VALERO

Credit Suisse Energy Summit

February 2013

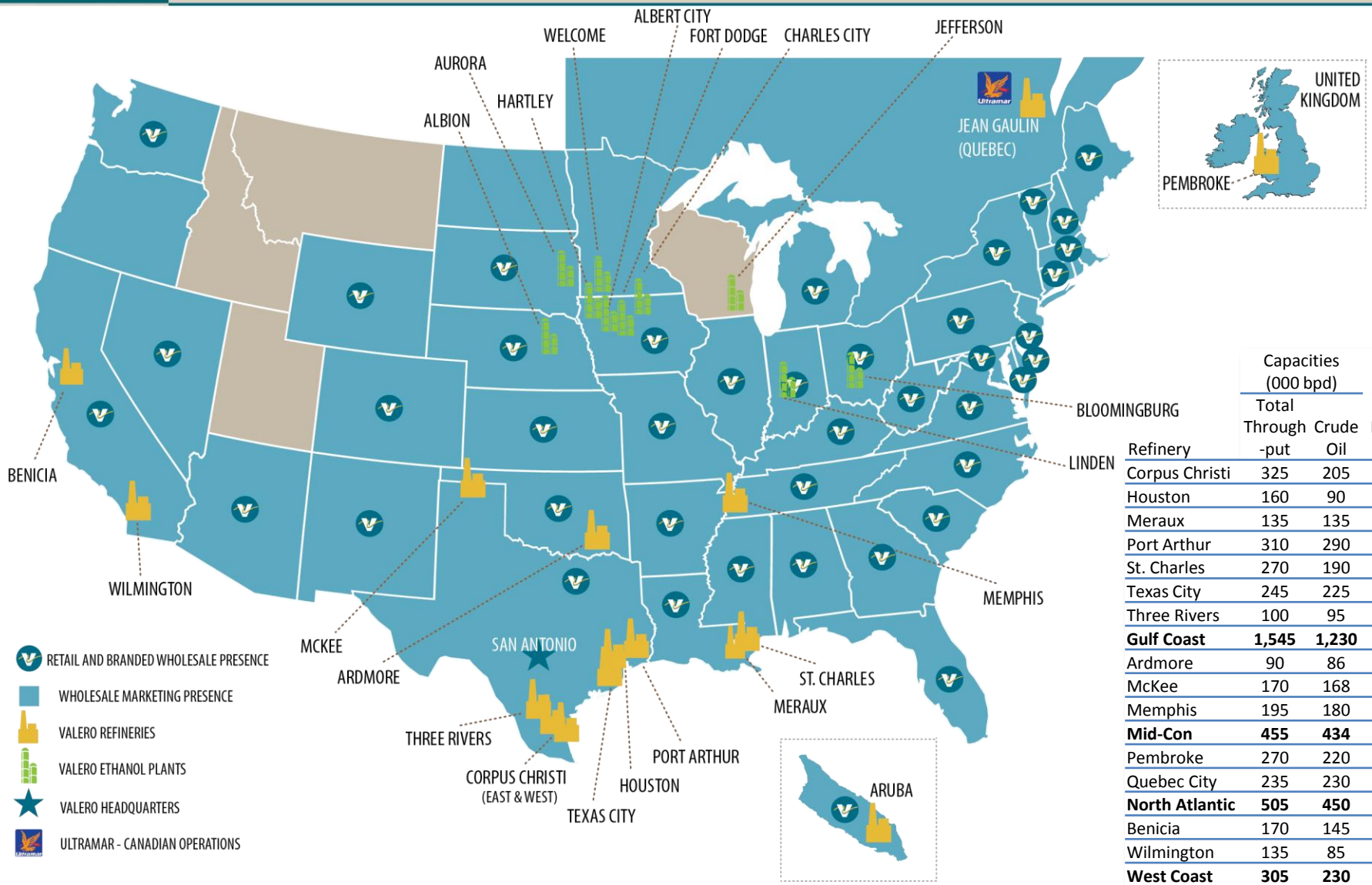
Safe Harbor Statement

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.

Valero Energy Today

- World's largest independent refiner
  - 16 refineries
  - 3 million barrels per day (BPD) of throughput capacity, with average capacity of 187,000 BPD
- Approximately 6,800 branded marketing sites
  - Nearly 1,900 sites in U.S. and Canada Retail segment
  - Announced intention to separate Retail segment
- One of the largest renewable fuels companies
  - 10 efficient corn ethanol plants with total of 1.1 billion gallons/year (72,000 BPD) of nameplate production capacity
    - All plants located in resource-advantaged U.S. corn belt
  - Diamond Green Diesel JV under construction (renewable diesel from waste cooking oil and animal fat)
    - 10,000 BPD capacity, 50% to Valero
- Approximately 22,000 employees

Valero's Geographically Diverse Operations

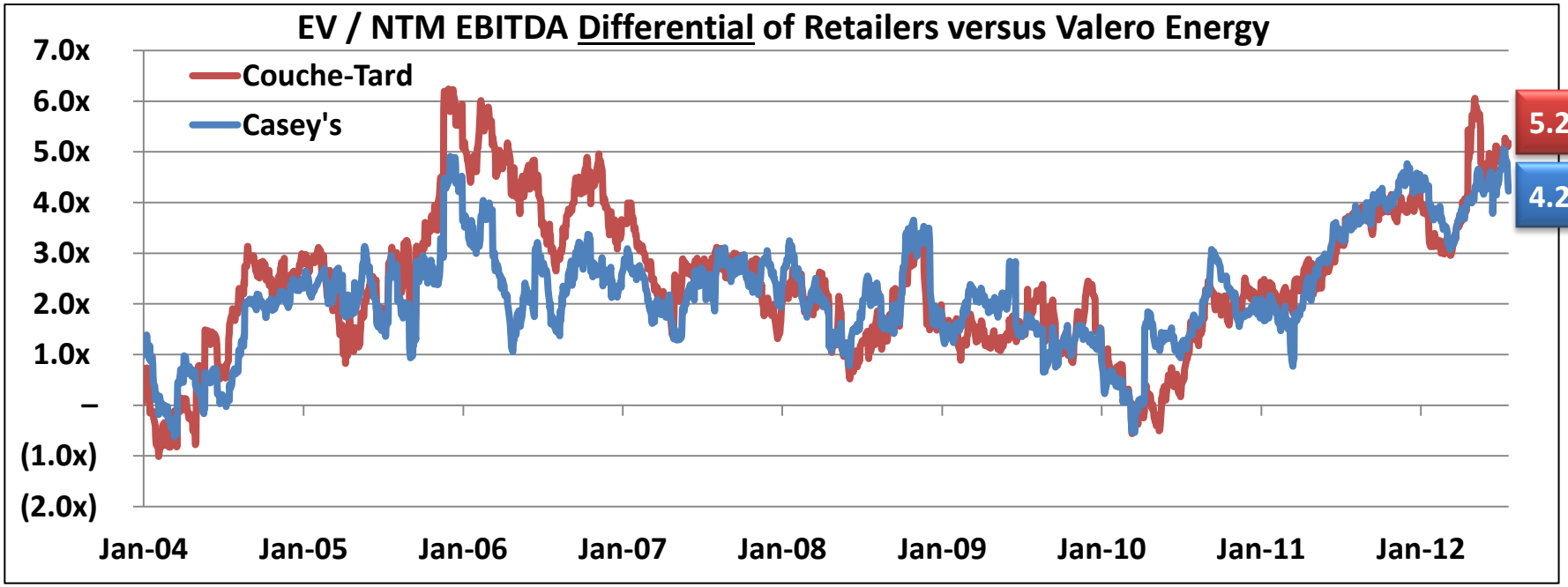


Refinery	Capacities (000 bpd) Total Through-put	Crude Oil	Nelson Index
Corpus Christi	325	205	20.6
Houston	160	90	15.1
Meraux	135	135	10.2
Port Arthur	310	290	12.7
St. Charles	270	190	15.2
Texas City	245	225	11.1
Three Rivers	100	95	12.4
Gulf Coast	**1,545**	**1,230**	**14.0**
Ardmore	90	86	12.0
McKee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

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

Update on Potential Retail Separation

- Making progress on our plan to separate our retail business as new company called CST Brands, Inc. and unlock value for shareholders
  - CST Brands, Inc. (formerly Corner Store Holdings, Inc.) has filed a draft registration statement with the SEC
  - Intend to distribute to VLO shareholders 80% of CST Brands outstanding shares to trade on the NYSE under the ticker symbol "CST"
- Valero expects to receive approximately $1.1 billion in cash via new debt on CST Brands and incur a tax liability of approximately $300 million, mainly due to Canadian assets
- Expect separation to occur in 2Q13, subject to timing of IRS, SEC, and other regulatory agencies
- Investors and analysts have treated Valero mainly as a refiner, ignoring higher potential value of retail segment as shown in chart below



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

Overview of CST Brands, Inc.

- **Expect to be one of the largest independent retailers of transportation fuels and convenience merchandise in North America**
- **Nearly 1,900 sites in two geographic segments: U.S. and Canada**
- **Retail-U.S.**
  - 1,032 company-operated retail sites, of which 81% are owned
  - Sites located in the central and southwest U.S.
- **Retail-Canada**
  - Consists of Motorist, Cardlock, and Home Heat businesses in eastern Canada
  - 848 retail fuel sites
    - 768 sites in the Motorist business
    - 80 unattended sites in the Cardlock business
    - 38% of sites are owned and 62% are leased

Note: Store count data as of December 31, 2012.

CST Brands –Highlights

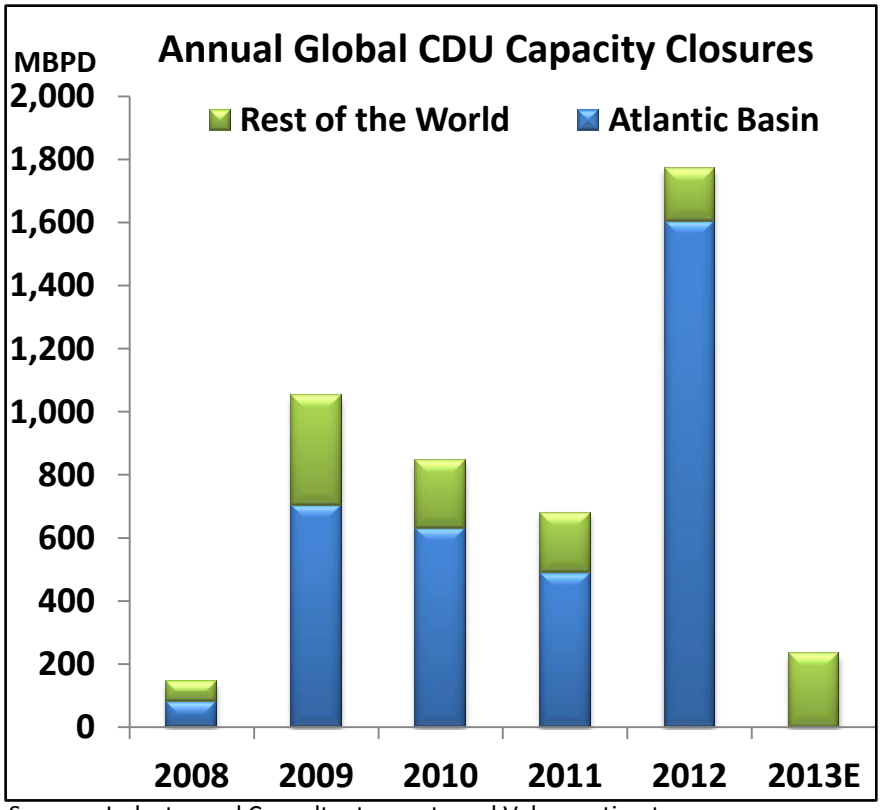
- **Large scale with nearly 1,900 sites will make it the second-largest publicly traded independent retailer of fuel and convenience merchandise in North America**
- **Sites located in geographically diverse regions: the southwestern United States and eastern Canada**
- **61% of U.S. sites are in Texas, which has a relatively favorable economy and attractive demographics for convenience stores**
- **Solid performance track record**
- **Competitively positioned with good brand recognition**
- **Significant growth opportunities**
  - New-To-Industry (NTI) retail site program
  - Growing food service and increasing emphasis on in-store merchandise
    - Excellent logistics, private label program, and existing strong core merchandise sales

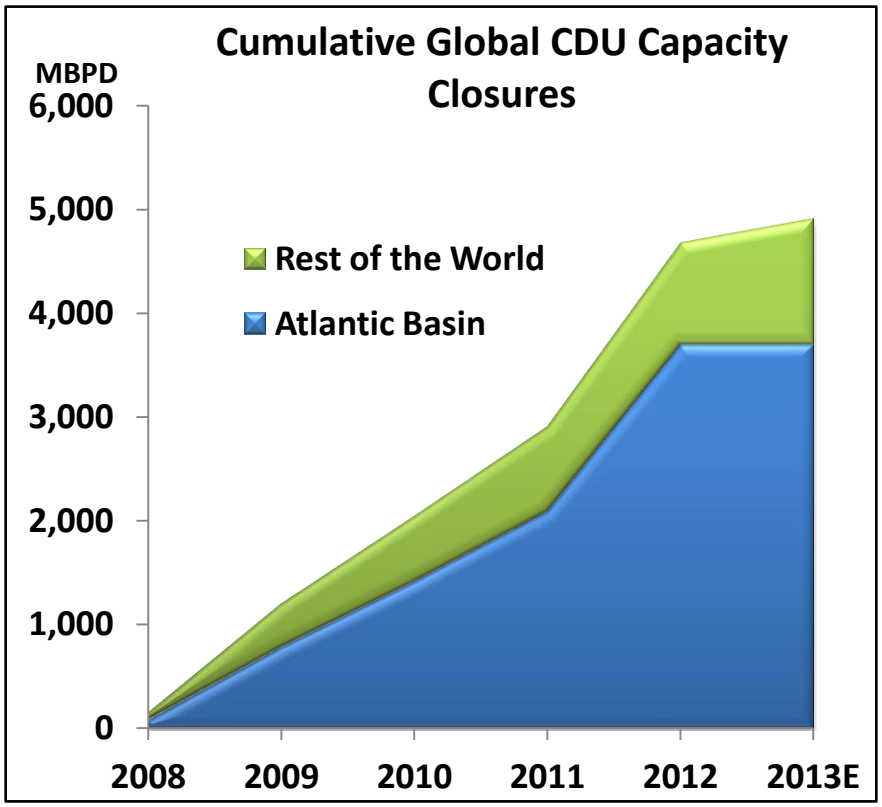
VLO Well-Positioned to Benefit from Changing Market Trends

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

Atlantic Basin Closures Reduce Excess Capacity

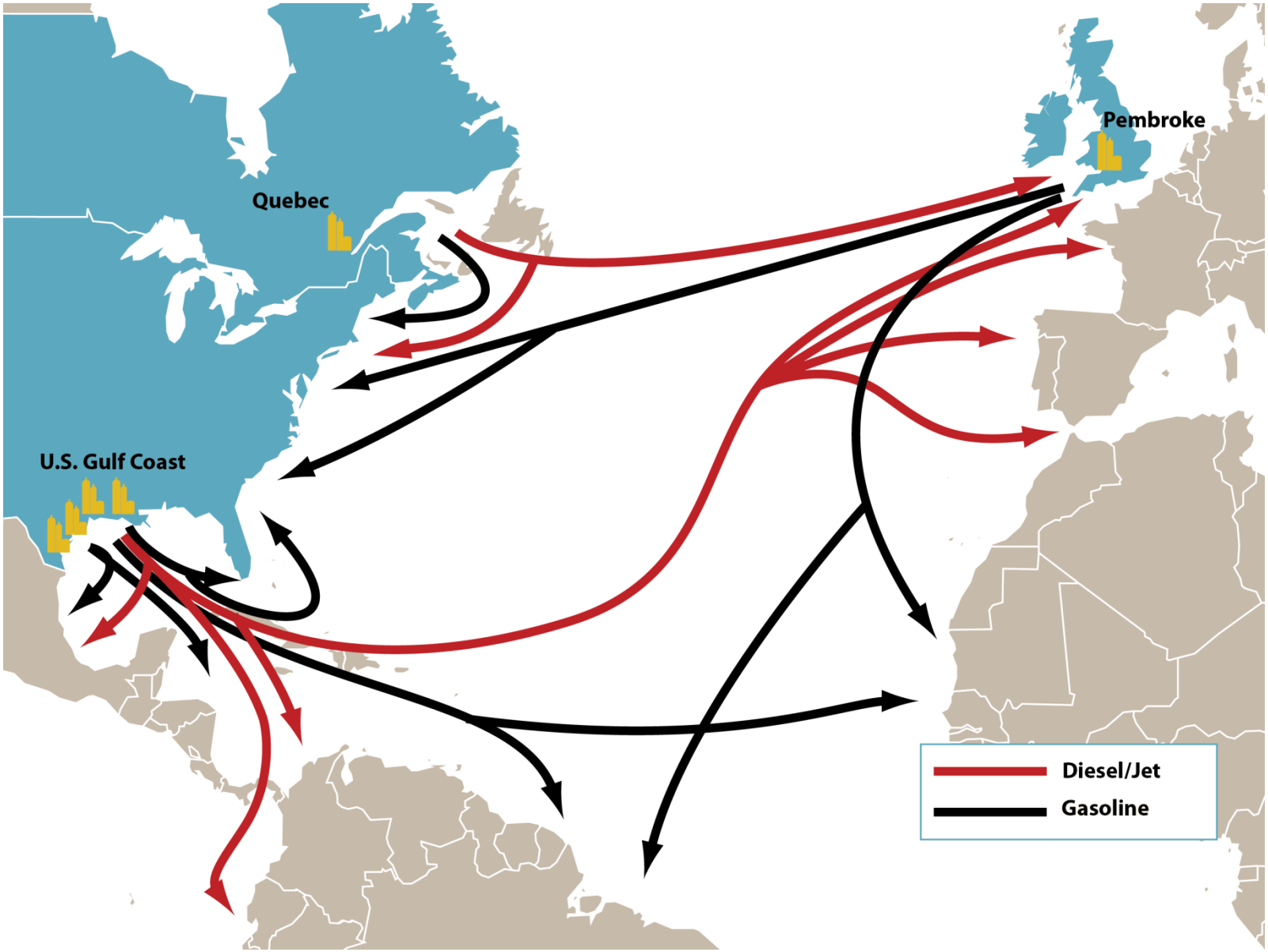
- Capacity closures have been concentrated in the Atlantic Basin: U.S. East Coast, Caribbean, Western Europe; expect more will occur
- Combined with poor reliability and low utilization in Latin American refineries and demand growth in Latin America, creates opportunity for competitive refineries to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





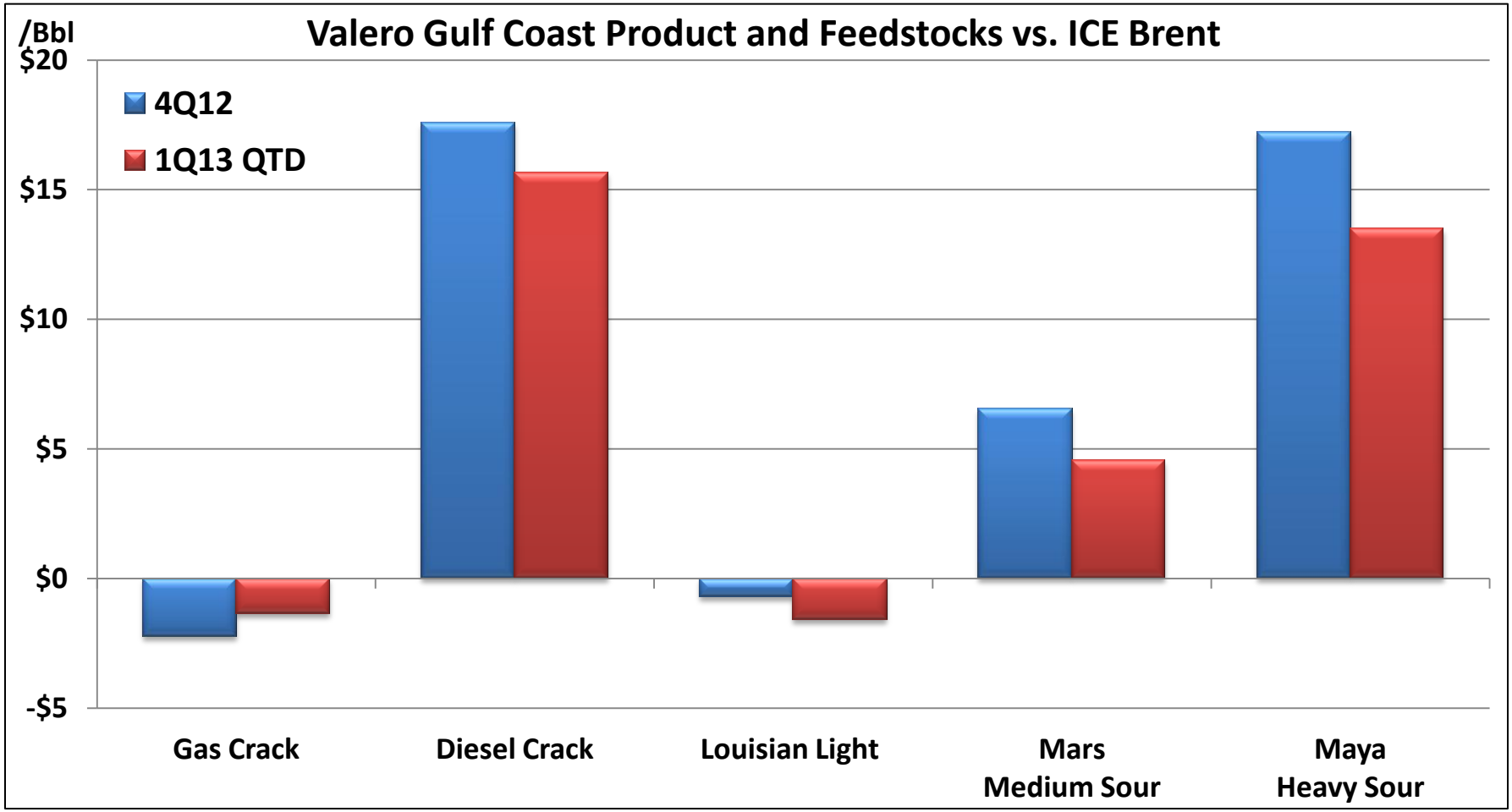
Sources: Industry and Consultant reports and Valero estimates

