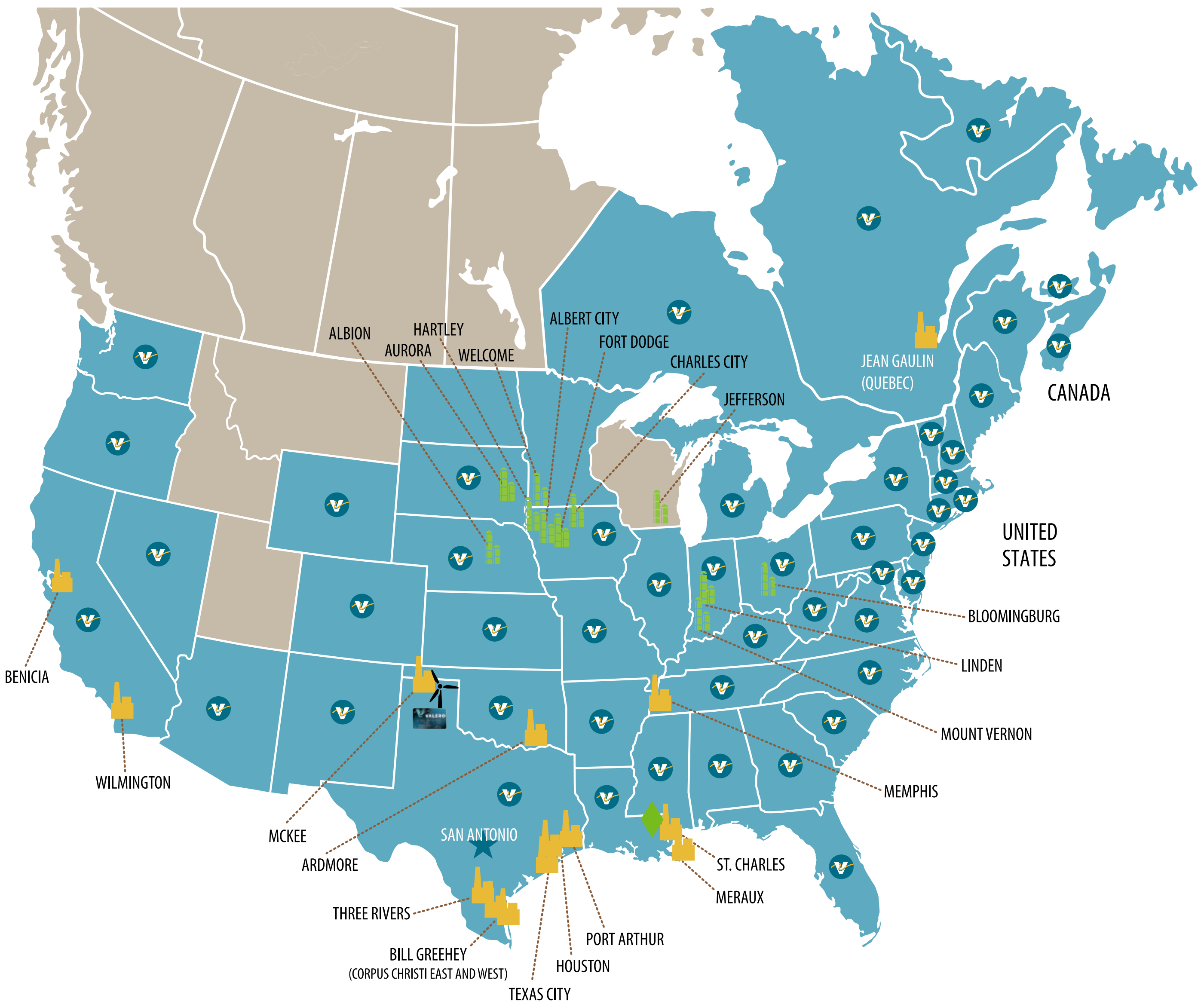
A Valero subsidiary is a joint-venture partner with Darling Ingredients Inc. in Diamond Green Diesel, a 9,300 barrel-per-day renewable diesel plant next to the Valero St. Charles Refinery in Norco, La., processing used cooking oil, recycled animal fat and corn oil into "green" diesel fuel.

