

VALERO ENERGY CORPORATION
COMPENSATION COMMITTEE CHARTER

Article I. Purpose

The Compensation Committee of the Board of Directors of Valero Energy Corporation assists the Board with its responsibilities relating to compensation of the Company's executives and directors and review of the Company's compensation programs and policies.

Article II. Composition

1. The Committee shall be composed of at least three members of the Board, one of whom shall be designated by the Board as Chair. Committee members shall be appointed by the Board on the recommendation of the Nominating/Governance and Public Policy Committee of the Board. Members of the Compensation Committee may be removed by the Board.
2. Each member shall meet the independence requirements of the New York Stock Exchange and meet any other standards prescribed by applicable law. In addition, all members of the Committee shall meet the definitions of (a) "non-employee director" under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) "outside director" in Section 162(m) of the Internal Revenue Code.

Article III. Duties, Responsibilities, Authority

1. The Committee shall have direct responsibility to review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and together with the other independent directors determine and approve the CEO's overall compensation level based on this evaluation. In determining the incentive components of CEO compensation, factors that will be considered include the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
2. The Committee shall (i) review and approve the corporate goals and objectives relevant to compensation of non-CEO executive officers, (ii) review and approve the annual base salaries and incentive awards for non-CEO executive officers and other senior executives of the Company, and (iii) make recommendations to the Board with respect to any non-CEO executive officer compensation, incentive compensation and equity-based plans that are subject to Board approval.
3. If any grant or award to an executive is intended to qualify as "performance-based compensation" per Section 162(m) of the Internal Revenue Code, the Committee shall approve such award.

4. The Committee shall review and approve the following as they affect the Company's CEO and senior executives: (a) employment and severance arrangements, and (b) change-of-control agreements and provisions affecting compensation and benefits.
5. The Committee shall (a) review the compensation policies and programs of the Company, (b) adopt and review equity-based and compensation plans of the Company, (c) oversee the Company's administration of its compensation plans, and (d) approve amendments to and interpretations of the Company's compensation plans.
6. The Committee shall conduct periodic reviews of director compensation and make recommendations to the Board regarding directors' compensation. The Committee shall approve and administer compensation and benefit plans for the Company's non-employee directors, including its non-employee director stock option plan and restricted stock plan.
7. The Committee shall review and make periodic reports to the Board regarding the Company's management succession planning programs for senior executives.
8. The Committee shall review and discuss with management the disclosures made in the Company's proxy statement under "*Compensation Discussion and Analysis*." The Committee shall issue an annual report on executive compensation for inclusion in the Company's proxy statement.
9. In discharging its duties, the Committee shall consider and take into account, as it deems appropriate, any votes of shareholders on compensation matters, including, but not limited to, any shareholder advisory votes on the compensation of the Company's executive officers. In addition, the Committee shall oversee the Company's compliance with applicable rules and regulations regarding shareholder votes on compensation matters, including, but not limited to, shareholder advisory votes on executive compensation, the frequency of such votes, shareholder advisory votes on golden parachute compensation, NYSE listing standards requiring shareholder approval of certain equity compensation plans, and shareholder approval requirements for the performance goals of plans under which compensation is intended to qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code.
10. The Committee shall annually review its own performance, which may be done in conjunction with the annual evaluations of the Board and committees thereof conducted under the oversight of the Nominating/Governance and Public Policy Committee. The Committee shall assess annually the adequacy of this Charter.
11.
 - (a) The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel, or other adviser.
 - (b) The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant, independent legal counsel, or other adviser retained by the Committee.
 - (c) The Company will provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel, or other adviser retained by the Committee.

- (d) Prior to selecting a compensation consultant, independent legal counsel, or other adviser, the Committee will take into consideration all relevant factors pertaining to that person's independence from management, including the following:
- the provision of other services to the Company;
 - the amount of fees received from the Company as a percentage of total revenue of such compensation consultant, legal counsel or other adviser;
 - the policies and procedures of the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
 - any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
 - any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
 - any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.
12. As provided in the Company's corporate governance guidelines, the Committee shall review and approve stock ownership guidelines, monitor director and officer compliance with such ownership guidelines and evaluate any request from the CEO to dispose of 20% or more of his or her shares of the Company's stock.
13. The Company's bylaws authorize the Committee to delegate to an executive officer of the Company the authority to amend the Company's employee benefit plans in certain circumstances, subject to the various restrictions stated in the bylaws (*e.g.*, the amendments may not materially increase benefits accruing to participants in the plan or require stockholder approval under applicable law or NYSE listing standard).

Article IV. Meetings and Reporting

1. A majority of the members of the Committee will constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee.
2. The Chair shall schedule and preside at all meetings of the Committee. In the absence of the Chair, the majority of the members of the Committee present at a meeting shall appoint a member to preside at the meeting. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
3. The Chair of the Committee shall report to the Board following each Committee meeting, and as otherwise required by the Chairman of the Board.