Valero in the Atlantic Basin



Gulf Coast Crude Discounts and Product Margins: 4Q12 to 1Q13

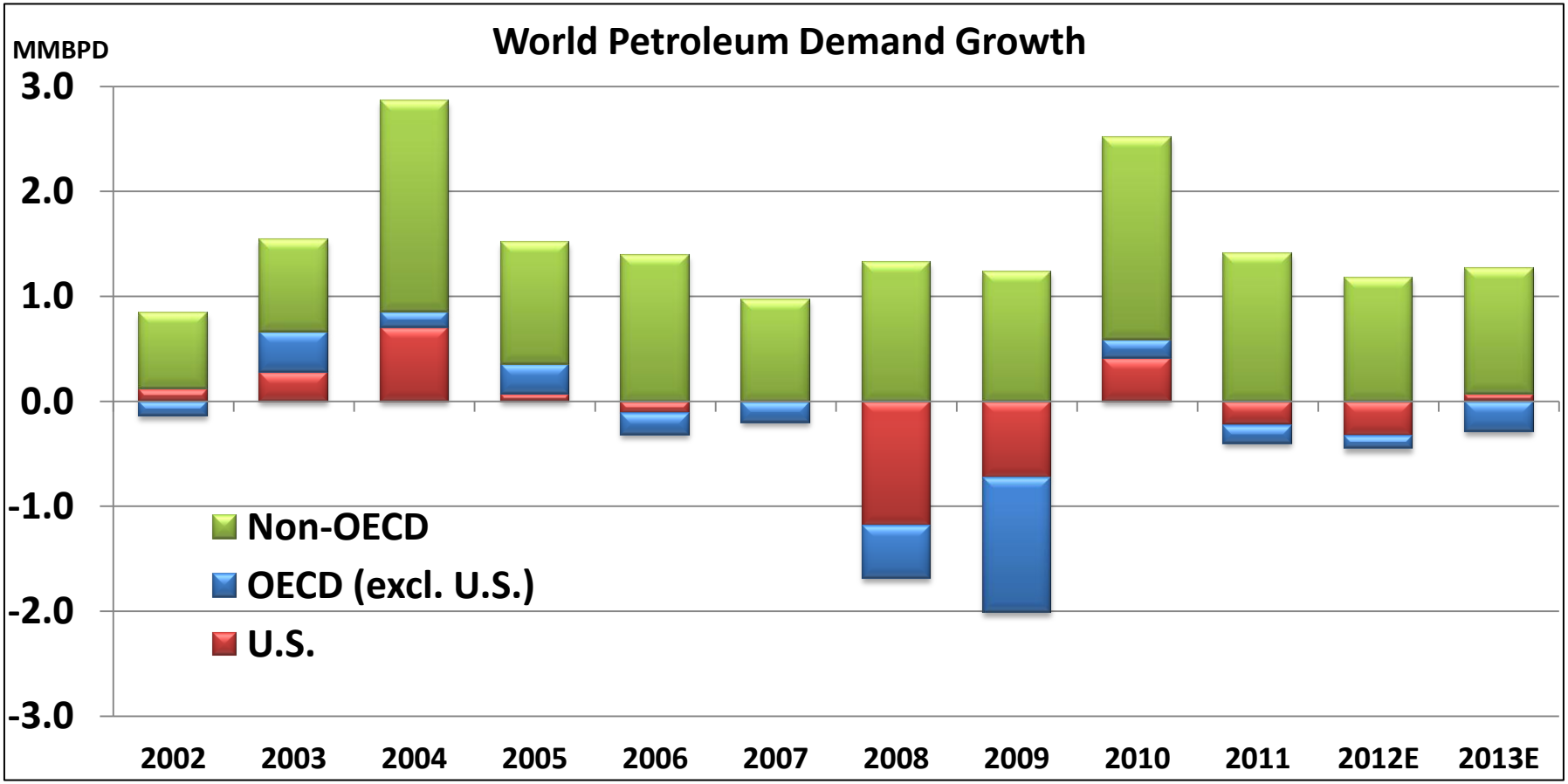
- In 1Q13, LLS has been pricing at a premium to ICE Brent due to limited trading volumes combined with market impacts such as the recent proration of Seaway pipeline
- Heavy sour and medium sour discounts have declined from 4Q12 levels



Source: Argus, 1Q13 quarter-to-date pricing is through 2-1-13; Gas crack uses USGC CBOB

Continued Global Demand Growth Important to Refining Margins

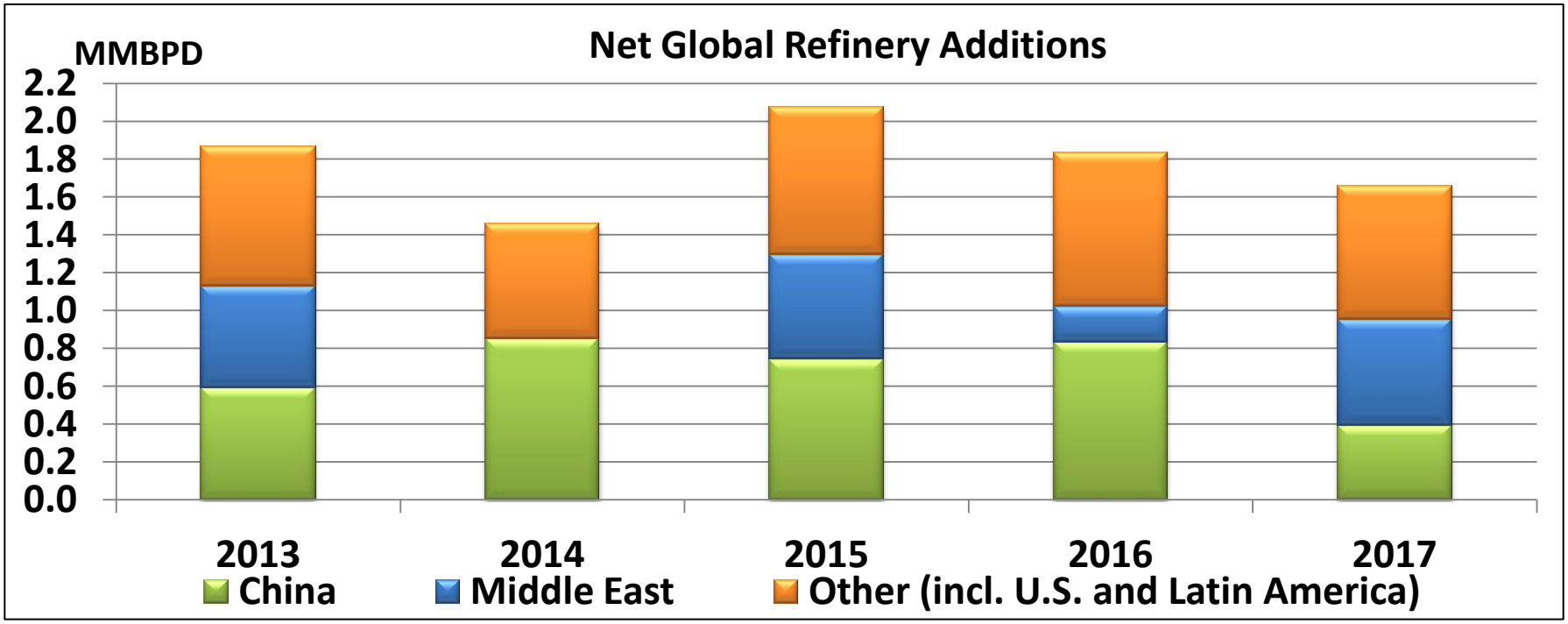
- Emerging markets are taking the lead in terms of global petroleum demand growth, but refining is a global business and world growth impacts refiners in every market because products are generally very storable, transportable, and fungible commodities



Source: Consultant and Valero estimates

World Refinery Capacity Growth

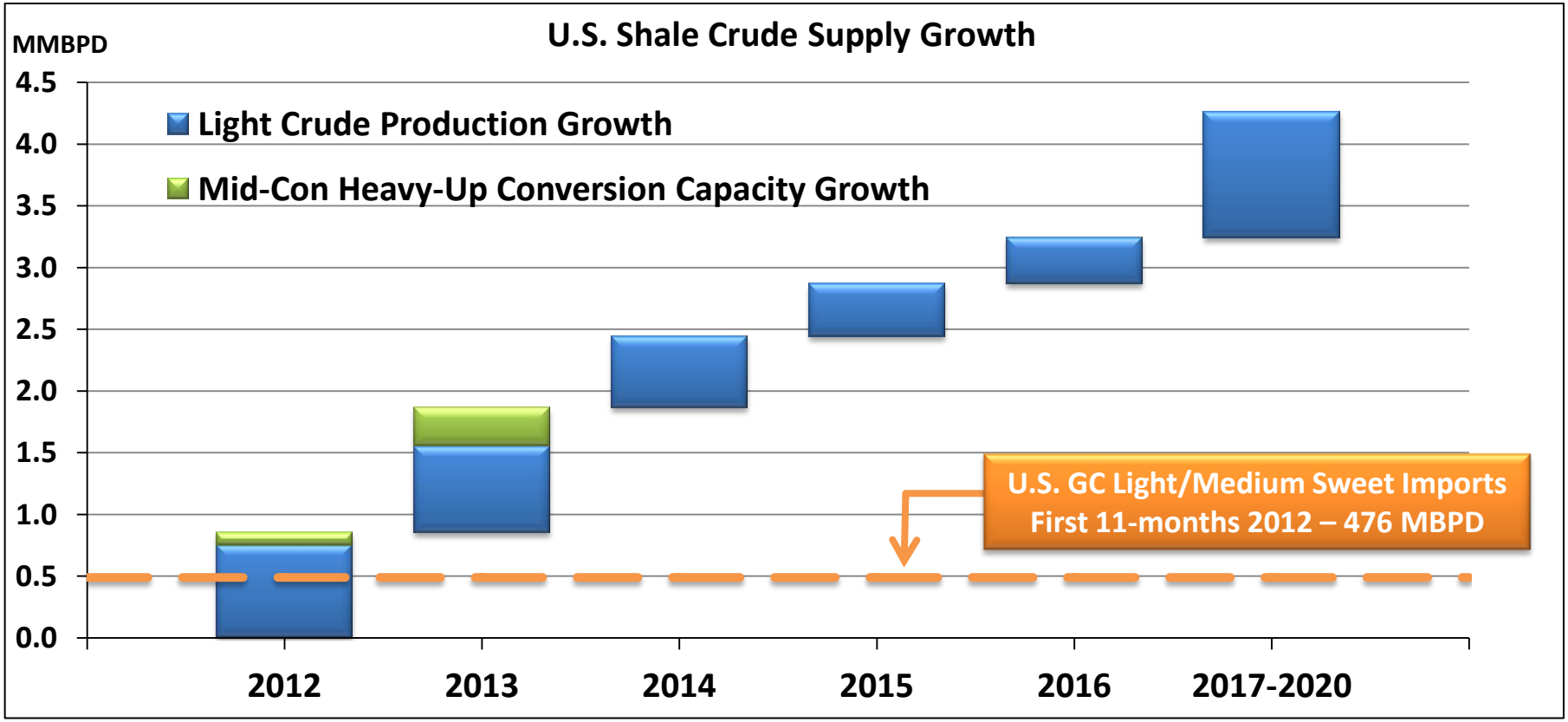
- **Expect significant new global refining additions in the next several years**
  - Mainly new plants in Asia and the Middle East
  - Some investment in Latin America
- **New capacity announcements from Brazil, Mexico, and Columbia will likely be much smaller and much later than originally announced**
- **Others very unlikely to happen because of costs: Ecuador, Peru, Algeria, Egypt**
- **Asian demand growth has been consuming Asian refining growth**



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

Rapid Growth in U.S. Crude Supply

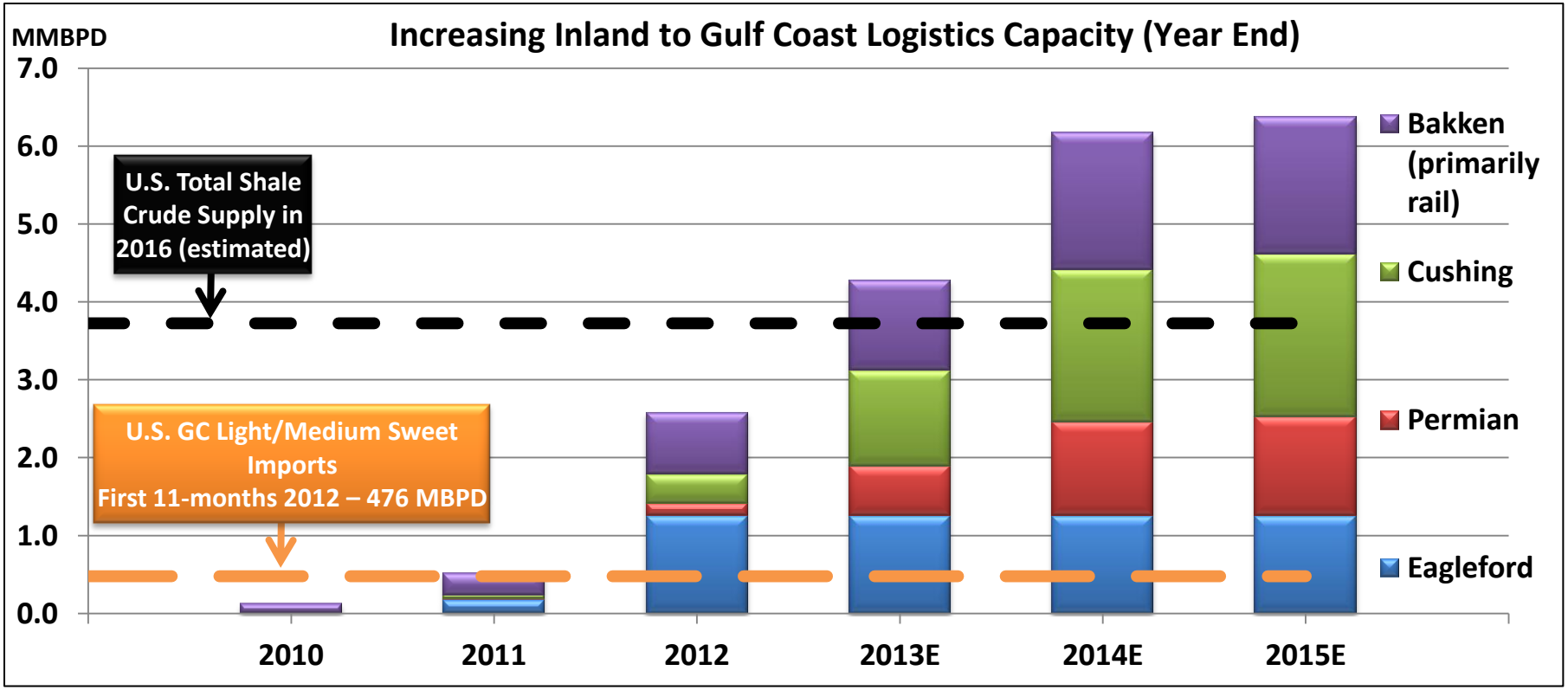
- **Shale oil production growth and Mid-Continent heavy-up projects are rapidly increasing domestic light, sweet crude supplies**
  - **This has created a bottleneck of crude oil that has exceeded the capacity of inland refineries and needs to move to markets outside of the Mid-Continent**
  - **NGLs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



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

Rapid Growth in Logistics to U.S. Gulf Coast

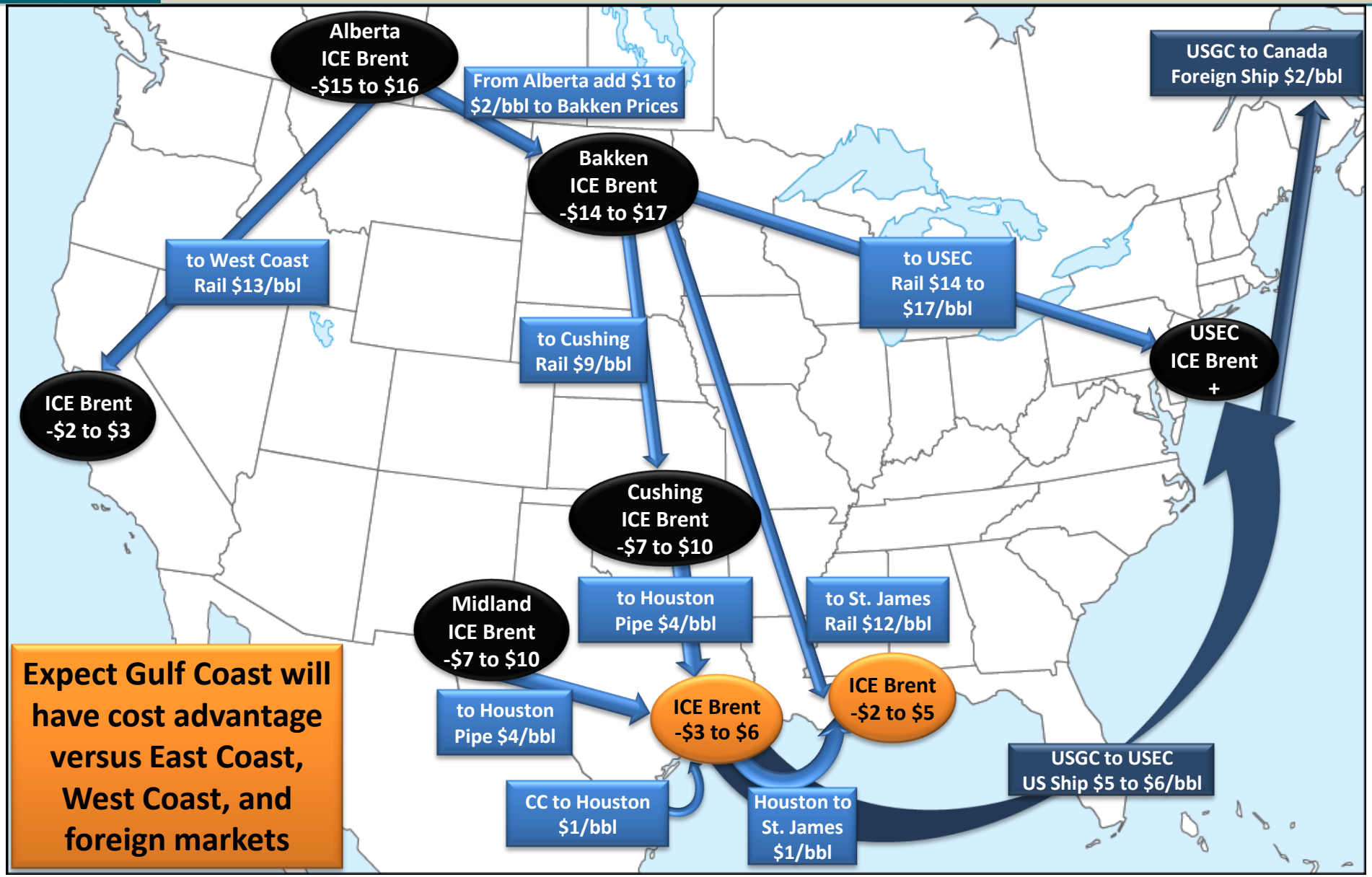
- Logistics capacity to move inland crude from the Mid-Continent and Texas to the U.S. Gulf Coast is expanding quickly to debottleneck inland markets
- Seeing significant rail capacity coming online, particularly in Bakken and Canada
  - Popular for East and West Coasts destinations, where pipeline access in unlikely, but tends to be higher cost delivery than to Gulf Coast



Source: Consultants, company announcements and Valero estimates

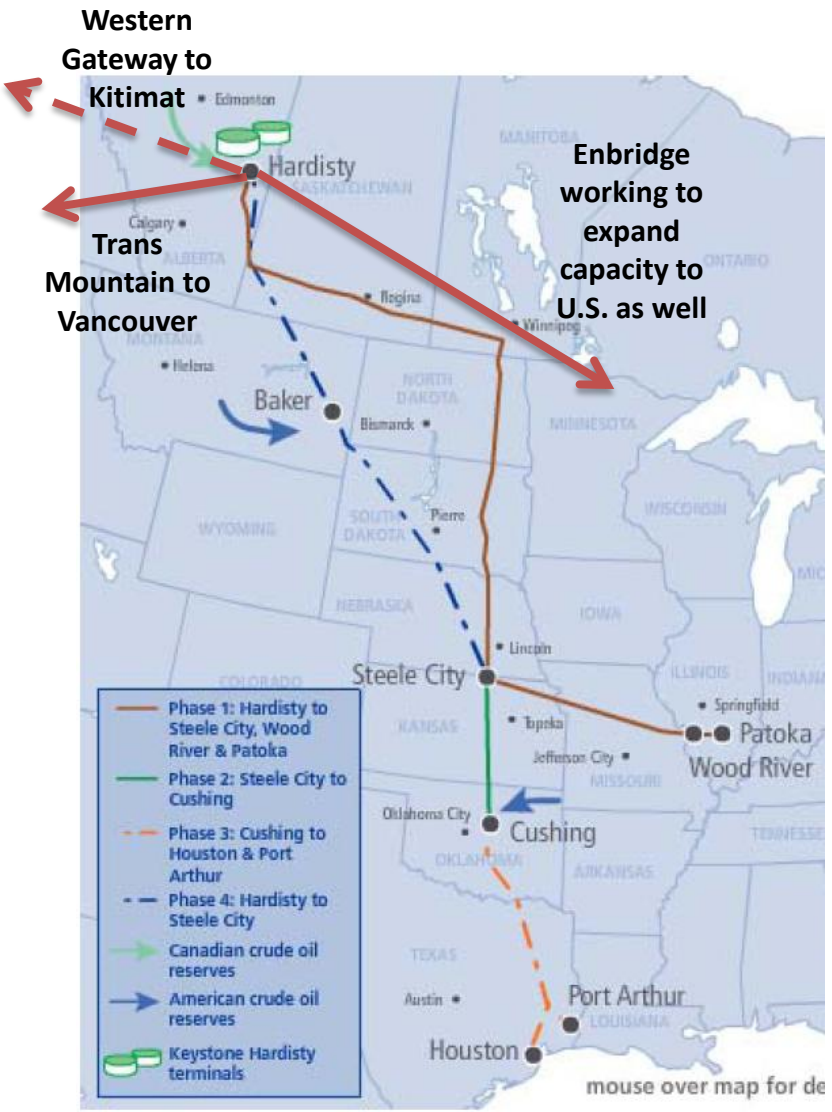
Note: Import volumes include light and medium crudes between 28 and 50 API with less than 0.7% sulfur

Valero's Estimate of Marginal Light Crude Oil Costs in 12 to 24 Months



Keystone XL Pipeline

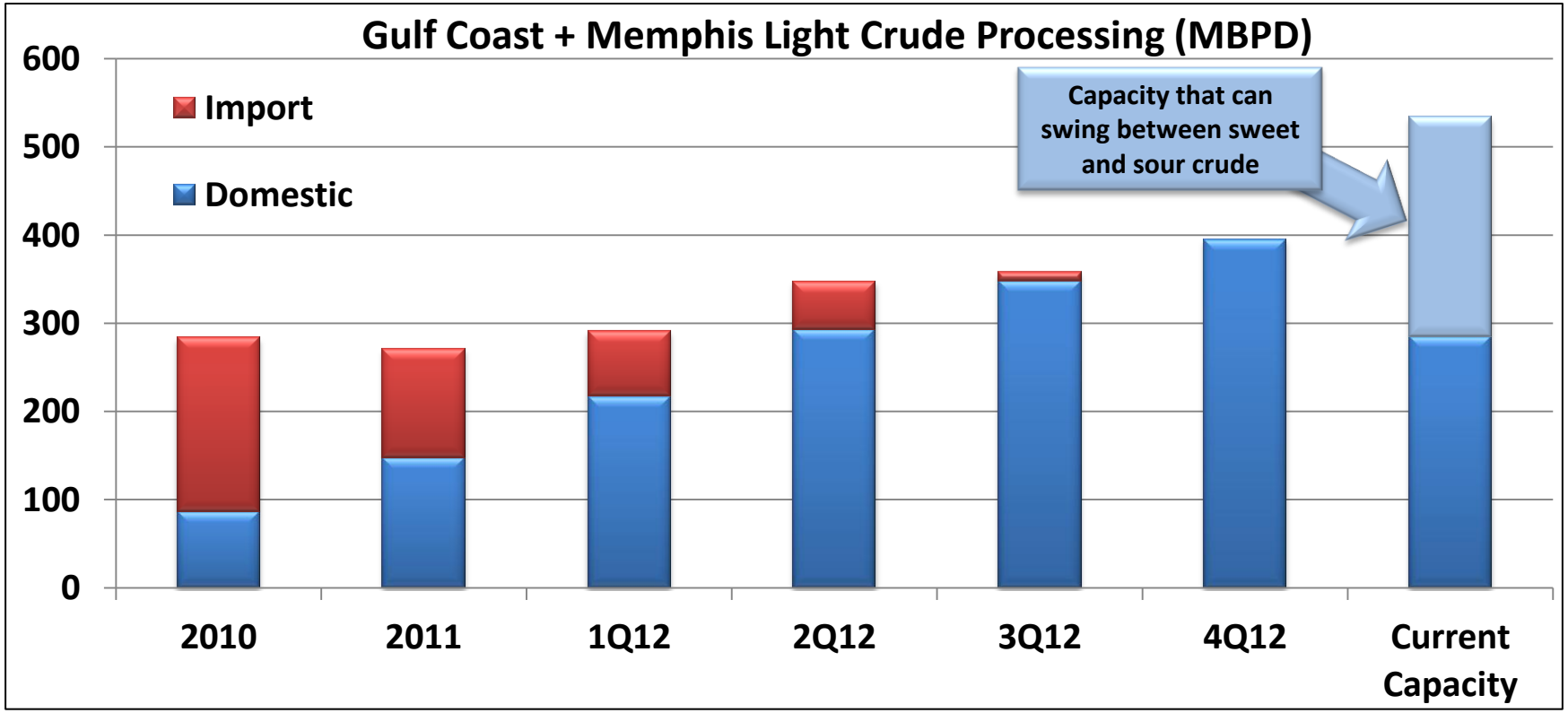
- **Keystone XL Pipeline Presidential Permit Delay**
  - TransCanada 1,661 mile pipeline that will bring 700,000 bpd of Canadian oil into U.S. markets
  - Expected to create 20,000 U.S. manufacturing and construction jobs; $5.2 billion tax revenue in Keystone corridor states over 20 years
  - Canadian approval granted; waiting on U.S. regulatory approval
    - U.S. Decision postponed until early 2013
    - Nebraska Governor recommended approval of the route in January 2013
  - Cushing to Gulf Coast leg has been separated from the project, and has started construction. Expected to complete late 2013
- **Expect to use rail and other pipeline options if not approved**