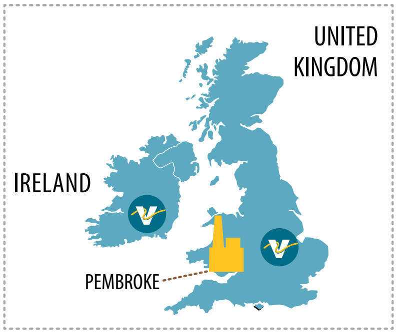
Safety is Valero's highest priority, with committed efforts in both occupational and process safety. Valero also demonstrates its commitment to all of its communities through a variety of philanthropic efforts, volunteer activities and educational support programs. Valero is committed to its employees, providing a safe work environment, competitive pay and benefits and opportunities for career advancement. Valero consistently has been recognized as one of the world's most-admired refiners and marketers, and one of the best places to work.

Valero strives every day for excellence. From performing at the highest levels across its refining, marketing and logistics systems to taking a leadership role in communities through company support and volunteerism, Valero truly is world-class.

Valero introduced its TOP TIER™ detergent licensed gasoline at wholesale locations, representing Valero's position as a premier fuel provider.

Map of Operations





- WHOLESALE MARKETING PRESENCE
- BRANDED WHOLESALE PRESENCE
- VALERO REFINERIES
- VALERO ETHANOL PLANTS
- VALERO HEADQUARTERS
- SUNRAY WIND
- DIAMOND GREEN DIESEL
- PAYMENT SERVICE CENTER


VALERO
Vic
VALERO
WorkriteFR

Valero 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 is our foundation for success.

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

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.

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.

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


United Way

10
safety awards from AFPM in 2014

0
recordable injuries at Hartley in three years

7
refineries in top quartile in mechanical availability

Focus on Operational Excellence

Safe and reliable operations are key factors in driving company profitability. As a result, Valero set a course to adopt a formal management structure to standardize operations, its Commitment to Excellence Management System (CTEMS), with the goal of becoming best-in-industry in all areas.

"Our business objective continues, simply, to be the best operator in the refining industry," said Lane Riggs, Executive Vice President-Refining Operations and Engineering.

Valero made some impressive strides in 2014.

The company established a record-low refinery employee injury rate of 0.42 incidents per 200,000 working hours, while its combined employee and contractor rate of 0.43 also was a new low – and less than half the industry average.

Occupational and process safety is Valero's No. 1 priority.

"We want to make sure that our plants are safe for everyone working in and around them," Riggs said, "and that neighborhoods and communities do not need to be concerned because of how we operate. We want our employees and contractors to go home safely to their families every day."

In other highlights:

- Valero received 10 safety awards from American Fuel & Petrochemical Manufacturers, the industry's major trade association, in 2014. Refineries at Corpus Christi, Houston, McKee, and Three Rivers in Texas, St. Charles in Louisiana, and Benicia and Wilmington Asphalt in California were honored.
- Benicia and the Bill Greehey East and West refineries in Corpus Christi received re-approval as Voluntary Protection Program Star Sites in 2014, the highest safety designation of the U.S. Occupational Safety and Health Administration and affiliated state agencies. Valero's refineries in Ardmore, Okla., and Three Rivers, as well as the company's Corpus Christi asphalt terminal, were recommended for Star Site re-approval.

"We want to make sure that our plants are safe for everyone working in and around them, and that neighborhoods and communities do not need to be concerned because of how we operate. We want our employees and contractors to go home safely to their families every day."

Lane Riggs
Executive Vice President-
Refining Operations and Engineering

- Valero received several "Stars Among Stars" awards from OSHA in 2014, for low incident rates compared with industry averages. The Houston refinery and Bill Greehey East refinery earned "Star of Excellence Awards" for rates at least 90 percent below industry averages.
- Valero Renewables ethanol plants won several awards in 2014. The Albion, Neb., plant earned awards from the National Safety Council and the Nebraska Chapter of the National Safety Council; the Fort Dodge,


VALERO
VALERO
BILL GREEHEY REFINERIES
Scott Orrell
KEEP OUT

Iowa, location was honored by the Iowa-Illinois Safety Council; and the Welcome, Minn., site accepted a Governor's Safety Award from the Minnesota Safety Council.

- Valero Renewables-Hartley in Iowa completed three years without a recordable injury, and has recorded no Tier 1 process safety, reliability or rail safety incidents in its history.