Source: TransCanada Corporation

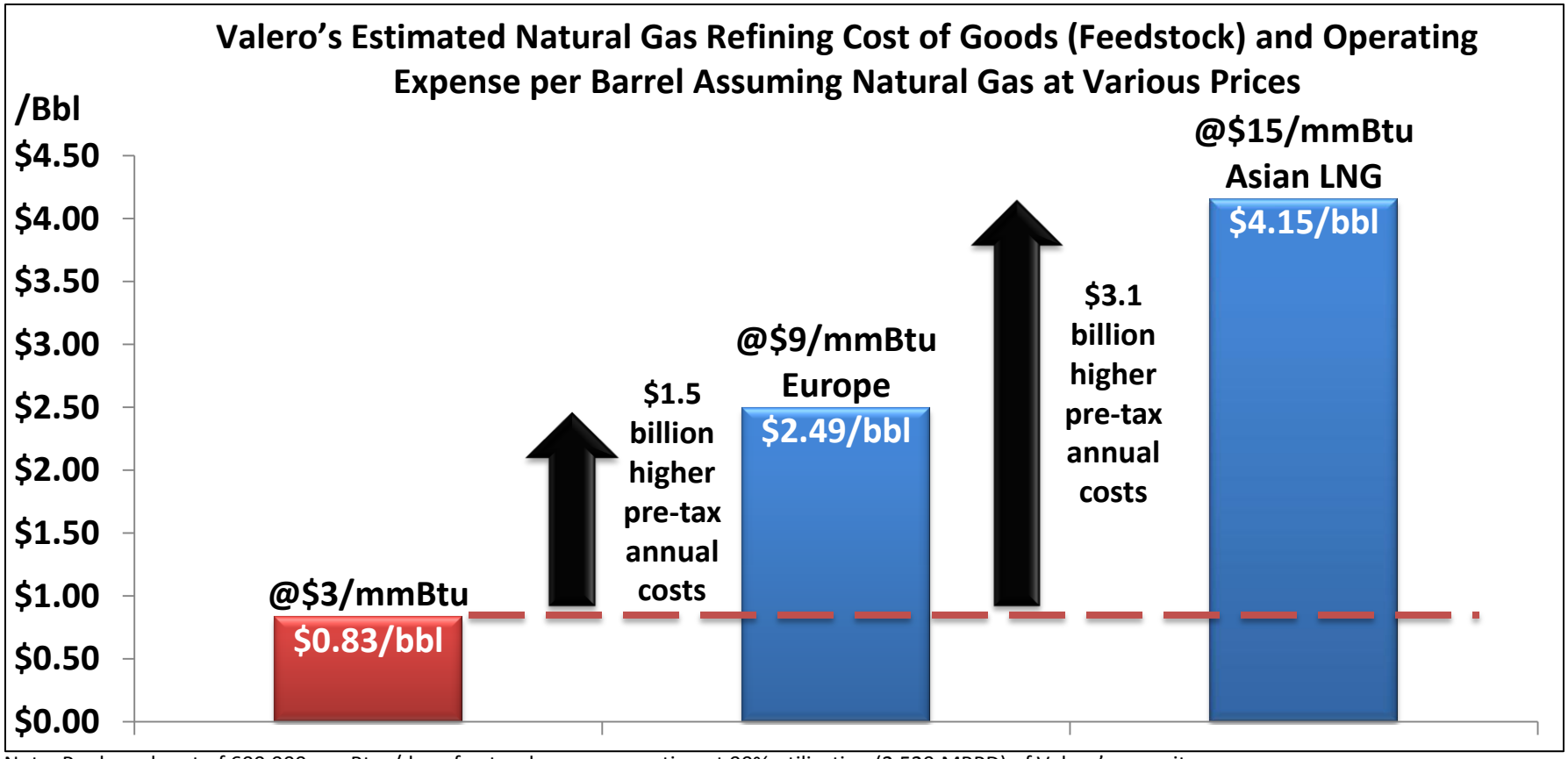
Valero's Ability to Run Discounted Light Crude at Gulf Coast and Memphis Refineries

- Valero has increased the amount of domestic light crudes processed as additional volumes have become available
- Valero has ceased all imports of foreign light crudes for its Gulf Coast and Memphis refineries
- Valero is evaluating potential projects to further increase its domestic light crude processing capacity



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

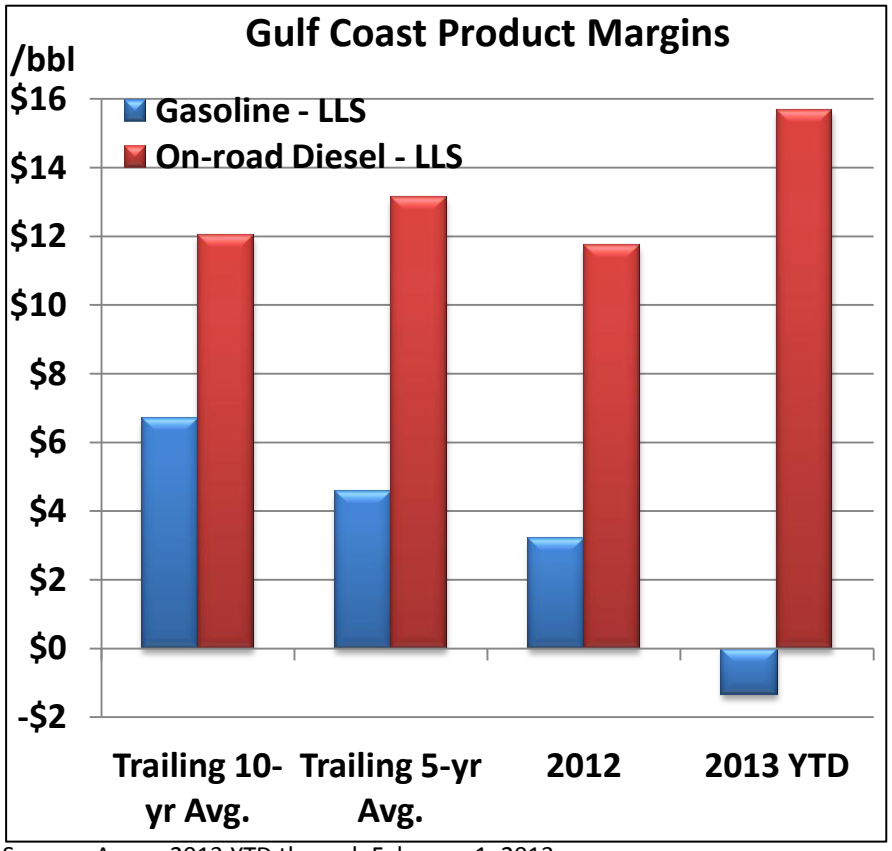
- Expect U.S. natural gas prices will remain low and disconnected from global oil and LNG prices for foreseeable future
- VLO refinery operations consume up to 700,000 mmBtus/day of natural gas at full utilization, split roughly in half between operating expense and gross margin
  - Increased from 600,000 with the addition of hydrocrackers at Port Arthur and St. Charles

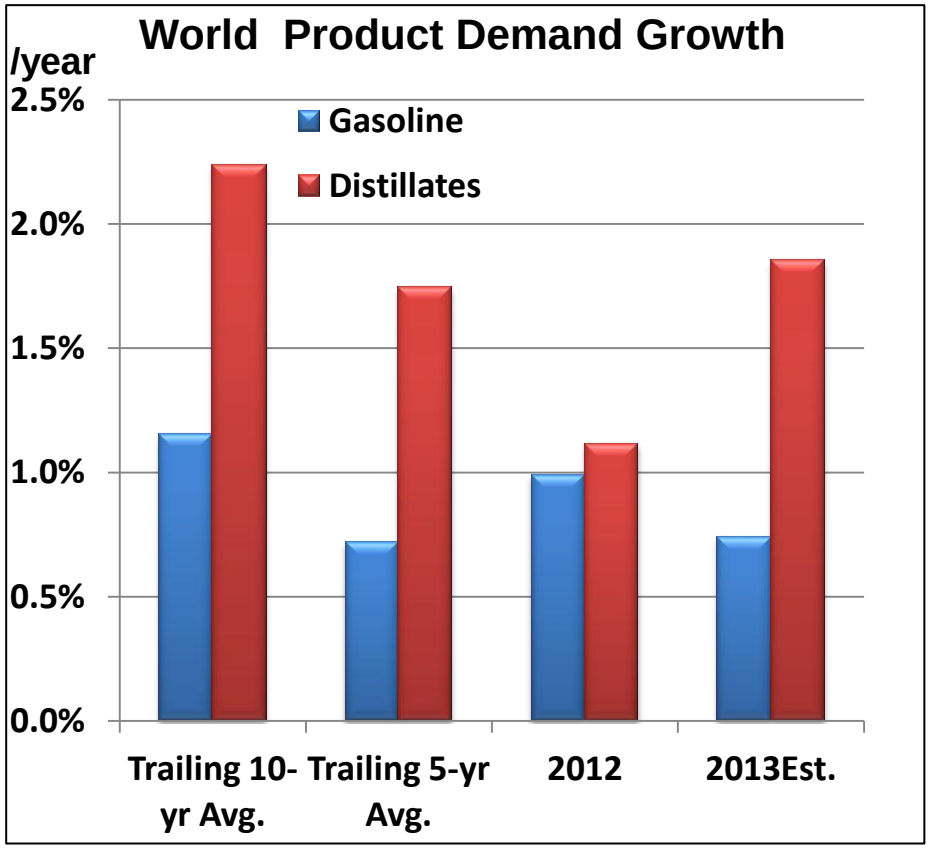


Note: Per barrel cost of 600,000 mmBtus/day of natural gas consumption at 90% utilization (2,529 MBPD) of Valero's capacity

Distillates Have Higher Margins and Faster Growth

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

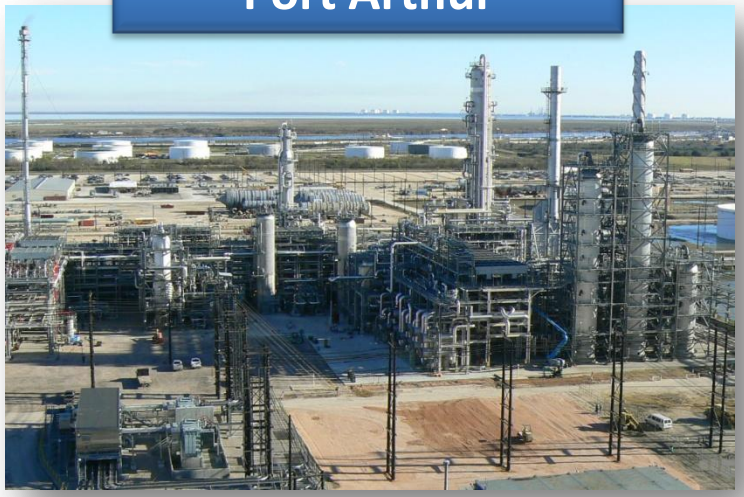




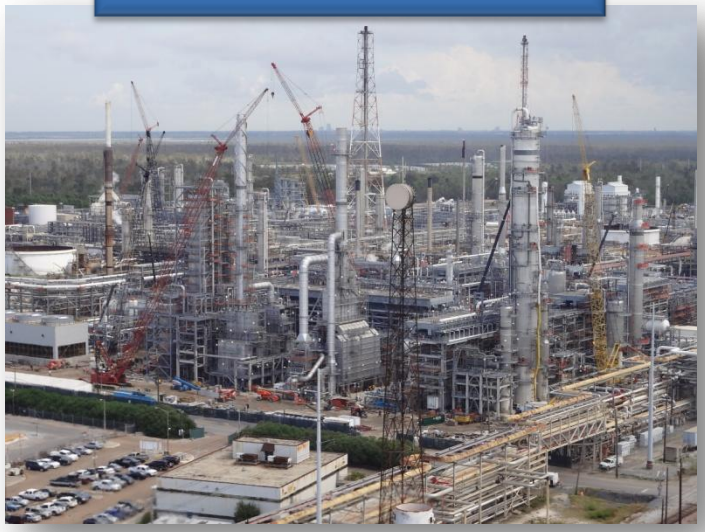
Source: Argus, 2013 YTD through February 1, 2013

Successfully Completed Port Arthur Hydrocracker

Port Arthur



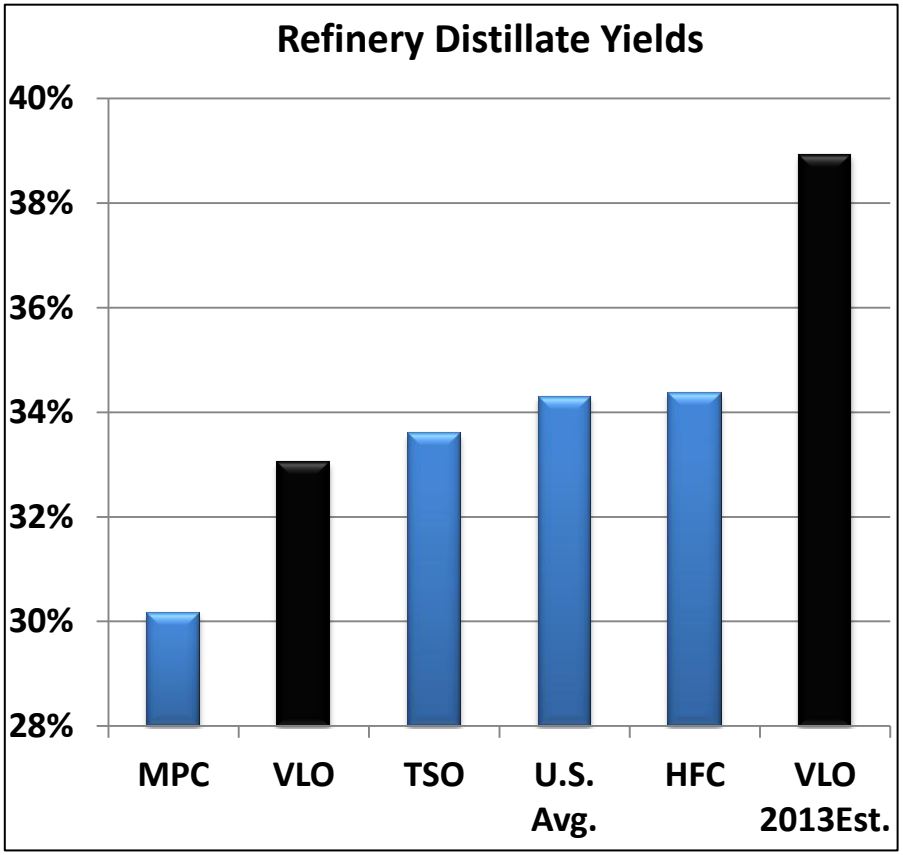
St. Charles

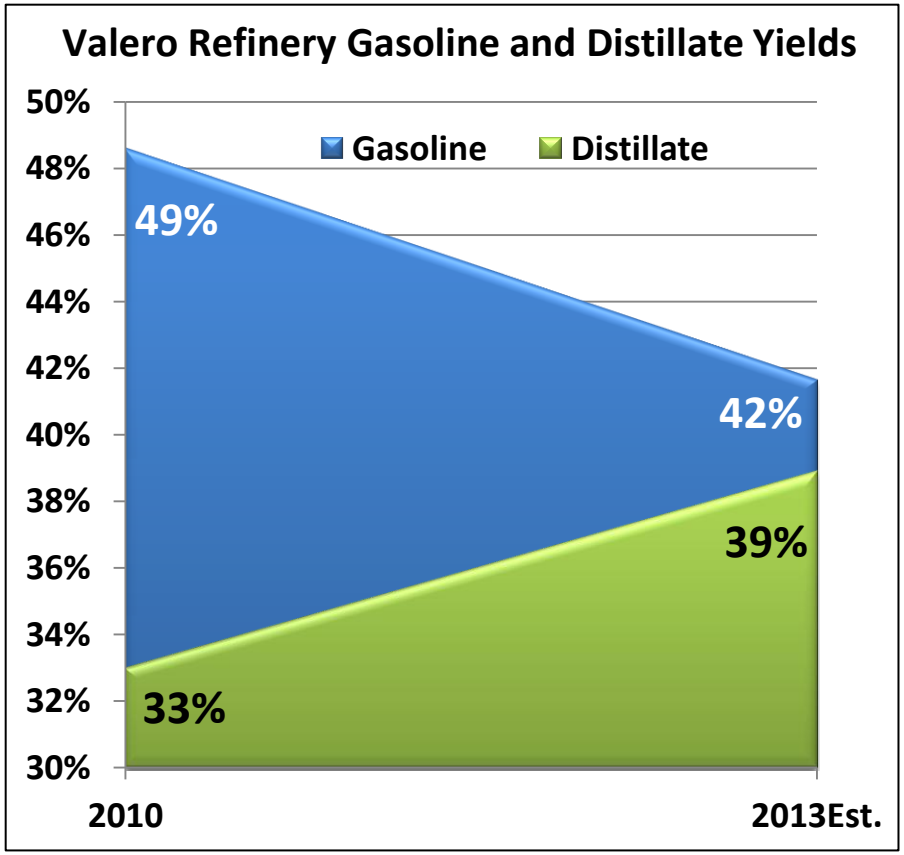


- 57,000 BPD Port Arthur hydrocracker completed and operating above expectations
  - With recent price environment and current unit performance, project is meeting or exceeding economic expectations
  - Diesel quality higher than expected
    - Provides blending opportunity to upgrade margin on lower-quality distillate production
  - Total distillate yield higher than expected
- Estimate 60,000 BPD St. Charles HCU mechanical completion and operating at capacity in 2Q13
- Both hydrocrackers were designed to benefit from the high crude and low natural gas price outlook
- Pursuing projects to expand capacity of each unit to 75,000 BPD in 2015

Valero Increasing Distillate Yields

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

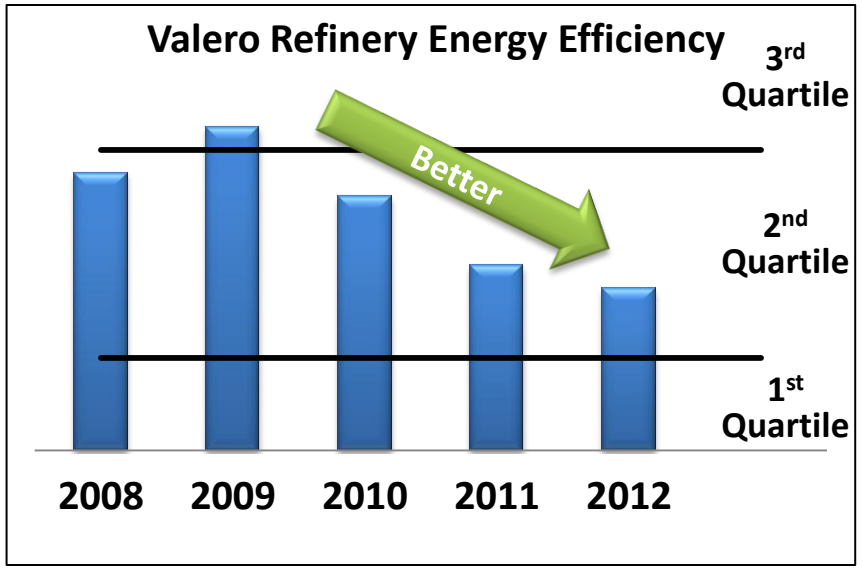


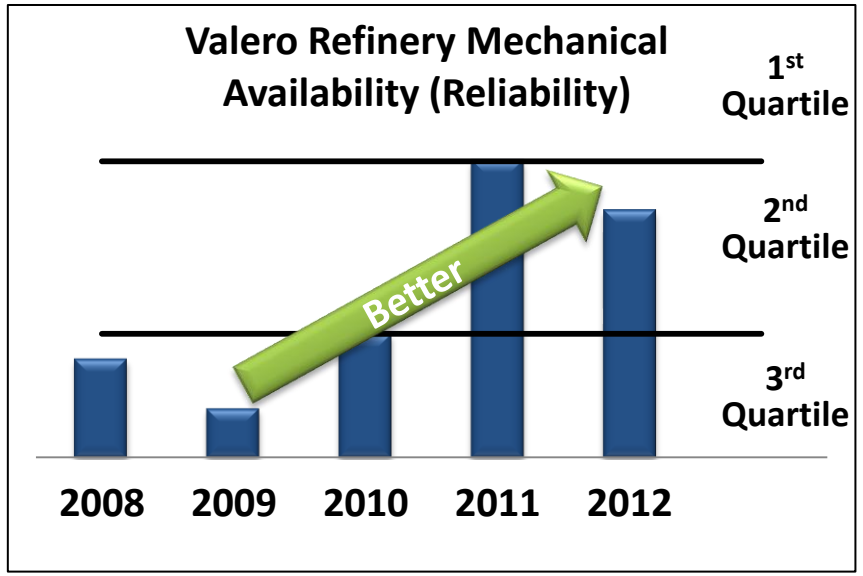


Source: Company Reports and EIA, yield data is for 2010; gasoline and distillate as a percent of total production volumes; distillate includes jet fuel

Improving Refinery Operations

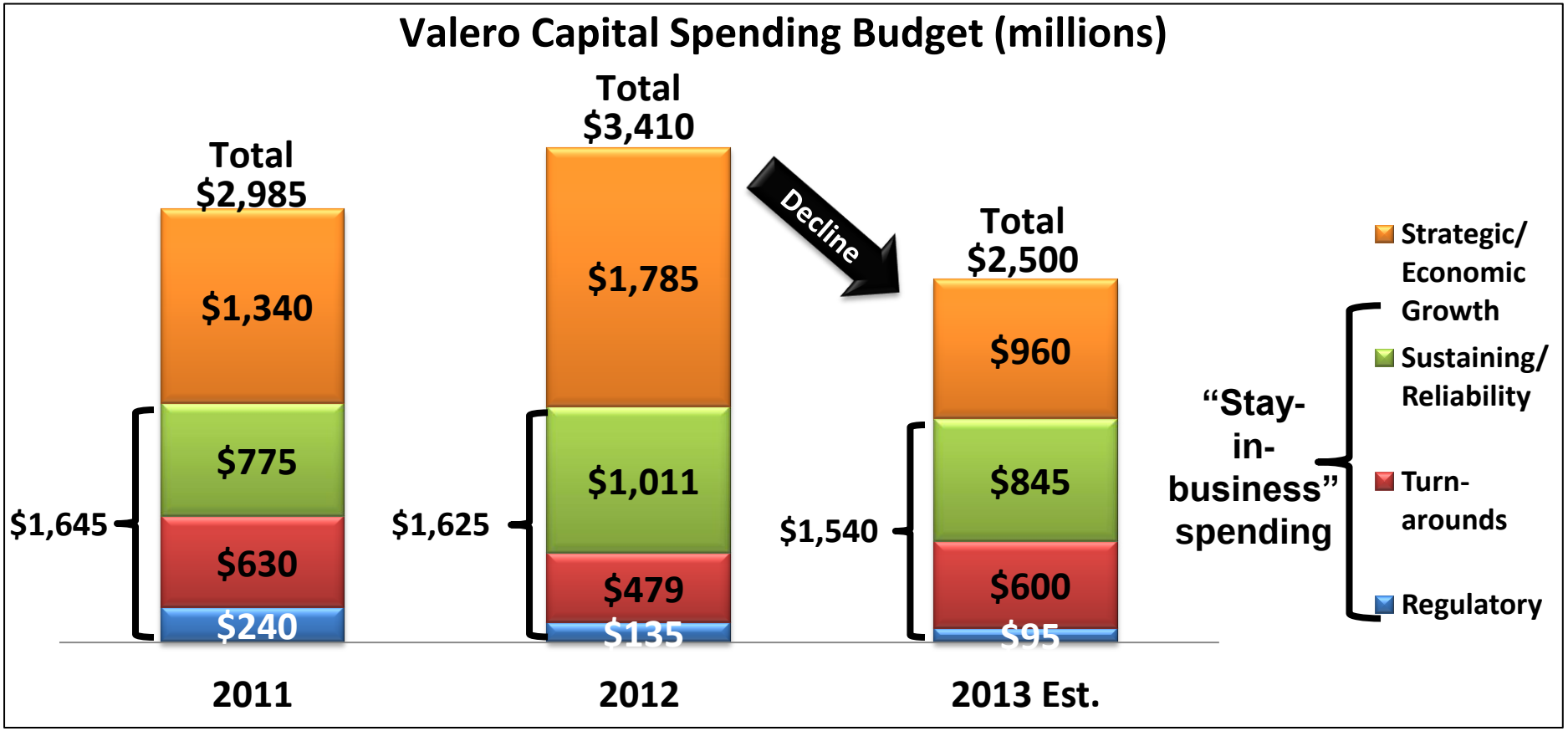
- **Our goal is to be a 1st-quartile refiner**
- **Refining industry benchmark studies show our portfolio continues to improve**
- **Seven refineries currently operating in 1st quartile for mechanical availability, the most important Solomon metric**
- **Saw results from improvement initiatives in 2011 and 2012**
  - 2011 was first full-year with 1st quartile portfolio performance in mechanical availability
  - 2012 is best-ever energy efficiency for refining portfolio
  - Excluding Meraux fire in 3Q12, mechanical availability would have remained 1st quartile in 2012
- **Working diligently on weaker performers to improve entire portfolio**





Source: Solomon Associates and Valero Energy; excludes Aruba

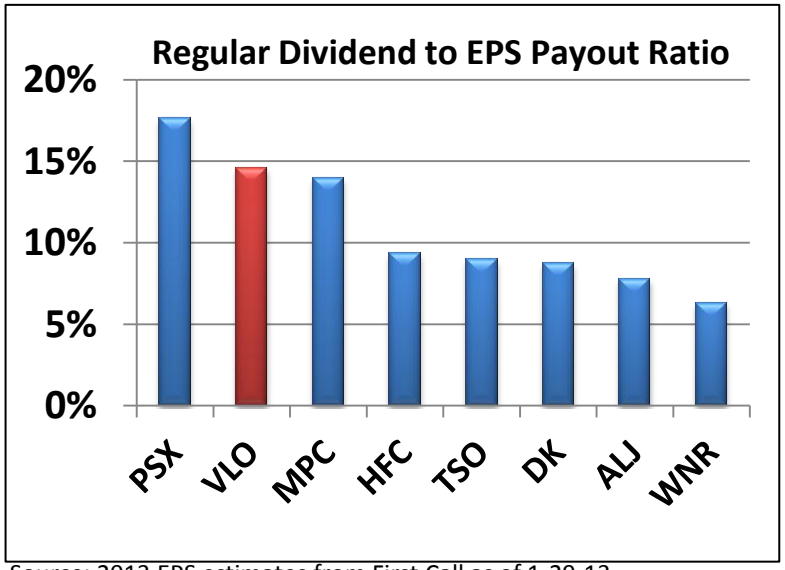
Expect Large Decline in Capital Spending in 2013



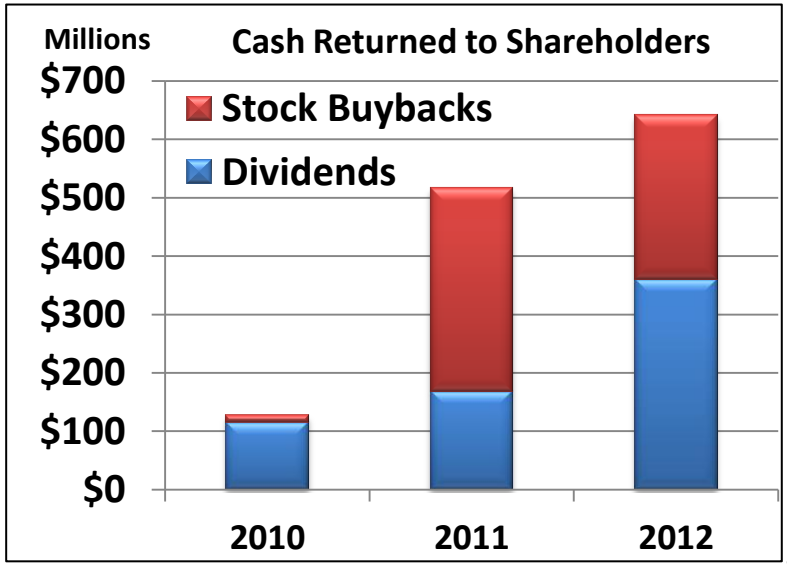
- 2012 capital high due to spending on growth projects, mainly on two new hydrocrackers
- For 2013, largest category of strategic/growth spending is for logistics projects (pipelines, tanks, docks and rail)
- 2013 Retail (U.S. and Canada) capital estimated at approximately $200 million with about 75% in the strategic/economic growth category

Managing Financial Strength and Growing Cash Yield

- **Expect significant contributions of free cash flow from reduced capital spending and earnings from major capital projects in 2013**
- **Returning cash to shareholders**
  - Increased quarterly dividend from $0.05 per share in 2Q11 to $0.20 per share in 1Q13
  - Bought 10.6 million shares for $281 million in 2012 and 16.7 million shares for $347 million in 2011
- **Goal is to have one of the highest cash yields among peers via dividends and buybacks**
- **$1.7 billion of cash and $5.7 billion of additional liquidity on December 31, 2012**
- **Maintaining investment grade credit rating is a priority**
  - Reduced debt by $558 million in 2012
  - Paid off $180 million of debt in January 2013 and plan to pay off an additional $300 million in 2Q13
  - Net debt-to-cap ratio at 12/31/12 was 22.7%
    - Far below credit facility covenant of 60%
    - No other coverage-type ratios or borrowings on bank revolver
- **Retail spin-off to shareholders planned for 2Q13**
  - Returning more value to shareholders



Source: 2013 EPS estimates from First Call as of 1-29-13



Valero's Strategic Priorities

- Constant focus on safety, environmental, and regulatory compliance
- Maintain investment grade credit rating
- Continue improvement in refining portfolio performance to 1st quartile levels
- Complete major, value-added capital projects
- Improve portfolio performance
  - Evaluate options for poor performing assets
  - Evaluate attractively priced, strategic, and accretive acquisitions with strong synergies
  - Continue to upgrade product streams
- Continue to return available cash to shareholders, with high yield vs. peer group

Goal: Increase long-term shareholder value

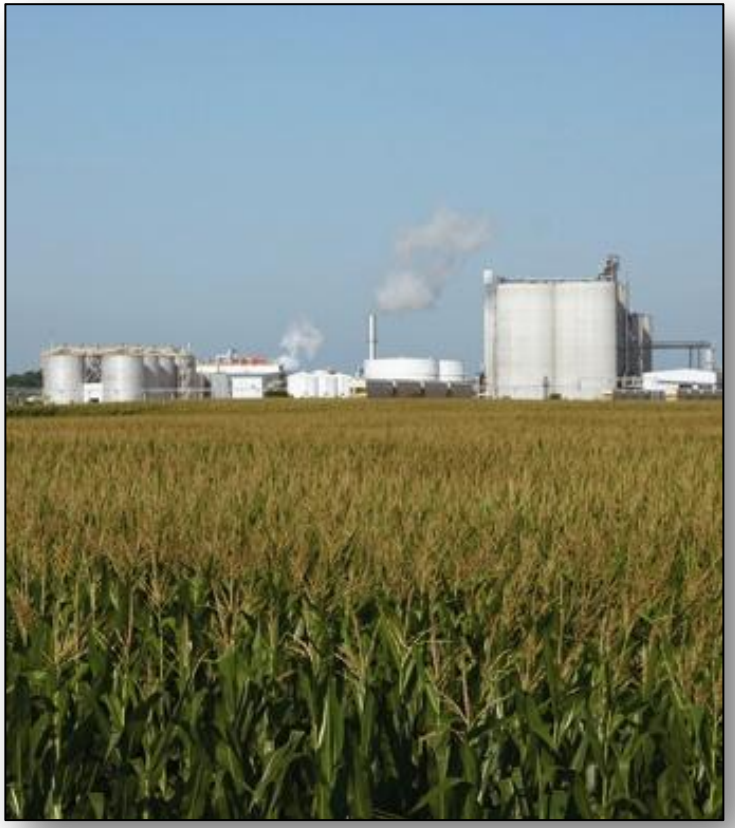
We Believe Valero Is an Excellent Buy Today

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

Appendix

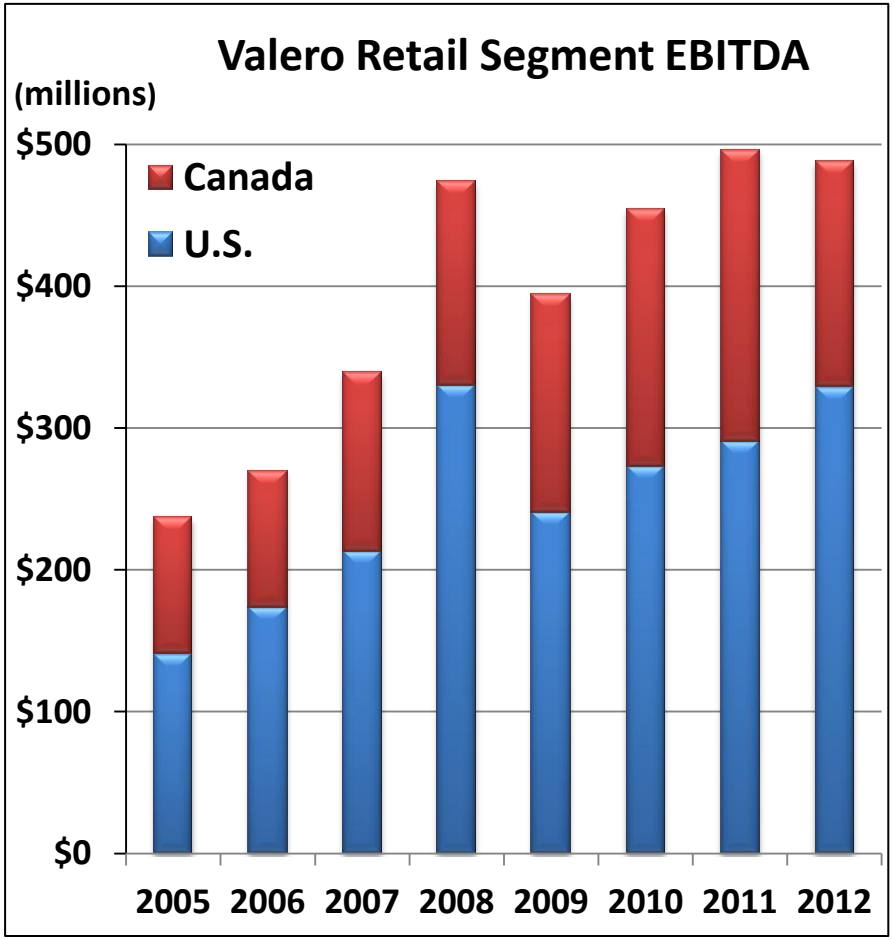
Made Excellent Ethanol Acquisitions

- **Built position for average of only 35% of estimated replacement cost**
  - 2Q09: Acquired 7 plants with 780 million gallons per year of world-scale capacity in advantaged locations
  - 1Q10: Added 3 plants with 330 million gallons per year of capacity
- **Expect margins to improve**
  - Extended narrow margins should rationalize less competitive capacity
  - High crude oil prices support ethanol prices
  - International demand supporting margins
  - 2013 corn ethanol mandate grows 4.7% over 2012

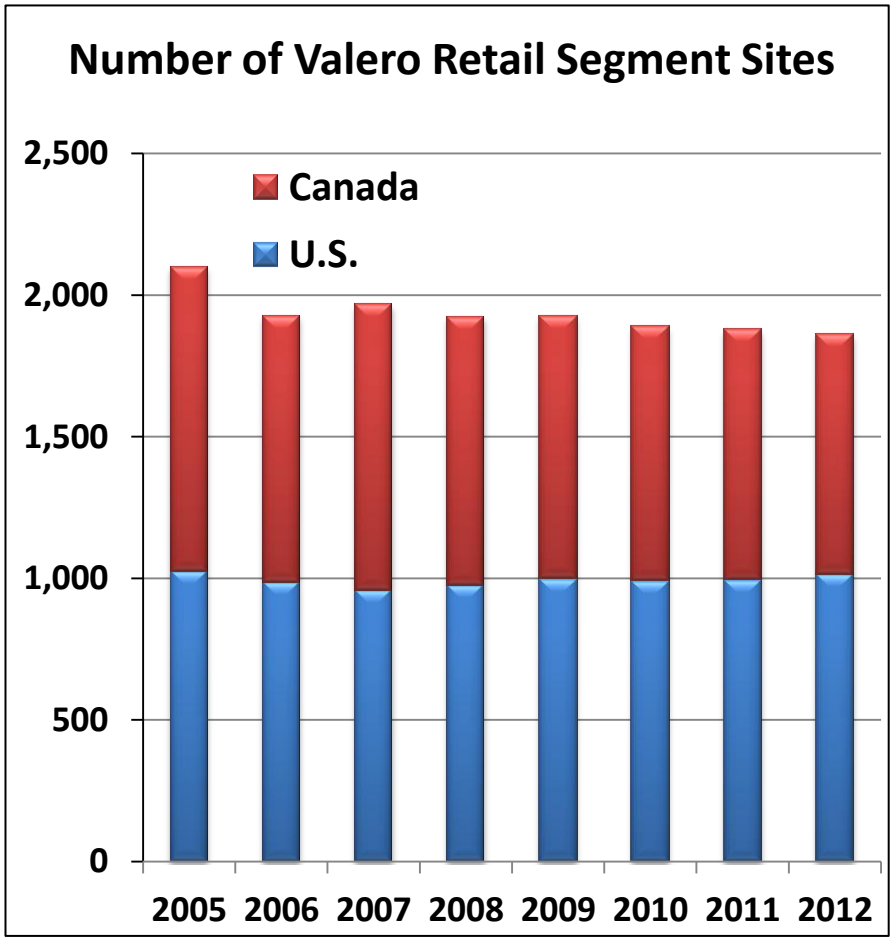


- **Valero's low-cost acquisitions of high-quality plants imply a competitive advantage in any margin environment**
- **Provides platform for future production of advanced biofuels**

Valero's Retail Segment Performance



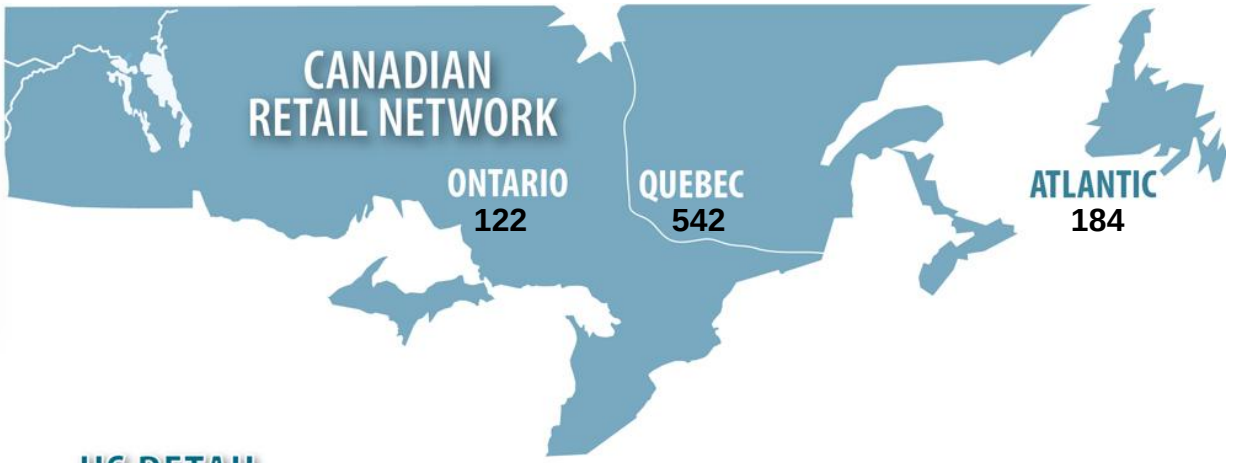
Note: EBITDA = Pretax operating income + depreciation and amortization + special items, excludes interest expense; see reconciliation in appendix

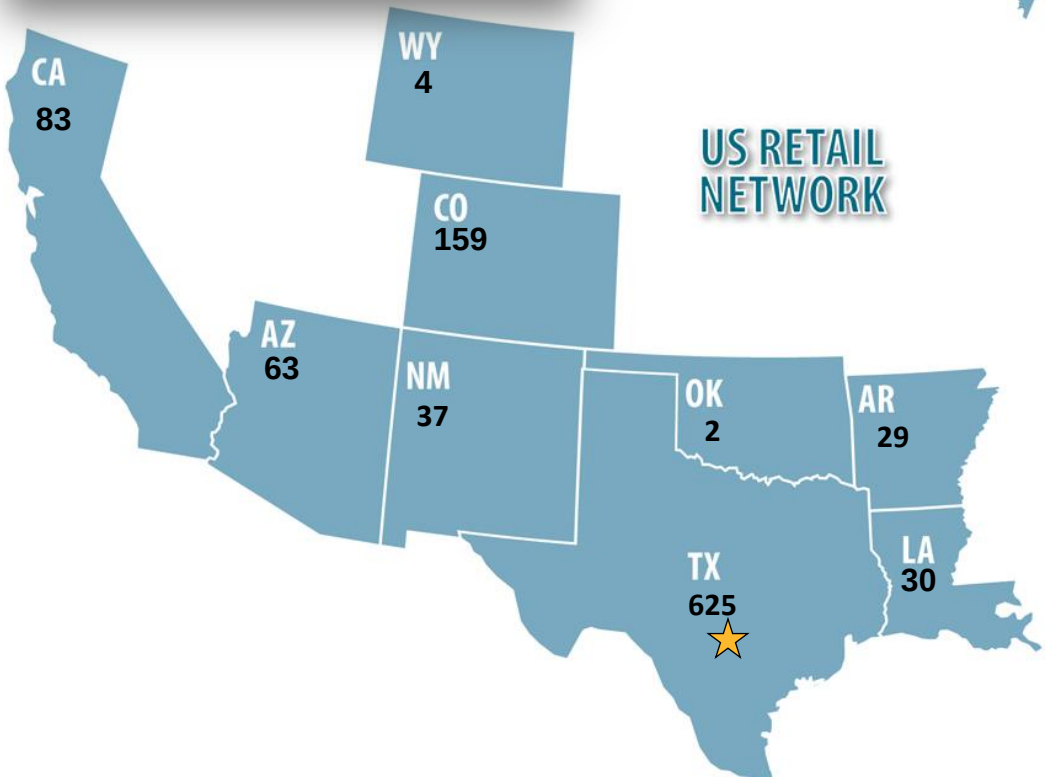


Note: includes all Canadian motorist and cardlock sites reported in Canadian results

- **Retail achieved record EBITDA in 2011 and second highest year in 2012**
- **Going forward, CST Brands, Inc. will incur incremental costs not reflected in the numbers above, such as corporate G&A**

Geographically Diverse Operations



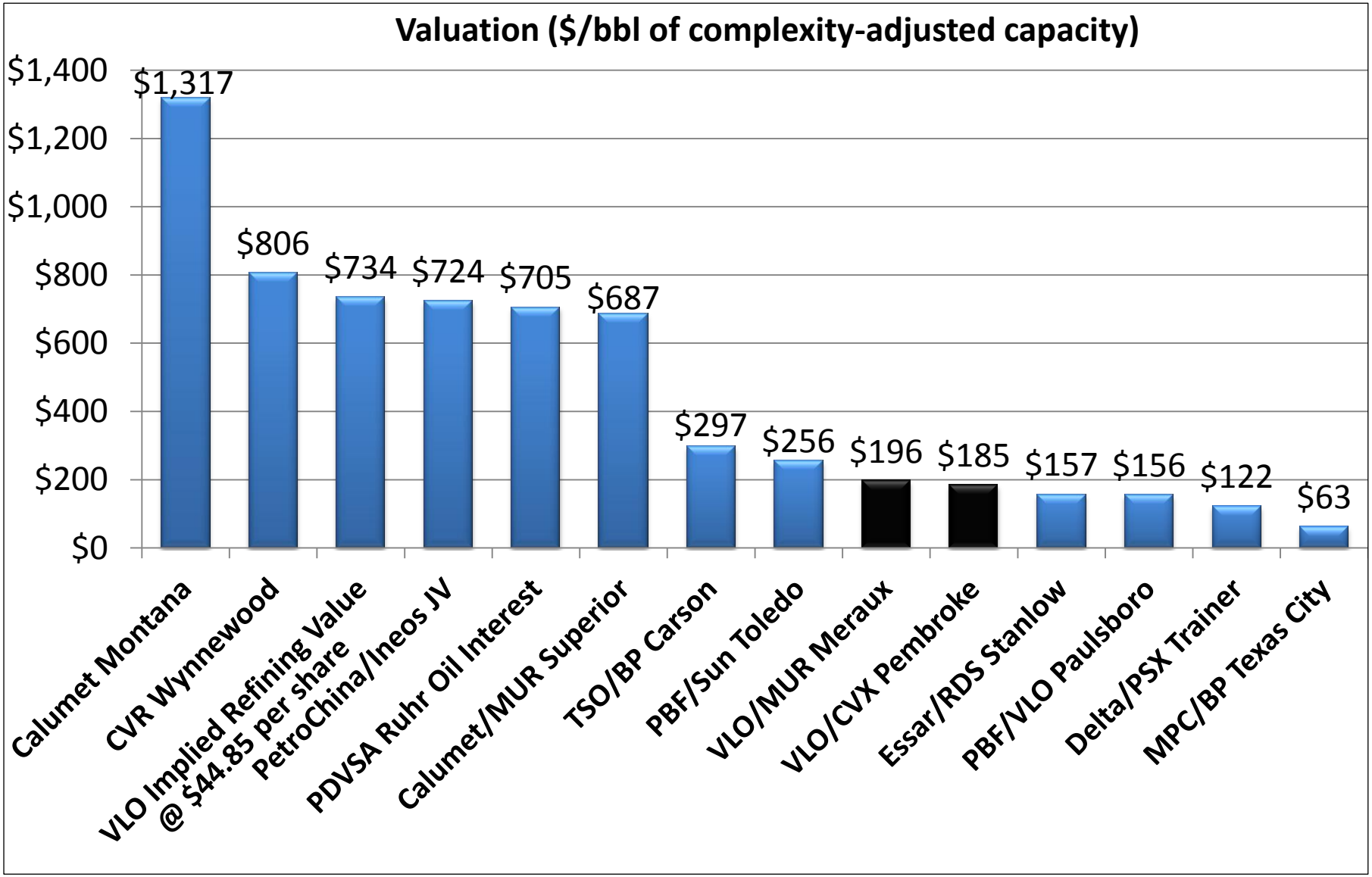


	U.S.		Canada		Total	
Owned	833	81%	284	33%	1,117	60%
Leased land, and/or improvements	199	19%	484	57%	683	36%
Cardlock	0	0%	80	10%	80	4%
Total	**1,032**	**100%**	**848**	**100%**	**1,880**	**100%**