Reliability drives safe and profitable operations. Seven of Valero's refineries are in the highest quartile of the industry in mechanical availability, a key indicator of reliability reflecting the percentage of time units are available to run.

Valero initiated new reliability programs beginning in the mid-2000s, and has made significant gains in all operations benchmarks – including also controlling maintenance costs, cutting energy use and lowering non-energy expense.

A reliable operation also improves environmental performance. Valero's total environmental "scorecard" incidents, such as unplanned releases and spills, continued at near-historical lows.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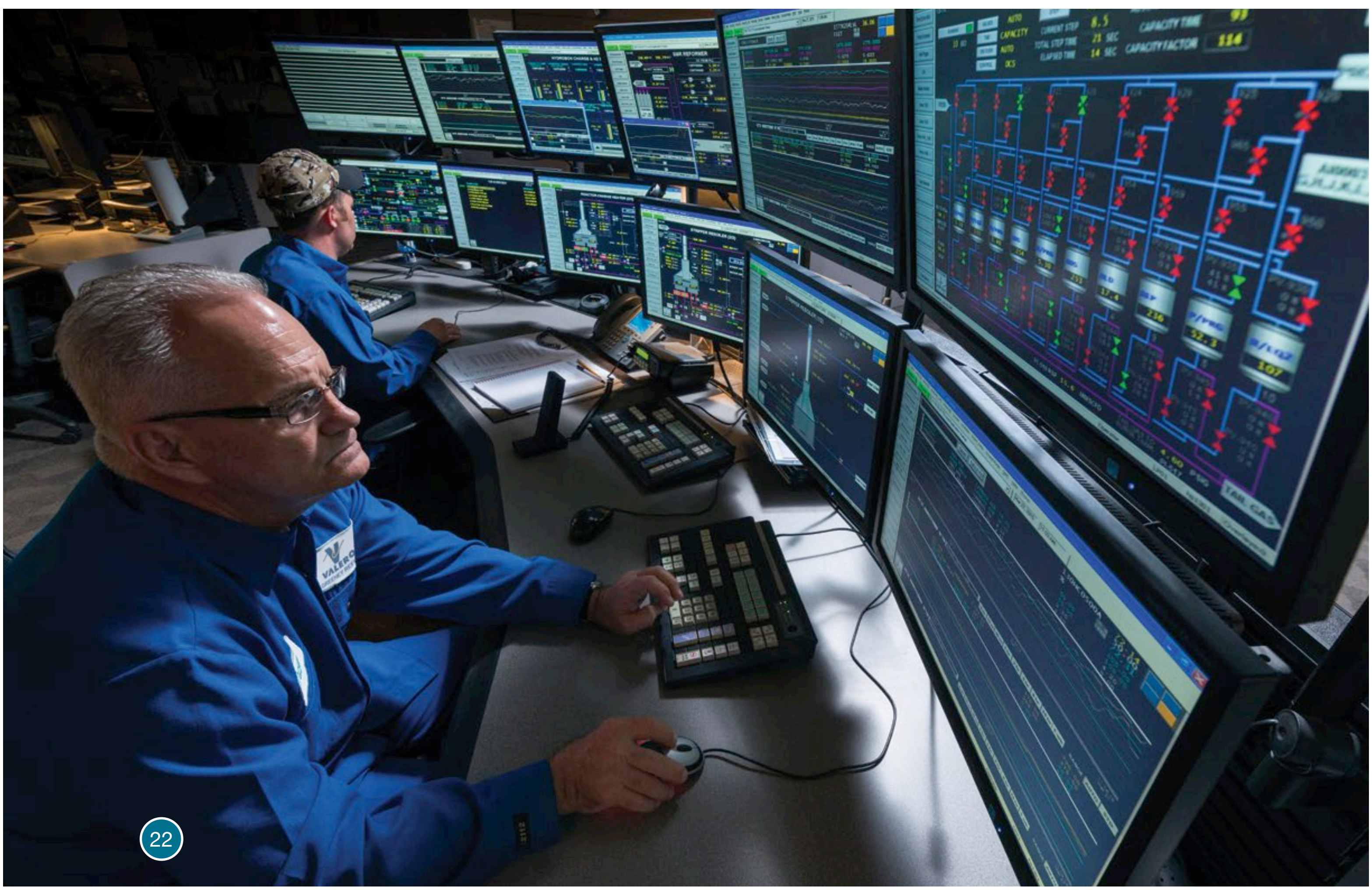


VALERO
L.O.T.O.
VALERO


VALERO
Jeremy Hoelscher
VALERO


VALERO
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Heavy equipment is lifted into place at the new Corpus Christi crude unit.