As of December 31, 2012

★ Corner Store Headquarters – San Antonio, Texas

Attractive Acquisition Prices for Meraux and Pembroke



2013 Strategic/Economic Growth Spending Details

Refinery	Project	Estimated Total Investment (millions)	Estimated 2013 Spend (millions)	Estimated Completion Date	Estimated Key Economic Benefit	Key Drivers/Additional Comments
McKee	25 MBPD Crude Unit Project	$130	$50	2Q14	$9 mm per year of EBITDA for every $1/bbl of Brent – WTI	Brent – WTI differential; permitting in progress
Quebec	Crude Logistics	$110-$200	$45	Early 2015	$2-$5/bbl improvement in feedstock cost	Enables substitution of cheaper North American crude oil versus more expensive imports
Houston	90 MBPD Crude Topper	$220-$280	$110	Early 2015		
Port Arthur	15 MBPD HCU Expansion	$160	$20	2015	Similar margins to base HCU project	Natural gas to diesel spread, volume expansion with high crude price
St. Charles	15 MBPD HCU Expansion	$160	$20	2015	Similar margins to base HCU project	
Port Arthur/St. Charles	HCUs and Crude Projects	$135	$110	2013 for HCUs 2014 for crude projects	Spending to complete HCUs and associated projects	
Meraux	20 MBPD HCU Expansion	$160	$60	2014	$75 - $100 mm per year EBITDA	

Note: EBITDA = Pretax operating income + depreciation and amortization, excludes interest expense

2013 Strategic/Economic Growth Spending Details

Refinery	Project	Estimated Total Investment (millions)	Estimated 2013 Spend (millions)	Key Driver/Additional Comments
Various locations	Logistics Improvements	$365	$205	Additional logistics facilities focused on lowering feedstock costs, increasing product marketing flexibility. Projects include dock facilities, rail unloading, pipeline, and terminal projects
Various locations	Rail Car Purchase	$260	$60	Purchase 2,000 rail cars to expand fleet of rail cars to approximately 9,000 cars. Increases feedstock flexibility and access to discounted inland crudes
Various Locations	Alternative Fuels Delivery	$35	$30	Add additional facilities for ethanol receipts and sales at Pembroke and add biodiesel blending facilities at Three Rivers
Various Locations	Refinery Optimization	$185	$60	Many smaller projects to improve the efficiency and profitability of our refineries. Examples: new reactor for previous Port Arthur hydrocracker to extend runtime, energy efficiency projects, and advanced process controls
Retail	Strategic Capital	N/A	$145	New stores, remodels, and various other strategic spending

- **Estimate total investment is spread over 2 to 5 years depending on the project**

Port Arthur Hydrocracker Project

Investment Highlights

- Favorable economics driven by margin and volume gains
- Main unit is 57,000 barrels/day hydrocracker (rolling 12-month average per permit)
- Creates high-value products from low-value feedstocks plus hydrogen sourced from relatively inexpensive natural gas
- Unit has volume expansion up to 30%, but plan to optimize at 20%: 1 barrel of feedstocks yields up to 1.2 barrels of products
- Main products are high-quality diesel and jet fuel for growing global demand for middle distillates
- Located at large, Gulf Coast refinery to leverage existing operations and export logistics
- Also adding facilities to process over 150,000 barrels/day of high-acid, heavy sour crudes (e.g. Canadian and Latin American). This benefit is delayed until late-2014.

Summary of Project Status and Economics[1]	
Estimated mechanical completion date	Complete
Estimated operation date	Complete
Estimated total investment (mil.)	$1,620
Cumulative spend thru 4Q 2012 (mil.)	$1,550
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$520
Estimated Unlevered IRR on Total Spend, Base Case	23%
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), 2011 Prices – LLS	$634

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

St. Charles Hydrocracker Project

Investment Highlights

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

Summary of Project Status and Economics[1]	
Estimated mechanical completion date	2Q13
Estimated operation date	2Q13
Estimated total investment (mil.)	$1,630
Cumulative spend thru 4Q 2012 (mil.)	$1,400
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$380
Estimated Unlevered IRR on Total Spend, Base Case	17%
Estimated Incremental EBITDA (Operating Income before D&A[2]) (mil.), 2011 Prices – LLS	$487

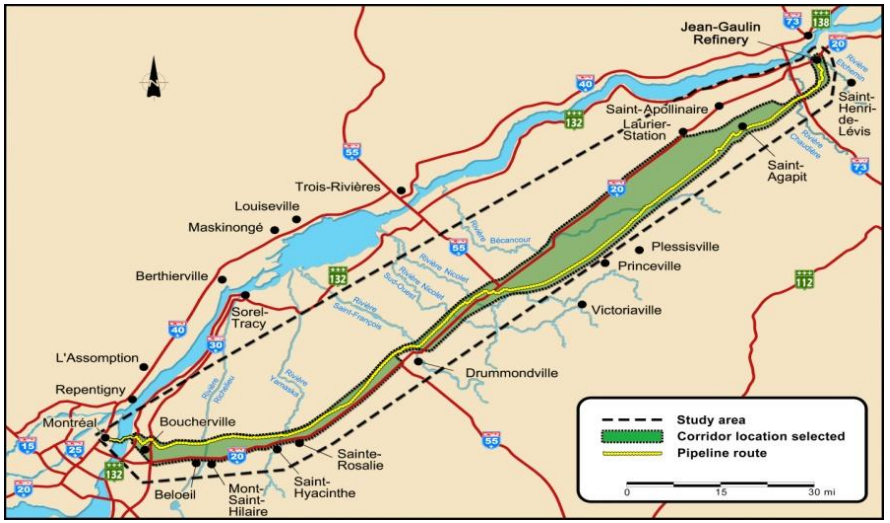
[1]See Appendix for key price assumptions; [2]D&A = depreciation and amortization expense

Montreal Pipeline Project

Investment Highlights

- Favorable economics driven by reducing transportation costs and growing volumes
- New pipeline with 100,000 barrels/day of throughput capacity
- Planned closure of Shell Montreal refinery allows Valero to place additional products into Montreal and Ontario markets
- Quebec refinery is largest refinery in the region with 1st-quartile performance and has a cost advantage
- Economic benefit builds to base case from 2013 to 2016

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



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

Diamond Green Diesel Joint Venture

Investment Highlights

- Building a 9,300 BPD renewable diesel plant adjacent to Valero's St. Charles refinery
- 50/50 JV project with Darling Int'l, a leading gatherer of used cooking oils and animal fat
- Uses refinery technology to produce high-quality diesel from low-quality, low-cost cooking oils and fats
- Diesel production qualifies as biomass-based diesel, a difficult specification under the Renewable Fuels Standard
- Total estimated project cost of $368 million
- Valero to provide 14-year term loan for up to $221 million to JV at attractive rates
- Base case economics assume $1.25/gal RIN value, when current market is $0.45/gal to $0.65/gal

Summary of JV Status and Economics[1]	
Estimated mechanical completion date	Late 1Q13
Estimated operation date	Early 2Q13
Estimated Partner Equity (mil.)	$106
Cumulative Valero project spend thru 4Q 2012 (mil.)	$314
Estimated Valero EBITDA (Operating Income before D&A[2]) (mil.), Base Case	$55
Estimated Unlevered IRR on Partner Equity and Loan, Base Case	21%

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

Project Price Set Assumptions

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

Commodity	Base Case ($/barrel)	2008 ($/barrel)	2009 ($/barrel)	2010 ($/barrel)	2011 ($/barrel)	2012 ($/barrel)
LLS Crude oil[1]	85.00	102.07	62.75	81.64	111.09	112.20
LLS - USGC HS Gas Oil	-3.45	2.03	-2.86	-2.72	-5.75	-7.59
USGC Gas Crack	6.00	2.47	6.91	5.32	5.11	4.66
USGC ULSD Crack	11.00	20.5	7.26	8.94	13.24	15.99
Natural Gas, $/MMBTU (NYMEX)	5.00	8.90	4.16	4.38	4.03	2.71

[1]LLS prices are roll adjusted

Project Price Sensitivities

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

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

[1]Operating income before depreciation and amortization expense

Key Drivers for a 60,000 BPD Hydrocracker

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

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

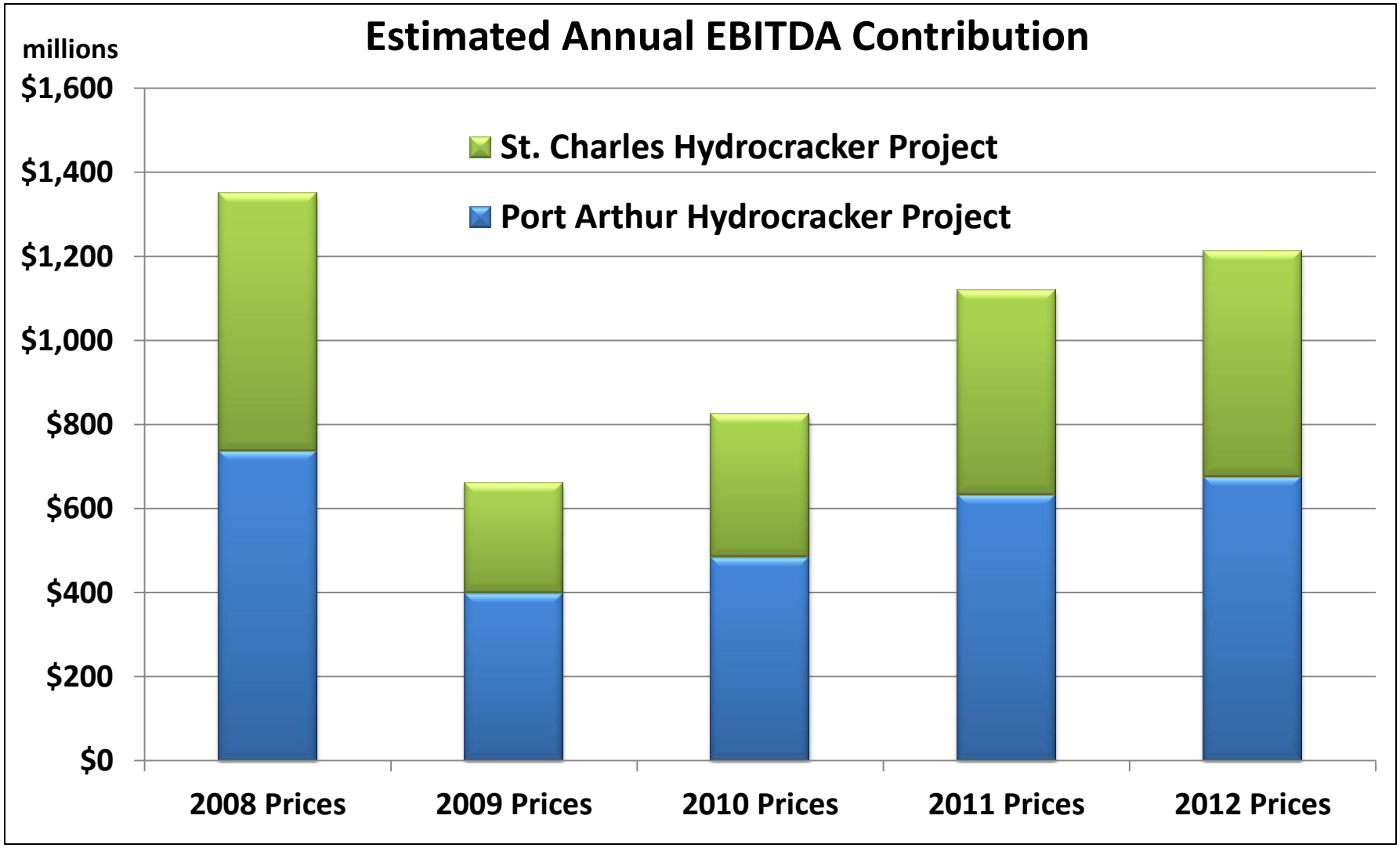
Hydrocracker Unit Products (BPD)	
Distillates (diesel, jet, kero)	44,000
Gasoline and blendstocks	24,000
LPGs	3,000
Low-sulfur VGO	1,000
Total	**72,000**

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

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

12,000 BPD (20%) volume expansion

Valero's Hydrocracker Projects Show Profits Under Various Price Sets



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

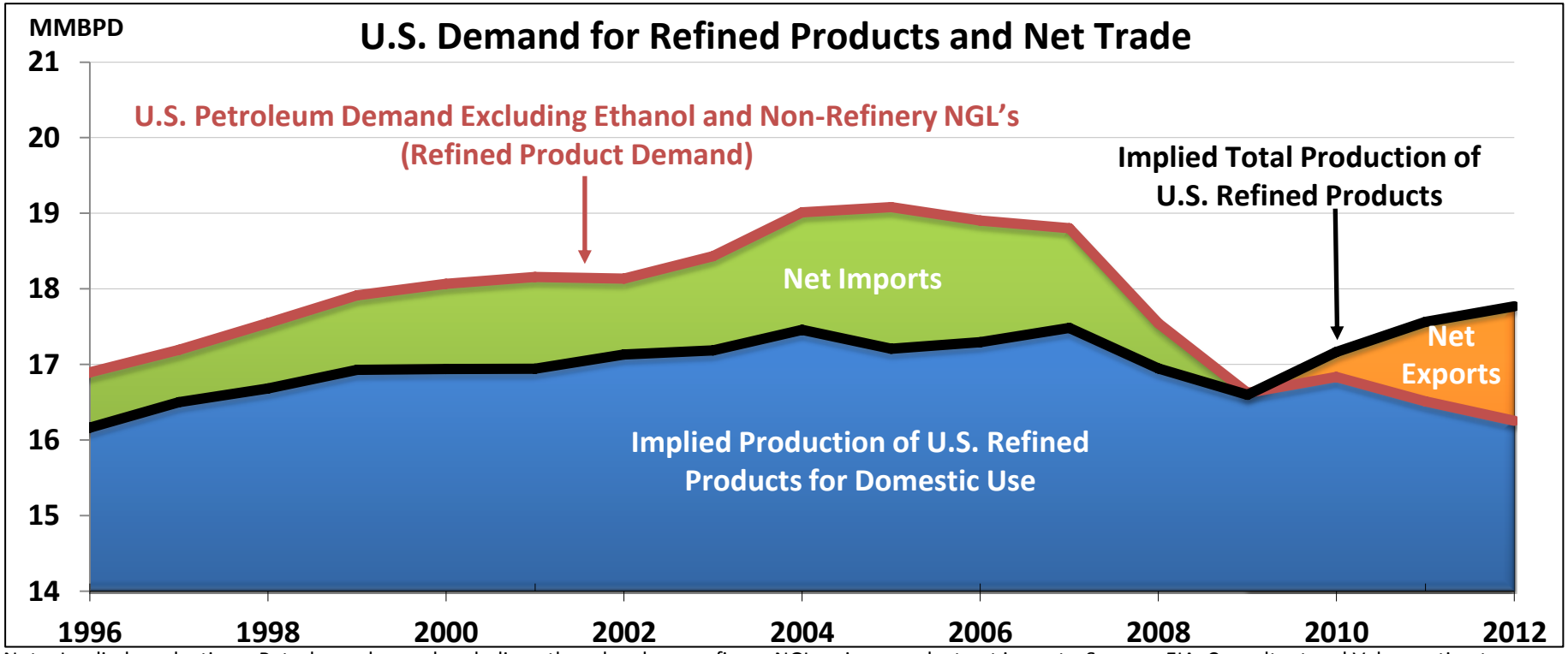
60,000 BPD Hydrocracker Model Estimates Under Various Price Sets

Key Drivers and Prices	2008 Prices		2009 Prices		2010 Prices		2011 Prices		2012 Prices	
LLS /bbl	$102.07		$62.75		$81.64		$111.09		$112.20	
LLS – HSVGO /bbl	$2.03		-$2.86		-$2.72		-$5.75		-$7.59	
GC Gasoline – LLS /bbl	$2.47		$6.91		$5.32		$5.11		$4.66	
GC Diesel – LLS /bbl	$20.50		$7.26		$8.94		$13.24		$15.99	
Natural Gas (NYMEX) /mmBtu	$8.90		$4.16		$4.38		$4.03		$2.71	
Natural Gas to H2 cost factor $/mmBtu	1.5x		1.5x		1.5x		1.5x		1.5	
H2 Consumption SCF /bbl	2,050		2,050		2,050		2,050		2,050	
GC LSVGO – HSVGO /bbl	$4.28		$2.85		$3.21		$3.87		$3.14	
GC LPGs – LLS /bbl	-$40.02		-$20.11		-$23.97		-$38.30		-$49.70	
Feedstocks (Barrels per day)		**Bbl/day**		**Bbl/day**		**Bbl/day**		**Bbl/day**		**Bbl/day**
HSVGO		60,000		60,000		60,000		60,000		60,000
Hydrogen		6,709		6,709		6,709		6,709		6,709
Product Yields										
Distillates (diesel, jet, kero)	61%	43,902	61%	43,902	61%	43,902	61%	43,902	61%	43,902
Gasoline and blendstocks	33%	23,940	33%	23,940	33%	23,940	33%	23,940	33%	23,940
LPGs	4%	3,042	4%	3,042	4%	3,042	4%	3,042	4%	3,042
LSVGO	2%	1,338	2%	1,338	2%	1,338	2%	1,338	2%	1,338
Total Product Yields	100%	72,222	100%	72,222	100%	72,222	100%	72,222	100%	72,222
Volume Expansion on HSVGO		20%		20%		20%		20%		20%
Estimated Profit Model	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**	**Per Bbl**	**$Mil./day**
Revenues	$136.87	$8.2	$82.71	$5.0	$105.85	$6.4	$143.72	$8.6	$146.33	$8.8
Less: Feedstock cost	-$109.07	-$6.5	-$69.83	-$4.2	-$88.80	-$5.3	-$120.93	-$7.3	-$122.54	-$7.4
= Gross Margin	$27.80	$1.7	$12.88	$0.8	$17.05	$1.0	$22.79	$1.4	$23.79	$1.4
Less: Cash Operating Costs	-$1.50	-$0.1	-$1.50	-$0.1	-$1.50	-$0.1	-$1.50	-$0.1	-$1.50	-$0.1
Add: Synergies	$1.70	$0.1	$0.55	$0.0	$0.03	$0.0	$0.95	$0.1	$0.95	$0.1
= EBITDA	$28.00	$1.7	$11.93	$0.7	$15.57	$0.9	$22.24	$1.3	$23.24	$1.4
Estimated Annual EBITDA ($MM/year)		**$613**		**$261**		**$341**		**$487**		**$509**

Note: 2012 YTD prices as December 31, 2012

U.S. Shifted to Net Exporter

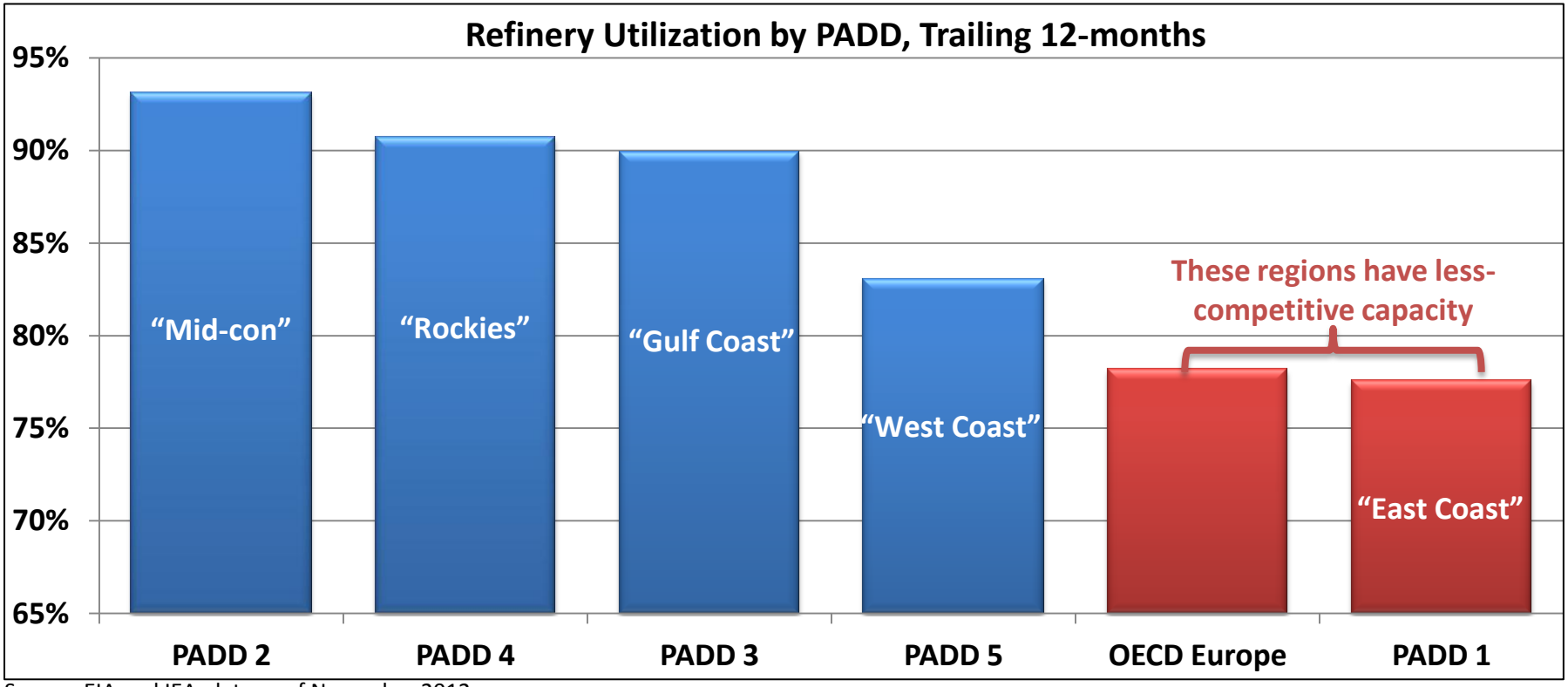
- **The transition of the U.S. refining system to being a net exporter to the world market has mitigated the impact of declining domestic demand**
  - Large quantities of U.S. diesel and gasoline exports to Latin America and diesel exports to Europe
- **Strong international demand has been "pulling"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

U.S. Refining Capacity Is Globally Competitive

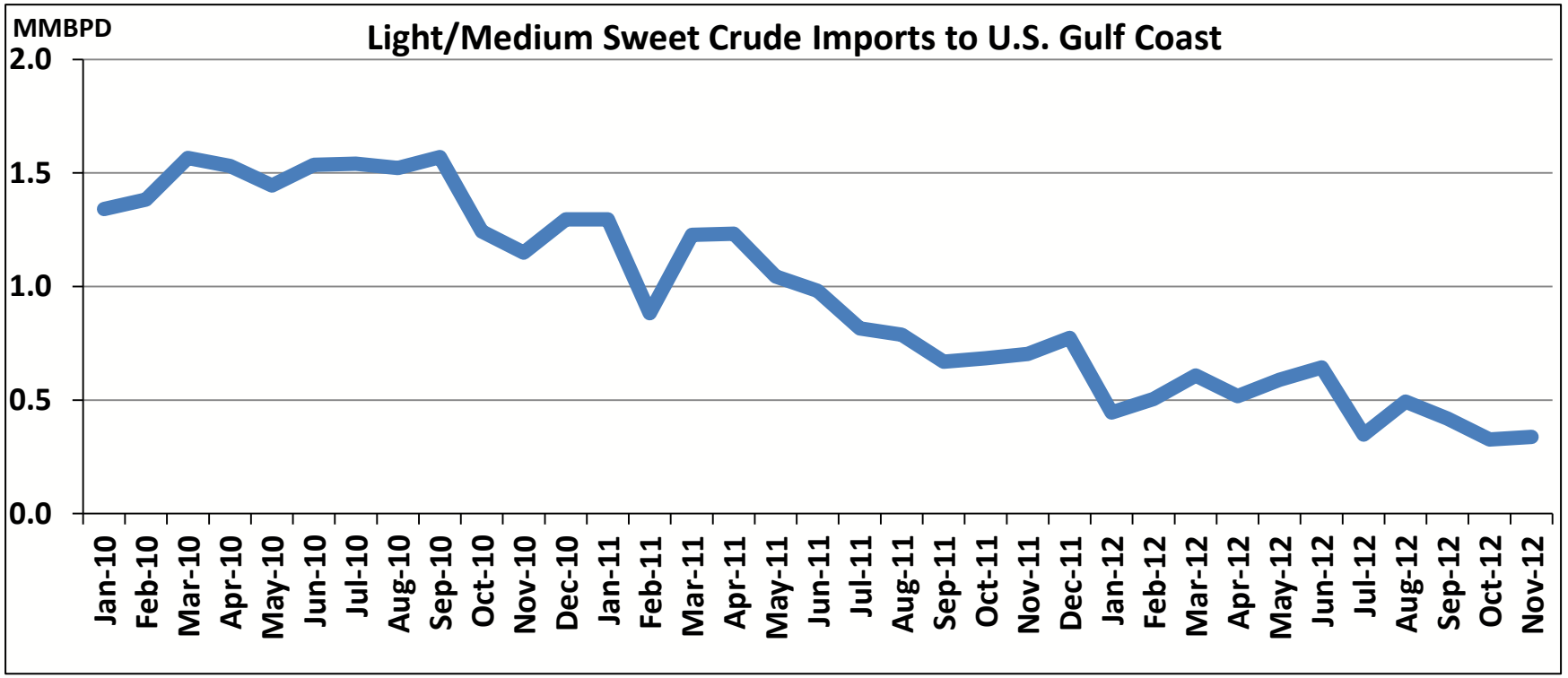
- U.S. refiners in PADDs 2, 3, and 4 have higher utilization due to structural advantages of increasing access to discounted crude feedstocks and low-cost energy via natural gas
- PADD 1 and Europe have lower utilization due to structural disadvantages of higher crude oil and operating costs
- Industry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



Source: EIA and IEA, data as of November 2012

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

- Movements of inland crude to the U.S. Gulf Coast have caused Gulf Coast light/medium sweet crude imports to decline by about 1 MMBPD since 2010
- Expect all Gulf Coast light/medium crude imports could be pushed out of PADD III in 2013
  - Expect cost of Gulf Coast light crudes will go from structural ~$2/bbl premium to structural discount under Brent
  - Expect Brent priced light sweet crudes to set global prices for waterborne crude and feedstocks
  - LLS may not be a good marker for Gulf Coast light crudes with abundant supply into Texas

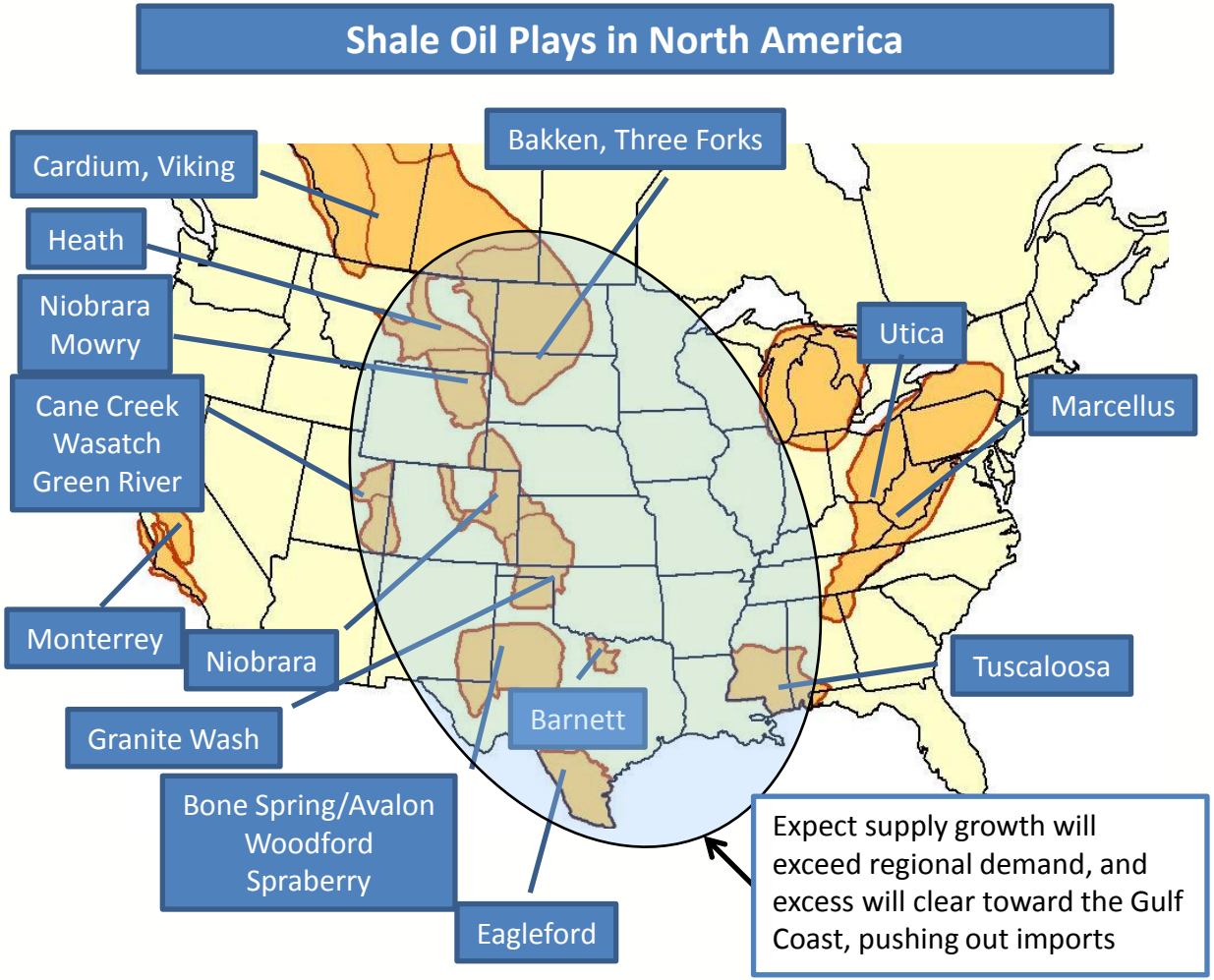


Note: Import volumes include light and medium crudes between 28 and 50 API with less than 0.7% sulfur

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

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

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



Source: Map from CERA

Global Refining Capacity Rationalization

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

Location	Owner	CDU Capacity Closed (MBPD)	Year Closed
Keihin Ohgimachi, Japan	Showa Shell	120	2011
Clyde, Australia	Shell	75	2011
Porto Marghera, Italy	ENI	70	2011
Marcus Hook, PA	Sunoco	175	2011
Harburg, Germany	Shell	107	2012
Berre, France	LyondellBassel	105	2012
Coryton, U.K.	Petroplus	220	2012
Petit Couronne, France[1]	Petroplus	160	2012
St. Croix, U.S.V.I	Hovensa	350	2012
Aruba	Valero	235	2012
Rome, Italy	TotalErg	82	2012
Fawley, U.K.*	ExxonMobil	80	2012
Trecate, Italy*	ExxonMobil	70	2012
Paramo, Czech Republic	Unipetrol	20	2012
Lisichansk, Ukraine	TNK-BP	175	2012
Bakersfield/Paramount, CA	Alon	90	2012
Ewa Beach, Hawaii	Tesoro	94	2013
Port Reading, NJ	Hess	N/A	2013
Sakaide, Japan	Cosmo Oil	140	2013
Japan	Indemitsu Kosan	100	2014
Japan	Nippon	200	2014
Kurnell, Australia	Caltex	135	2014

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

Sources: Industry and Consultant reports and Valero estimates

[1]The Petit Couronne refinery has shut completely when processing deal with Shell ended in December 2012

[2]Alon announced the closure of these refineries for economic reasons, may restart

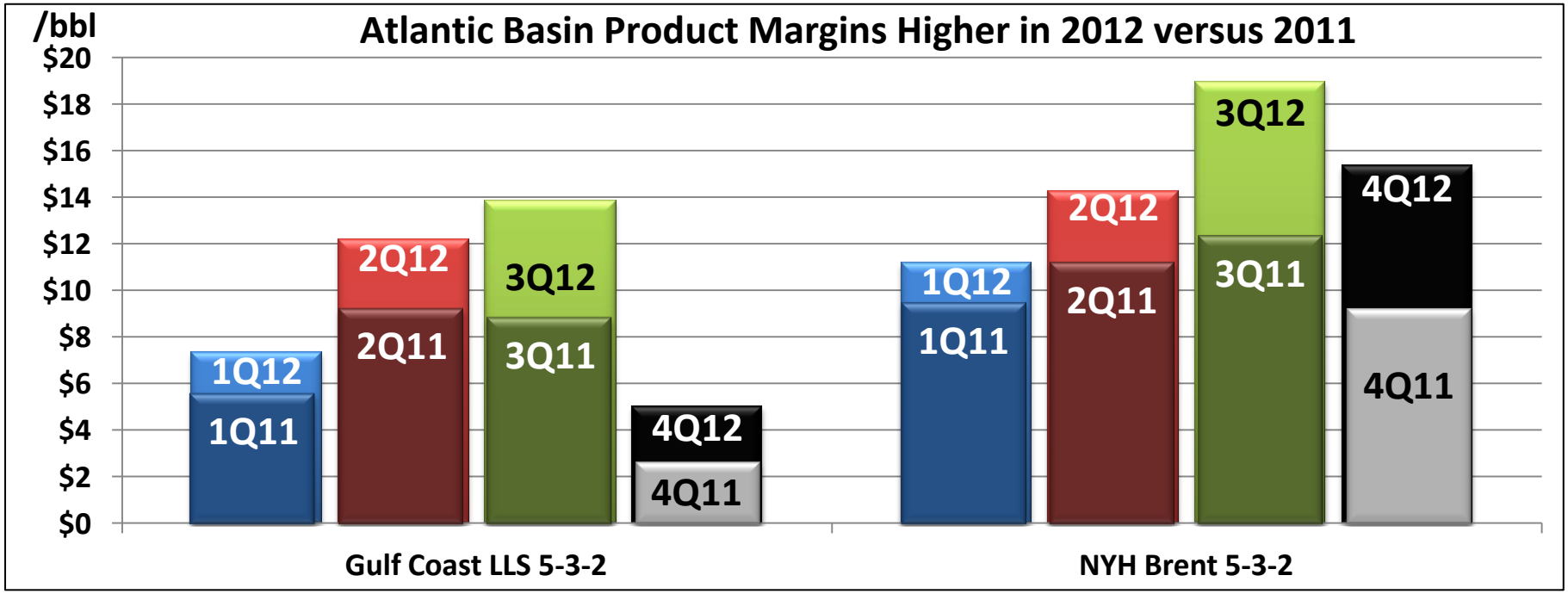
Global Refining Capacity For Sale or Under Strategic Review

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

Sources: Industry and Consultant reports and Valero estimates

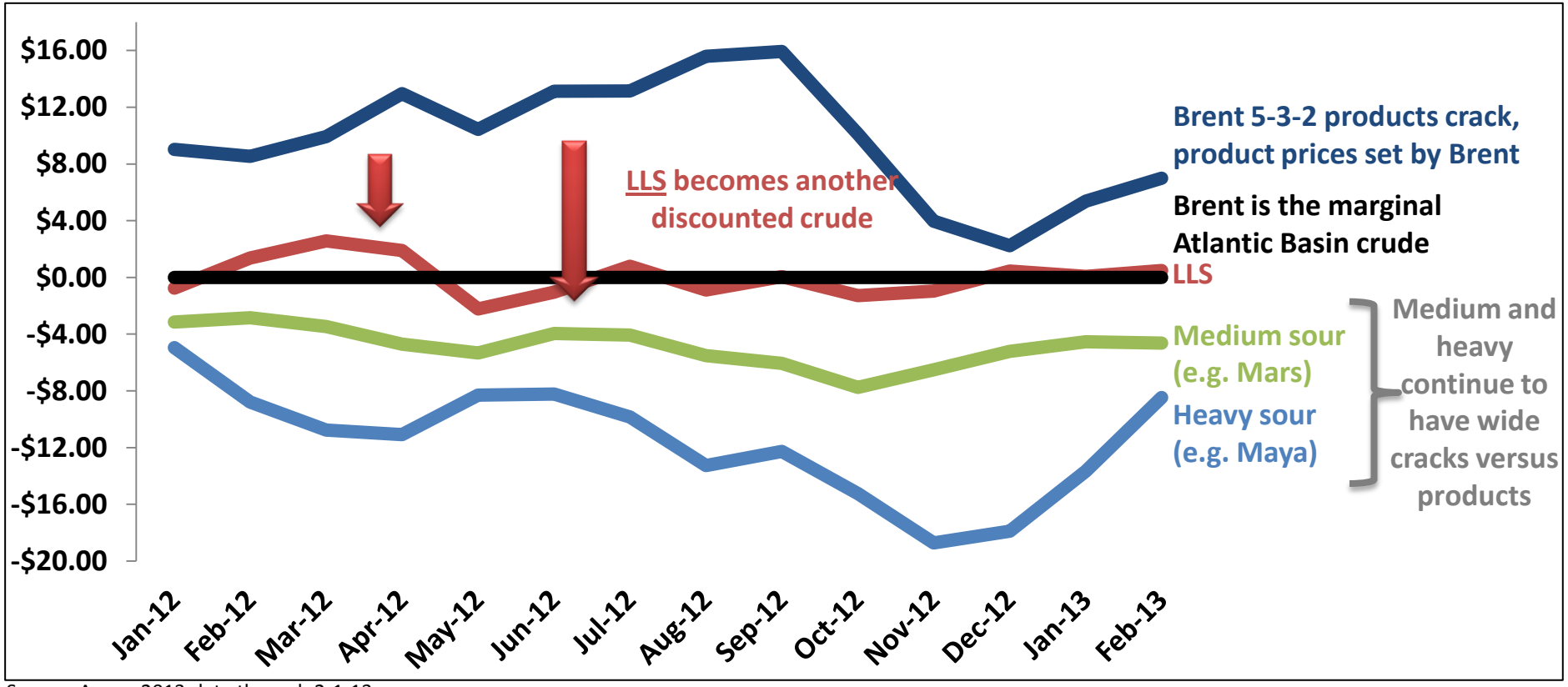
Product Margins Responding to Atlantic Basin Closures

- With closures in 2012, Atlantic Basin product margins increased from prior year levels
  - Both gasoline and distillates (diesel, jet fuel, kerosene) improved over 2011
- Atlantic basin distillate inventories remain supportive



Source: Argus, 1Q13 quarter-to-date pricing is through 1-28-13

Gulf Coast Light Crude Discount to Brent Improves Gulf Coast Competitiveness

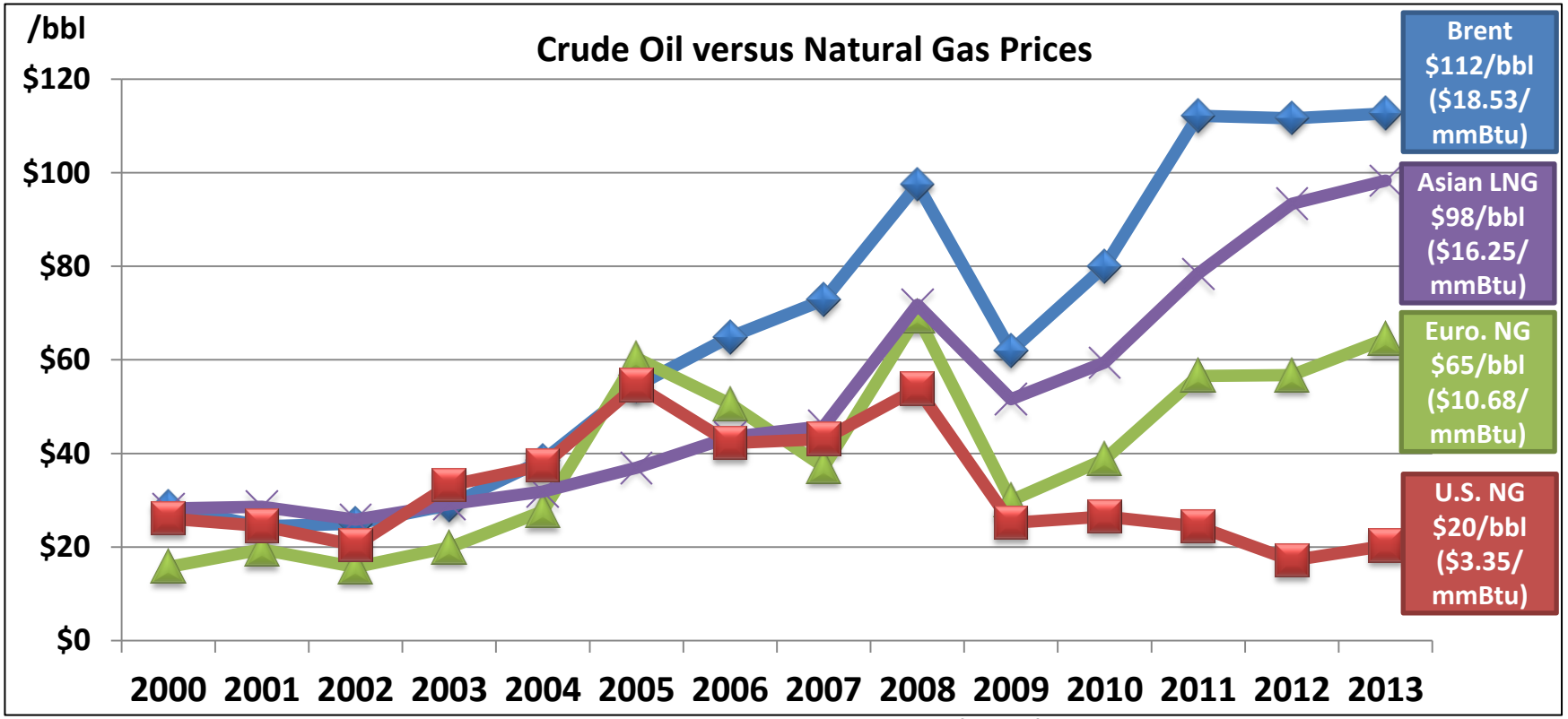


Source: Argus, 2013 data through 2-1-13

- **In 2012, LLS flipped from a historical premium to a discount to Brent (but we expect continued volatility)**
- **Over time, Valero expects:**
  - **The LLS (or U.S. Gulf Coast light crude) discount to Brent will become a structural cost advantage, increasing margins versus other Atlantic Basin refiners that process higher-priced, Brent-type crude**
  - **LLS pricing-benefit will accrue to Valero's lighter capacity on the Gulf Coast plus Memphis, which can process > 500,000 bpd without new investment**

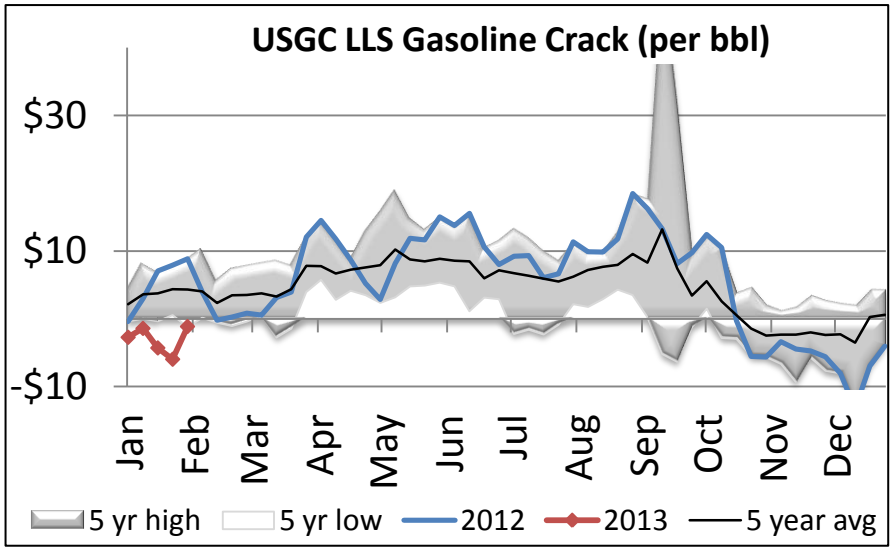
Low-Cost U.S. Natural Gas Provides Competitive Advantage

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

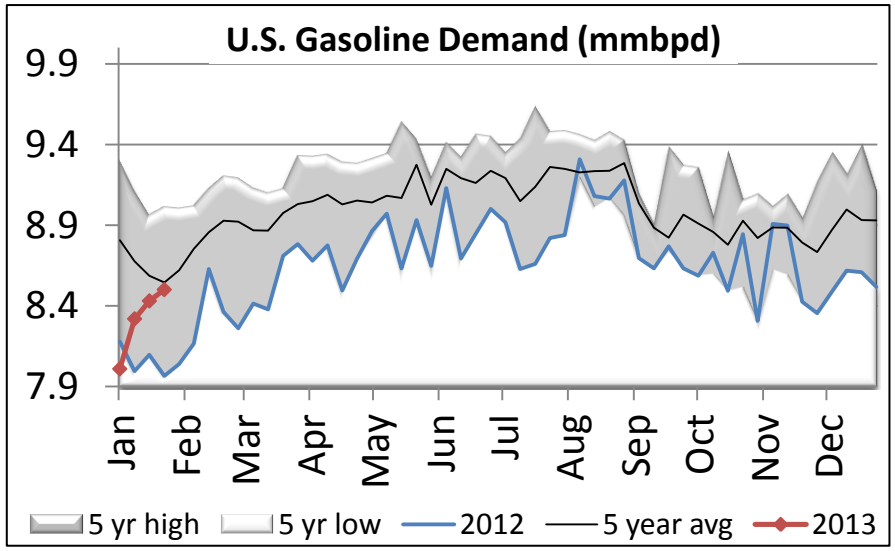


Source: Argus, 2013 = YTD through February 1, 2013; natural gas price converted to barrels using factor of 6.05x