45%
increase in quarterly dividends in early 2015

160 thousand
barrels per day new crude capacity

130%
return on Renewables investment and capital

Focus on Disciplined Capital Allocation and Investment

We are focused on producing capital returns to shareholders through disciplined capital allocation that includes dividend growth and share repurchases, as well as executing capital projects intended to optimize operations and generate high returns.

The completion of several major capital projects combined with rigorous investment selection provide opportunities to grow returns for shareholders.

Meanwhile, Valero is increasing its focus on dividends and stock buybacks. The company boosted its quarterly dividend by 45 percent in early 2015 – on top of regular dividend increases over the last three years. The pace of stock buybacks accelerated in 2013 and 2014, and Valero has set a goal to return at least half of 2015 earnings to stockholders through dividends and stock buybacks.

"To approve capital projects, we consider the expected returns of the project, as well as alternative uses for that capital, which might be a share repurchase," said Mike Ciskowski, Valero Executive Vice President and Chief Financial Officer. "We're going to make the decision that maximizes shareholder value."

Valero is advancing its growth investments while at the same time managing capital spending lower.

The company's capital expenditures for 2014 of $2.8 billion were less than budgeted. After completion of new crude units at Houston and Corpus Christi, Valero plans to focus its capital toward growth in its logistics operations.

The majority of our growth capital in 2015 is attributed to the two crude units at our Houston and Corpus Christi refineries.

Crude-unit Investments

We believe that our crude-unit investments at Houston and Corpus Christi are particularly attractive. We expect that our new crude units will provide a total of 160,000 barrels per day of new capacity to process nearby, and low-cost, light, sweet crude.

The projects are expected to both lower costs and boost revenue. They are projected to produce roughly 55,000 barrels per day of low-sulfur residual product that can be used as feedstock, supplanting costly imported feedstock. This would leave a net increase in throughput capacity of 105,000 barrels per day for production of lucrative fuels and other products.

> "To approve capital projects, we consider the expected returns of the project, as well as alternative uses for that capital, which might be a share repurchase. We're going to make the decision that maximizes shareholder value."

Mike Ciskowski
Executive Vice President
and Chief Financial Officer

The Corpus Christi project is projected to cost an estimated $350 million for 70,000 barrels per day of capacity; the Houston project is pegged at an estimated $400 million for 90,000 barrels per day. But the units are expected to yield a very attractive internal rate of return, with startup expected in 2016.

Hydrocracker Expansion

Continuing low natural gas prices are providing an opportunity for hydrocracker expansions, first at Meraux, La., and next at St. Charles and Port Arthur, Texas. The units run on hydrogen produced from cost-advantaged natural gas, and the expansions increase production of high-demand diesel fuel and other distillates.

Valero completed a 20,000 barrel-per-day expansion at Meraux during the fourth quarter of 2014, expected to yield approximately $90 million annually in earnings, using 2014 commodity prices, before interest, taxes, depreciation and amortization (EBITDA) – from a total investment of about $260 million.

Hydrocracker expansions are under way at Port Arthur and St. Charles that are expected to add another 30,000 barrels per day of total capacity.

As it is, these two hydrocrackers are performing better than expected. They successfully started at the end of 2012 and mid-2013, respectively, with 120,000 barrels per day of new capacity. The company realized annual EBITDA estimated at $800 million over a four-quarter period ending September 2014, compared with originally disclosed guidance of $780 million.

Renewables

Valero became the first traditional refiner to enter large-scale production of ethanol in 2009. With the addition of an 11th plant in 2014, Valero now is one of America's largest ethanol producers, with production capacity of 1.3 billion gallons per year – under subsidiary Valero Renewable Fuels Company LLC, or Valero Renewables.

The investment has proven to be highly successful. The state-of-the-art plants were purchased at less than 35 percent of replacement value, and have yielded approximately $2.2 billion in EBITDA – a return of more than 130 percent on acquisition and capital costs.