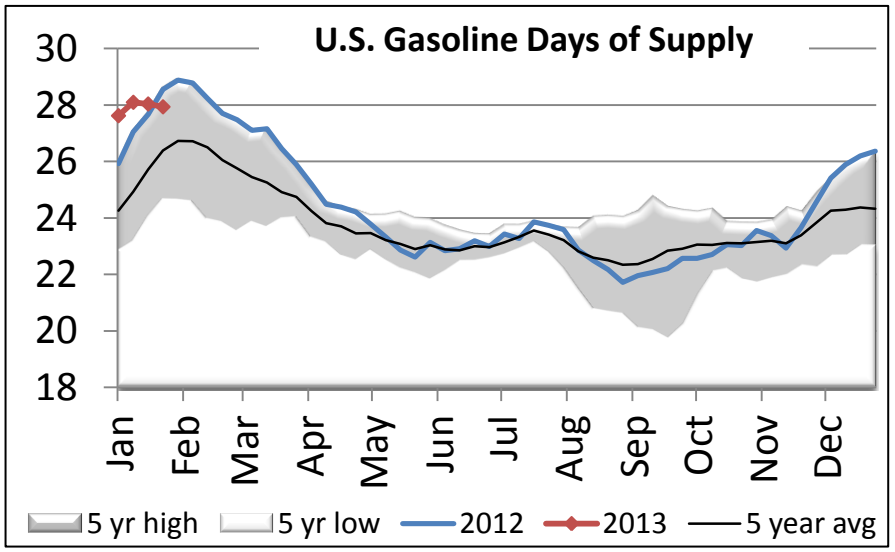
Gasoline Fundamentals



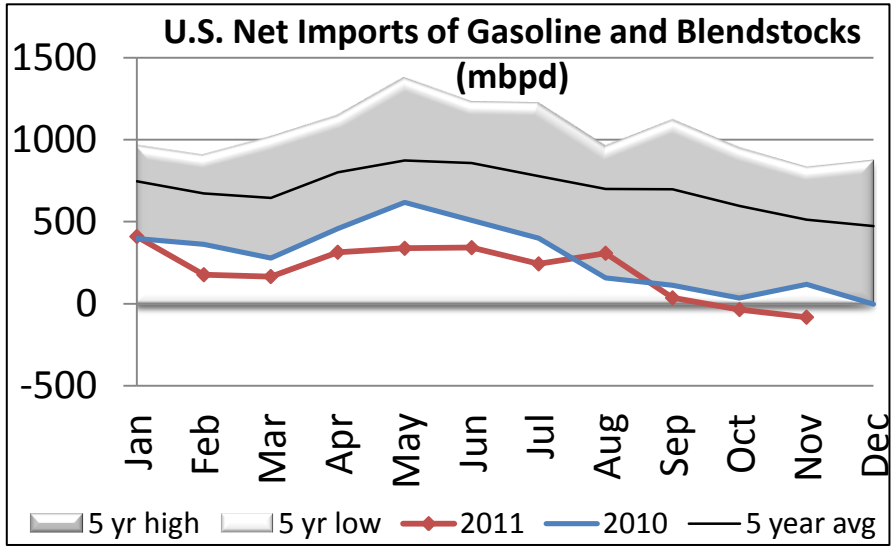
Source: Argus; 2013 data through February 1



Source: DOE weekly data; 2012 data through week ending January 25

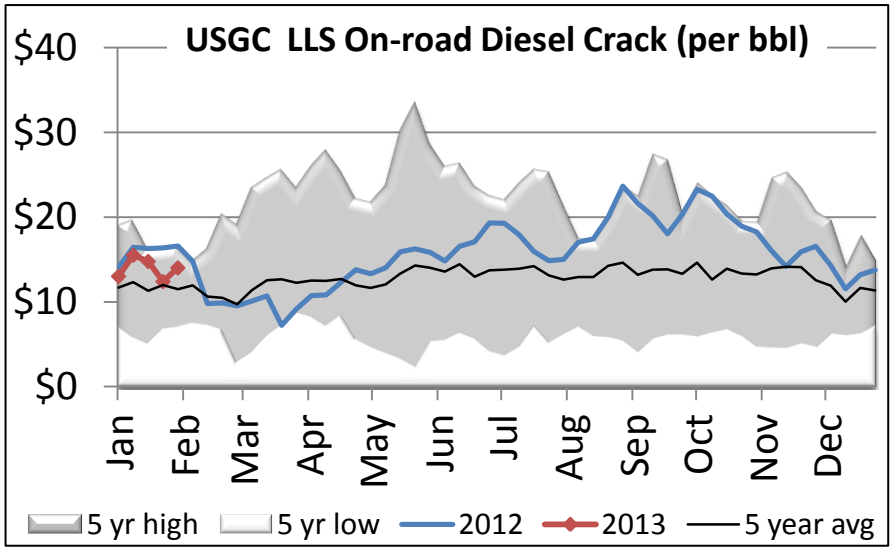


Source: DOE weekly data; 2012 data through week ending December 28

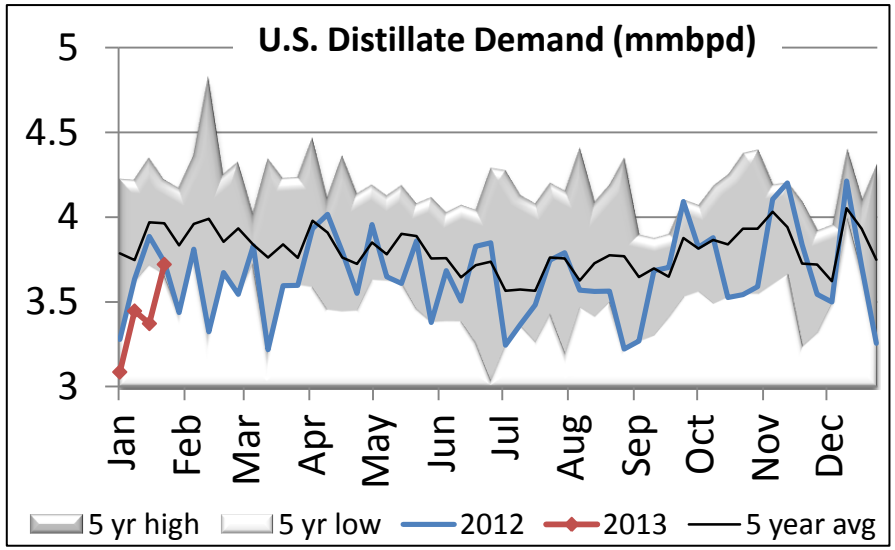


Source: DOE monthly data; 2012 data through November 2012

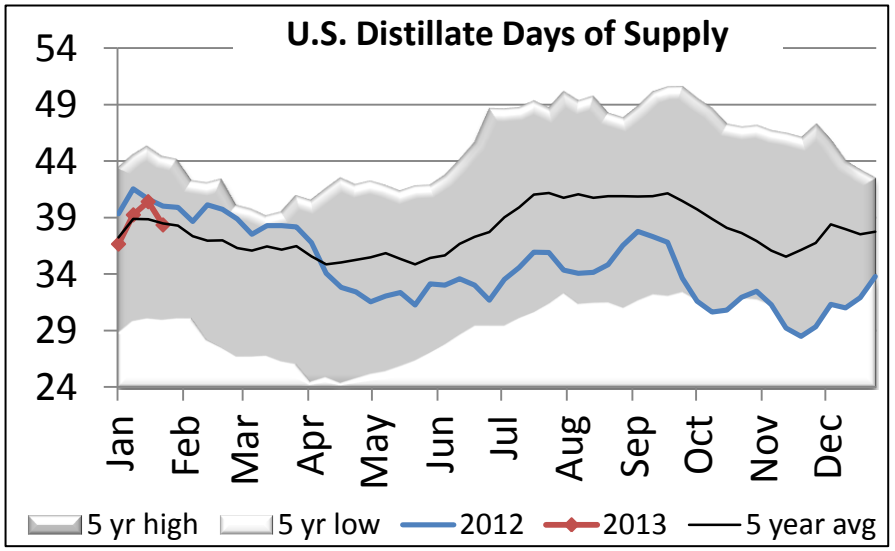
Distillate Fundamentals



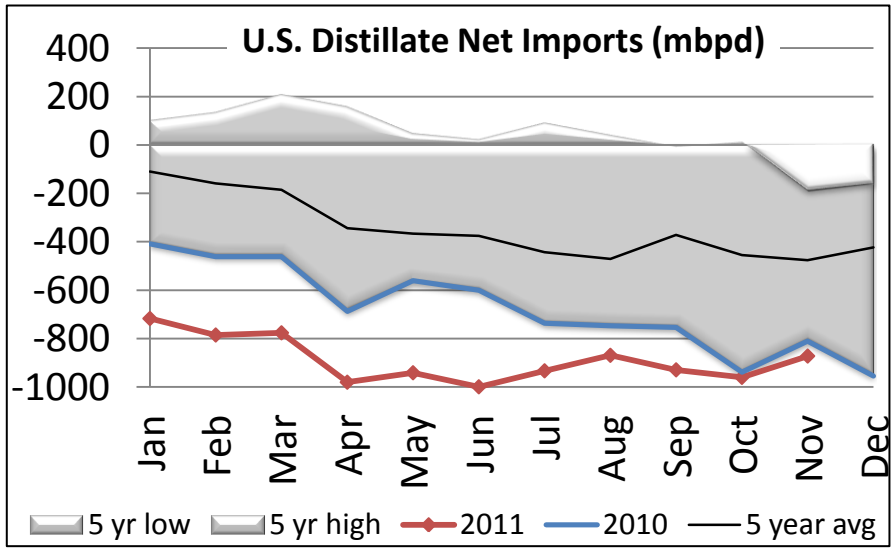
Source: Argus; 2013 data through February 1



Source: DOE weekly data; 2012 data through week ending February 1

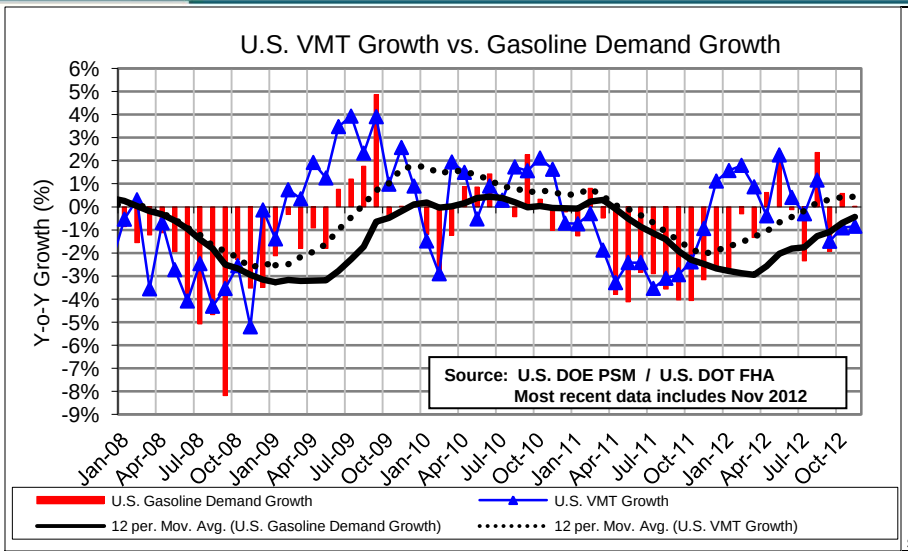


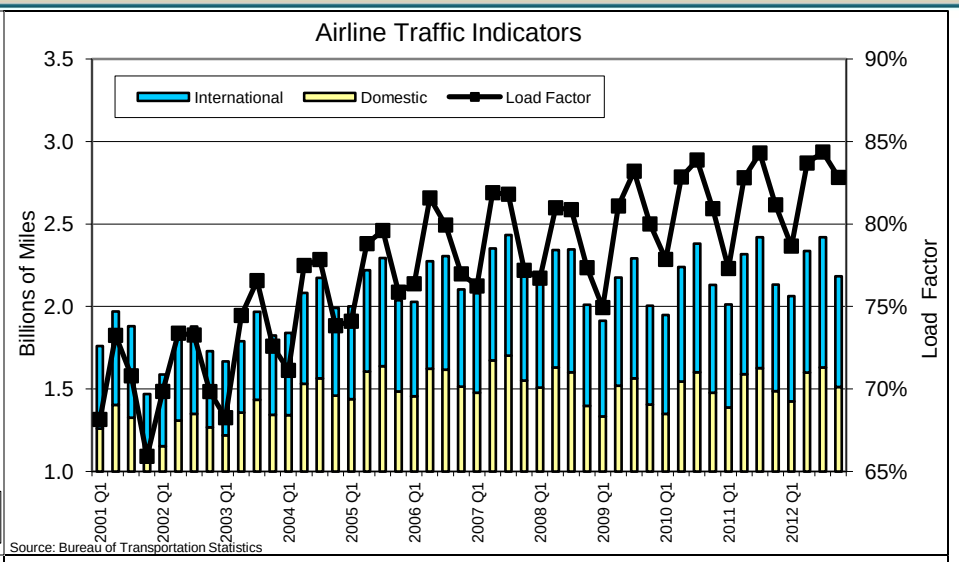
Source: DOE weekly data; 2012 data through week ending February 1

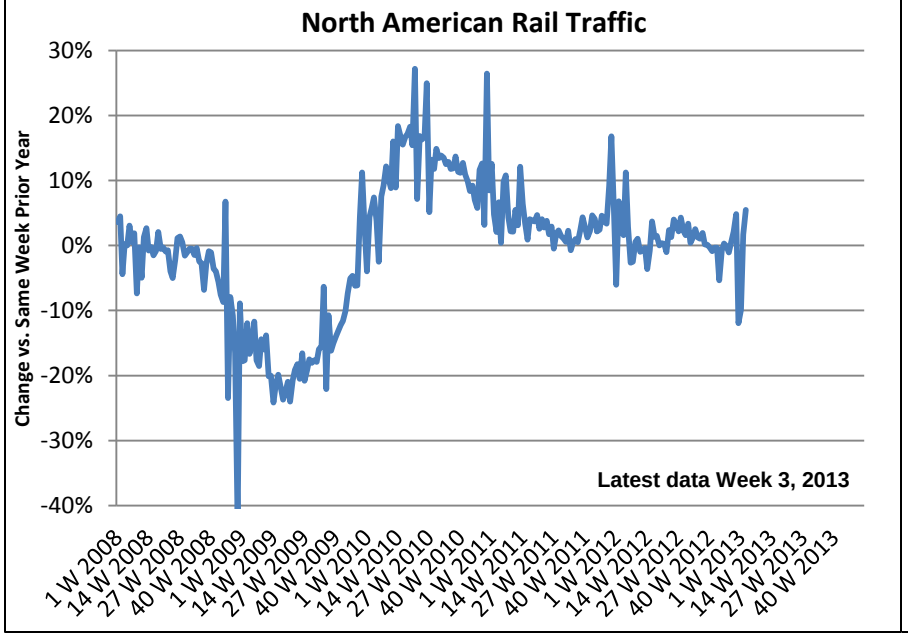


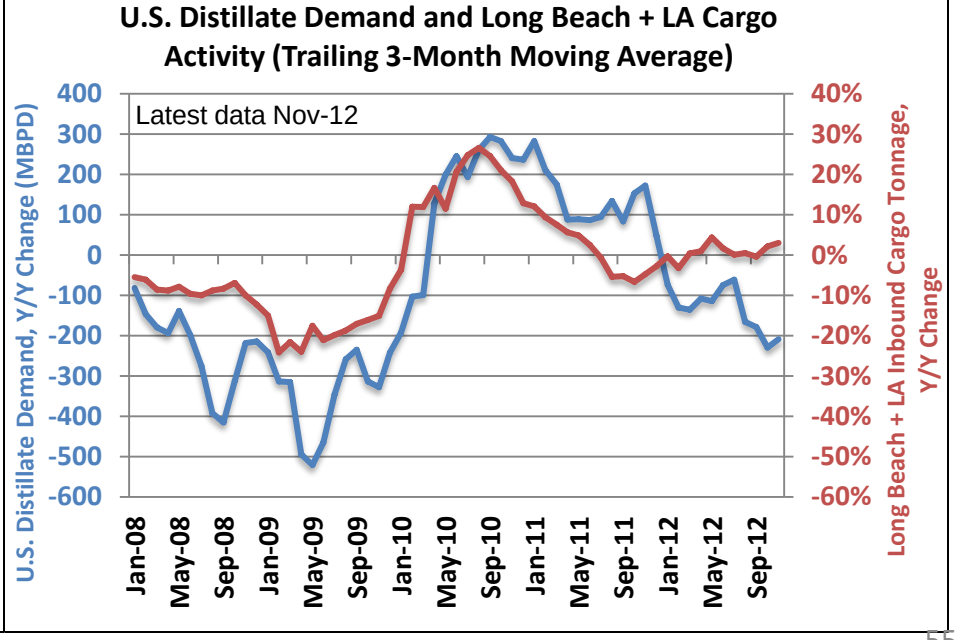
Source: DOE monthly data; 2012 data through November 2012