The plants posted record operating income of $786 million in 2014.

Valero Renewables has benefited from both the scale and location of the plants, situated in the heart of the Midwestern corn belt. Also, the company has been able to successfully apply its refining best practices to operation of the plants.

Low crude prices are expected to cap ethanol margins in the near term, but favorable margins are expected for longer term as the crude price rebounds. The outlook for corn production appears favorable for ethanol producers, as corn prices are on a long-term decline. Ethanol demand worldwide is expected to grow.

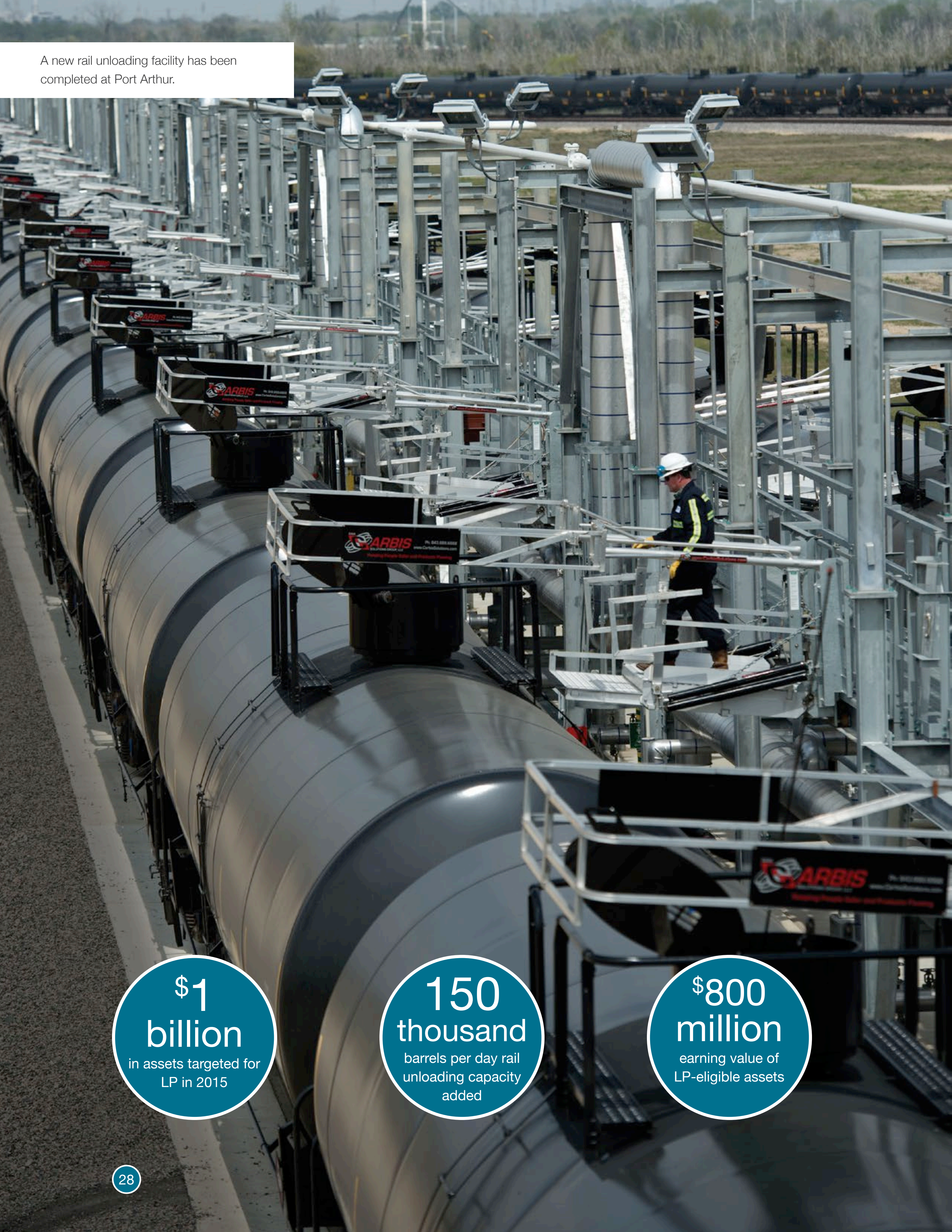
Diamond Green Diesel

Diamond Green Diesel completed its first full year of operation in 2014. It is a joint venture of Valero subsidiary Diamond Alternative Energy LLC and Darling Ingredients Inc. that produces renewable diesel fuel from used cooking oil, recycled animal fat and corn oil.

Currently running at 10,800 barrels per day, more than its nameplate of 9,300 barrels, the plant realized joint-venture EBITDA of $165 million in 2014. Sales are committed from most all of its capacity for the next few years.

Eyeing possible expansion to 15,000 barrels per day, the venture is pursuing low-carbon fuel opportunities and "green premium" markets in California, Canada and Florida.

Valero Renewables plants posted record operating income in 2014.



A new rail unloading facility has been completed at Port Arthur.

$1 billion
in assets targeted for LP in 2015

150 thousand
barrels per day rail unloading capacity added

$800 million
earning value of LP-eligible assets

Focus on Logistics and Creating Value

If real estate is location, location, location, then Valero's strategic mantra well could be logistics, logistics, logistics.

Valero is securing its ability to move less costly North American crude oil to its refineries, as well as high value products to both domestic and export markets, with pipelines, terminals, vessels and rail assets.

Valero Energy Partners LP ("VLP"), Valero's publicly traded and sponsored master limited partnership, is the company's primary vehicle to grow its logistics business. Valero also is making investments in railcars, rail unloading facilities, pipelines, docks and tanks.

The company owns the general partner interest in VLP, all incentive distribution rights, and an overall VLP interest of nearly 70 percent.

The high-quality assets are integrated with Valero's refining system. VLP was formed in December 2013 as a public entity and originally included pipeline and terminal assets serving the Port Arthur, Memphis, Tenn., and McKee refineries.

Unlocking considerable value, the growth-oriented partnership is supported entirely by reliable, fee-based revenue streams, and affords access to lower-cost capital.

VLP provides the opportunity for additional Valero pipeline and terminal operations to be "dropped" into the partnership. The first drop occurred in 2014 with crude systems supporting the Three Rivers, Ardmore and McKee refineries.

"We're focused on unlocking value of the logistics assets that are owned by Valero by dropping those assets down to Valero Energy Partners," said Rich Lashway, Valero Vice President-Logistics Operations, and VLP President and Chief Operating Officer.

With terminals at Houston and St. Charles recently added, VLP is on target to acquire about $1 billion in assets in 2015.

In all, these and future transactions are expected to bring an average annual distribution growth rate of nearly 25 percent over the next three years.

Nearly all logistics growth investments are eligible to be dropped into VLP. They are targeted at enabling Valero to improve the flexibility of its feedstock – from light-sweet crudes to heavy-sour, depending on the market – and its ability to export.

"We're focused on unlocking value of the logistics assets that are owned by Valero by dropping those assets down to Valero Energy Partners."

Rich Lashway
Valero Vice President-Logistics Operations, and VLP President and Chief Operating Officer

Valero has purchased more than 5,000 railcars and built new crude unloading facilities at Quebec, St. Charles and Port Arthur. The three facilities have an estimated total capacity of 150,000 barrels per day.

Valero also is completing tanks at Corpus Christi to store light, sweet crude oil for shipment aboard vessels to Valero's refinery in Quebec.

In all, annual EBITDA from Valero's current inventory of logistics assets eligible for VLP is estimated at $800 million.

Board of Directors

Jerry D. Choate
Former Chairman of the Board and CEO, The Allstate Corporation

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

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Chairman, President and CEO

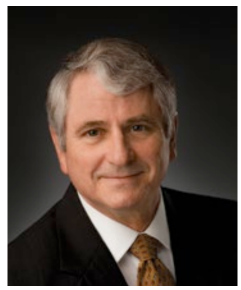
Jay Browning
Executive Vice President and General Counsel

Mike Ciskowski
Executive Vice President and Chief Financial Officer

Mike Crownover
Executive Vice President and Chief Administrative Officer

Lane Riggs
Executive Vice President-Refining Operations and Engineering

Gary Arthur Jr.
Senior Vice President-Wholesale Marketing



Jim Gillingham
Senior Vice President-Petrochemicals, NGLs and Strategic Sourcing (retiring May 5, 2015)

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-Europe

Rich Lashway
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Vice President-Alternative Fuels

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Cheryl Thomas
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