U.S. Transport Indicators

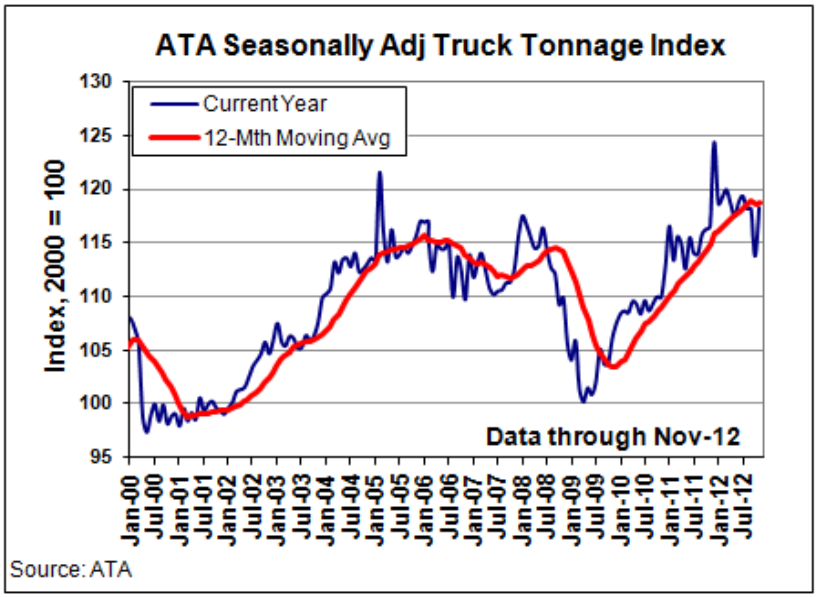


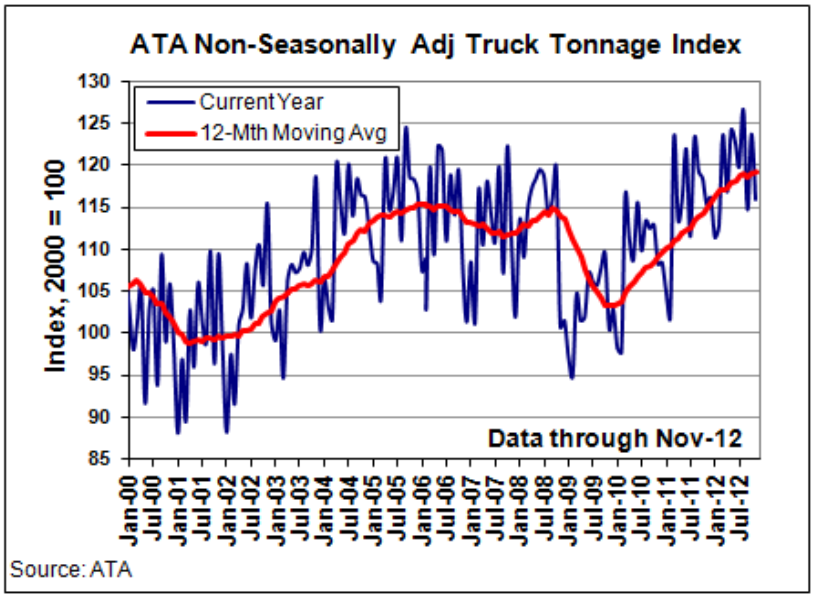


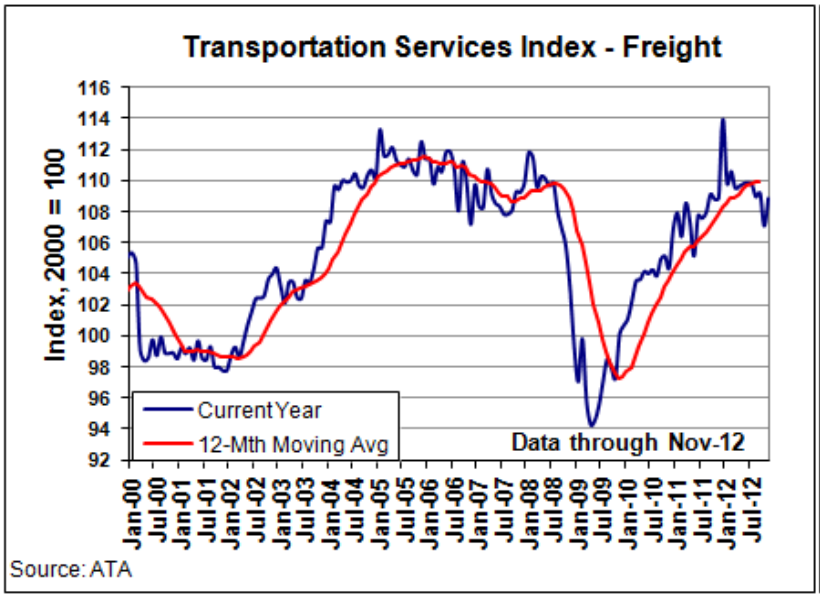


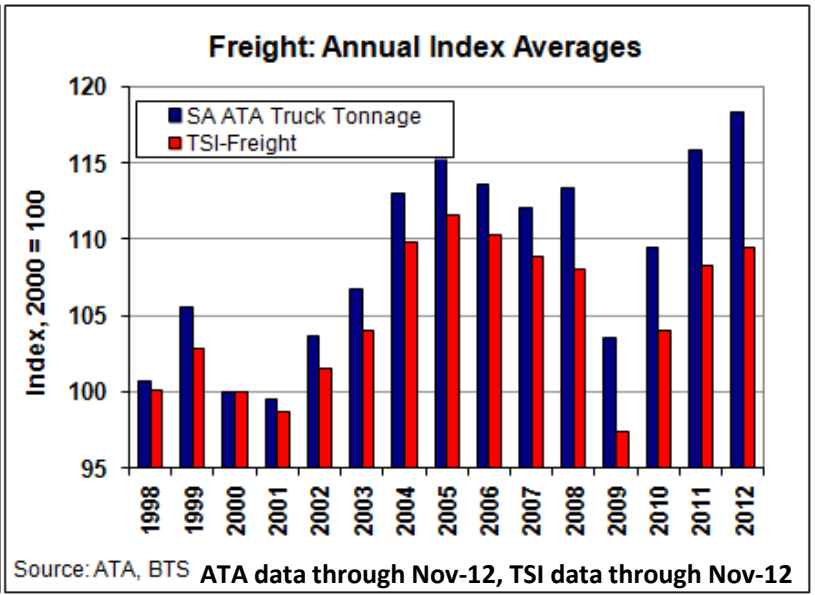


U.S. Transport Indicators: Trucking Indicators

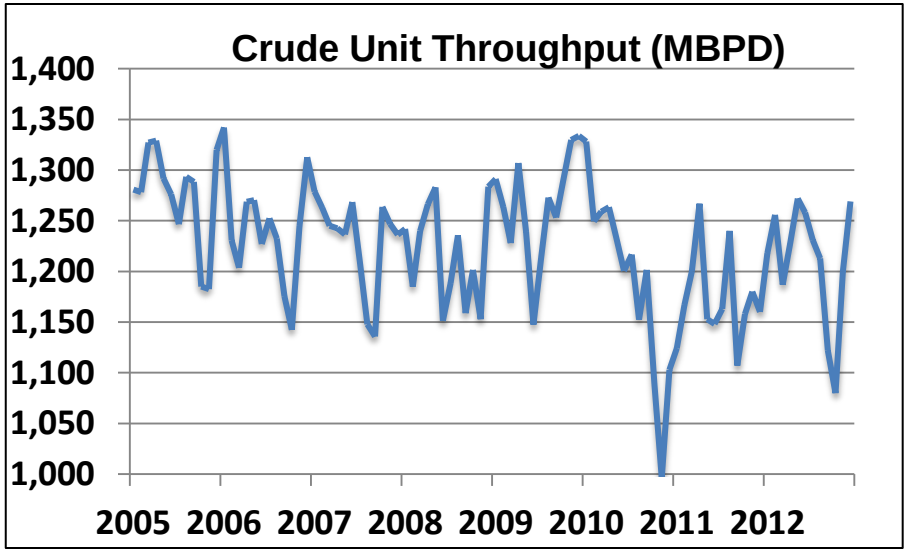




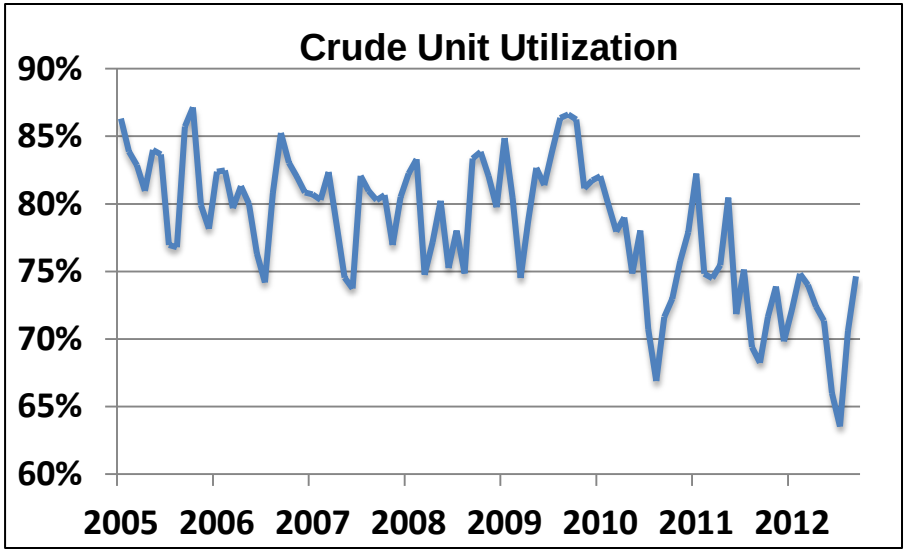




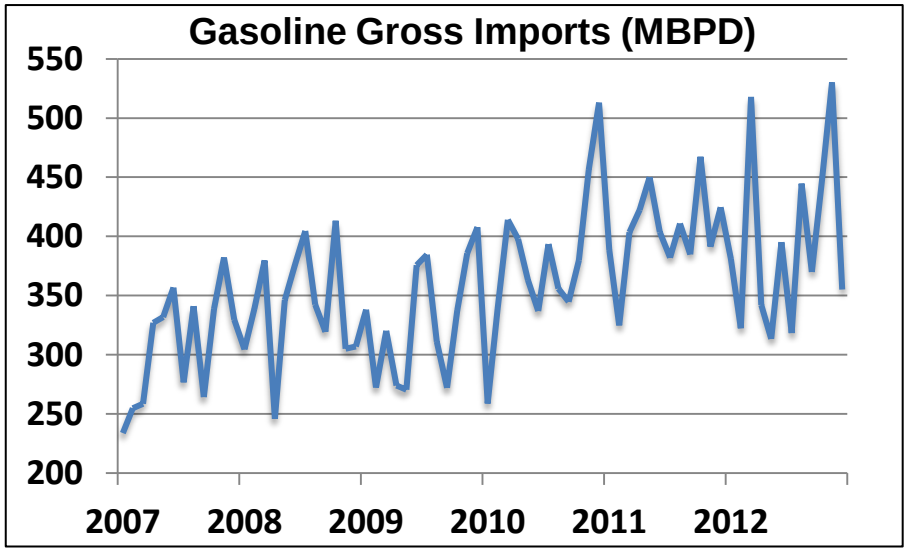
Mexico Statistics



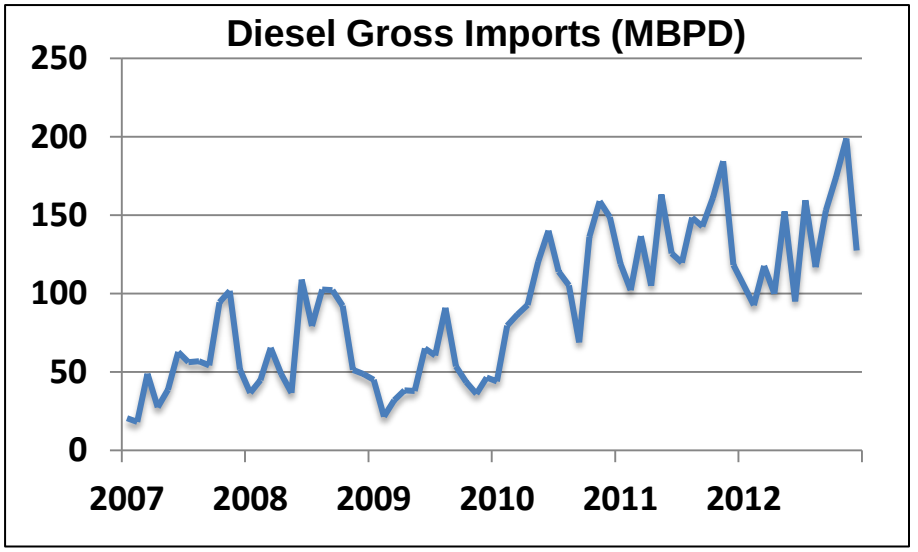
Source: Mexico Secretary of Energy, latest data December 2012



Source: Mexico Secretary of Energy, latest data December 2012

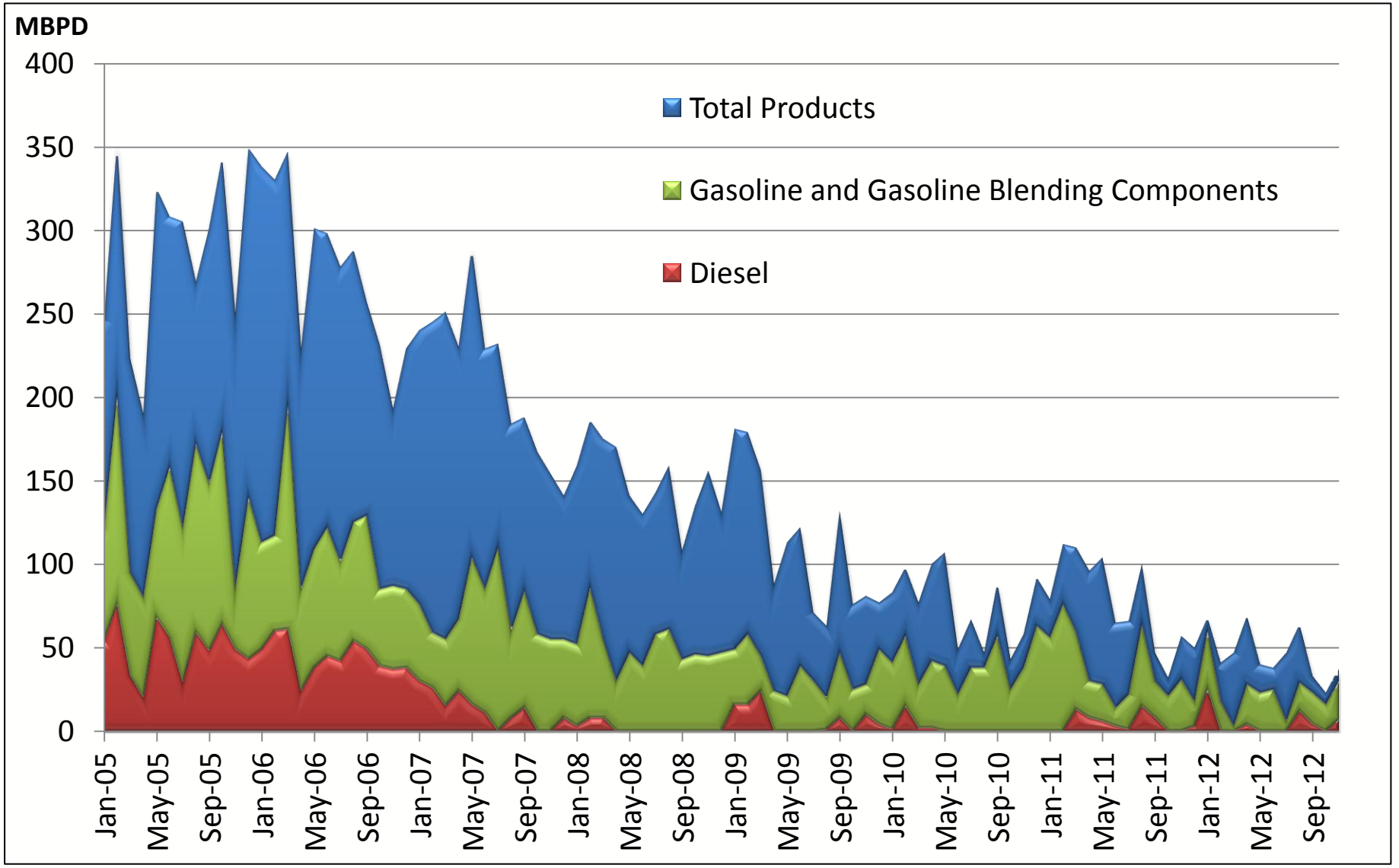


Source: PEMEX, latest data December 2012



Source: PEMEX, latest data December 2012

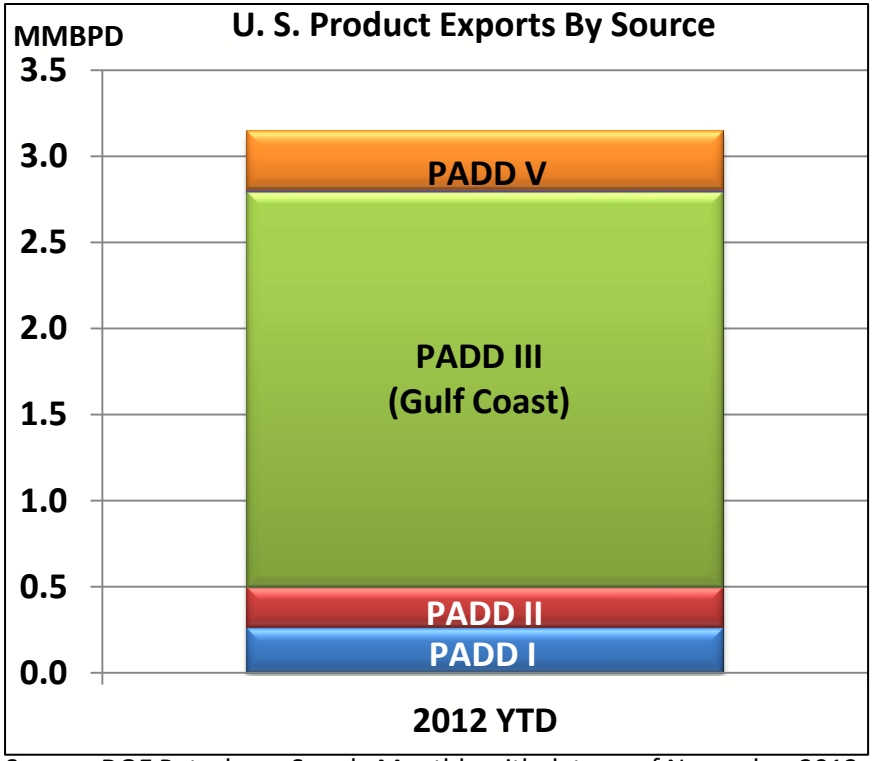
Venezuelan Exports to the U.S.

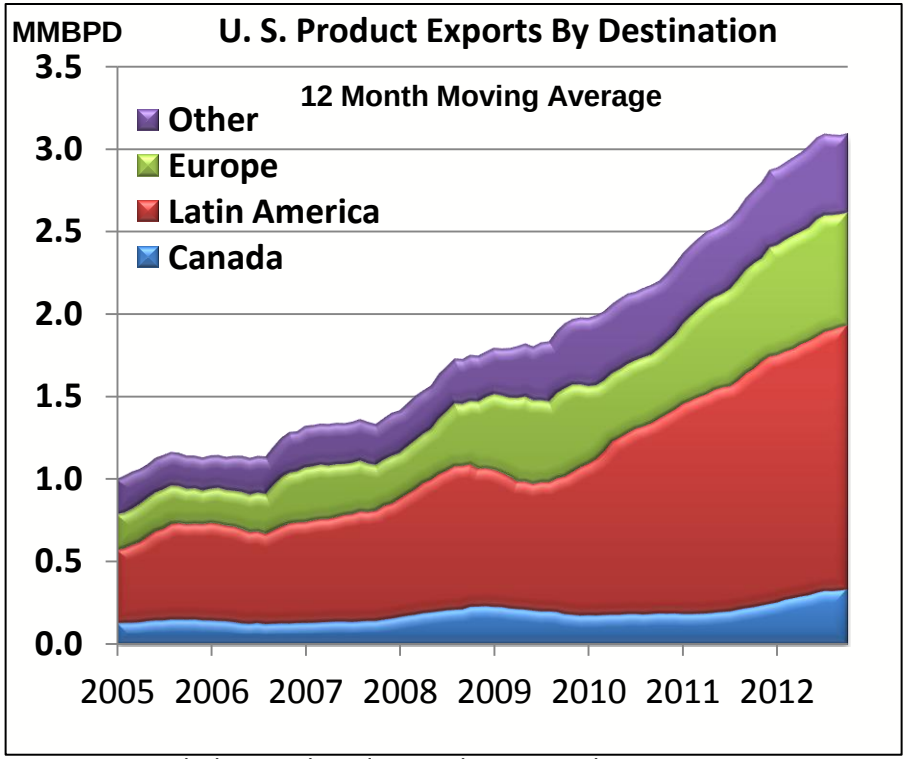


Source: EIA, November 2012

Competitively Exporting into Growing Markets

- **U.S. has become a net exporter of refined products due to growth in developing countries, Atlantic Basin capacity closures, Western European diesel demand, and Latin American refining operating issues**
- **U.S. Gulf Coast (PADD III) is largest source of exported products**
- **Latin America continues to be the largest U.S. export market, followed by Western Europe**
  - Latin American petroleum demand has been increasing 2.3% per year over the past 5 years versus U.S. decreasing 1.7% per year

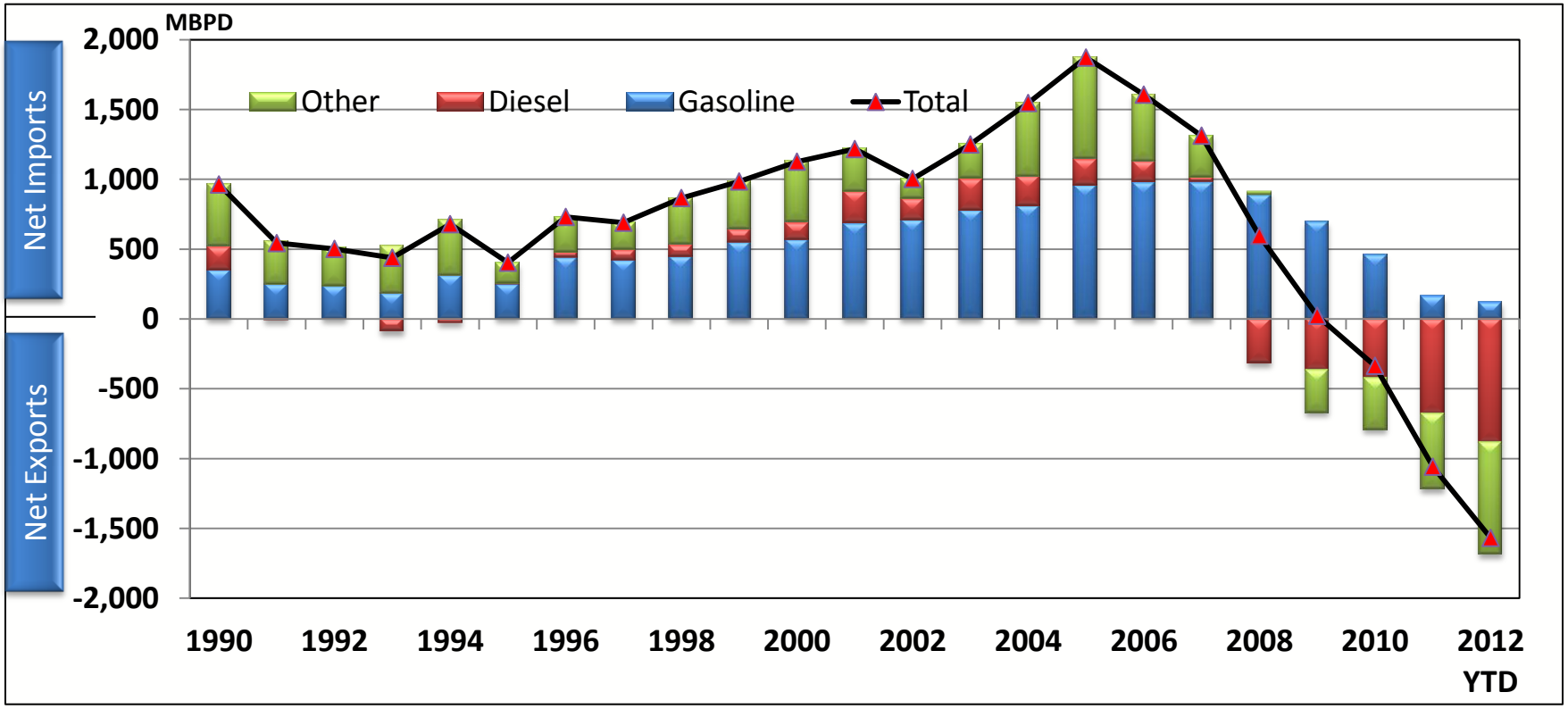




Source: DOE Petroleum Supply Monthly with data as of November 2012, Latin America includes South and Central America plus Mexico

U.S. Shifted to Net Exporter

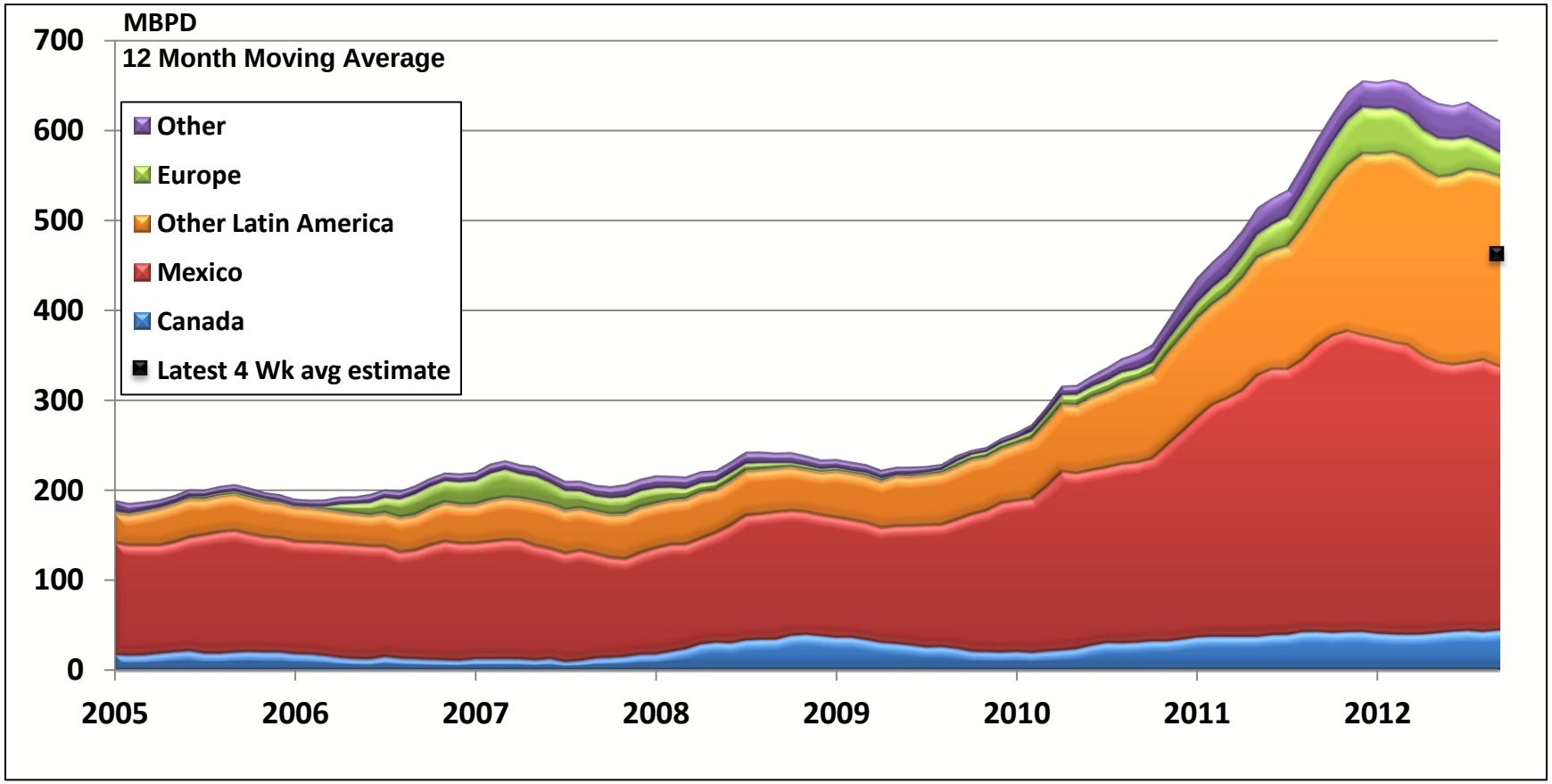
- **As a result of the continued shift towards exports, U.S. net exports of petroleum products have increased from 335 MBPD in 2010 to 1,568 MBPD in 2012 YTD**
  - Diesel net exports continue to rise significantly, with U.S. refiners sending a net of 887 MBPD to other countries in 2012
  - Gasoline net imports have fallen from almost 1 MMBPD in 2006 to only 119 MBPD in 2012 YTD
  - Still, gasoline and blendstocks are the only product category where the U.S. remains a net importer



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

U.S. Gasoline Exports by Destination

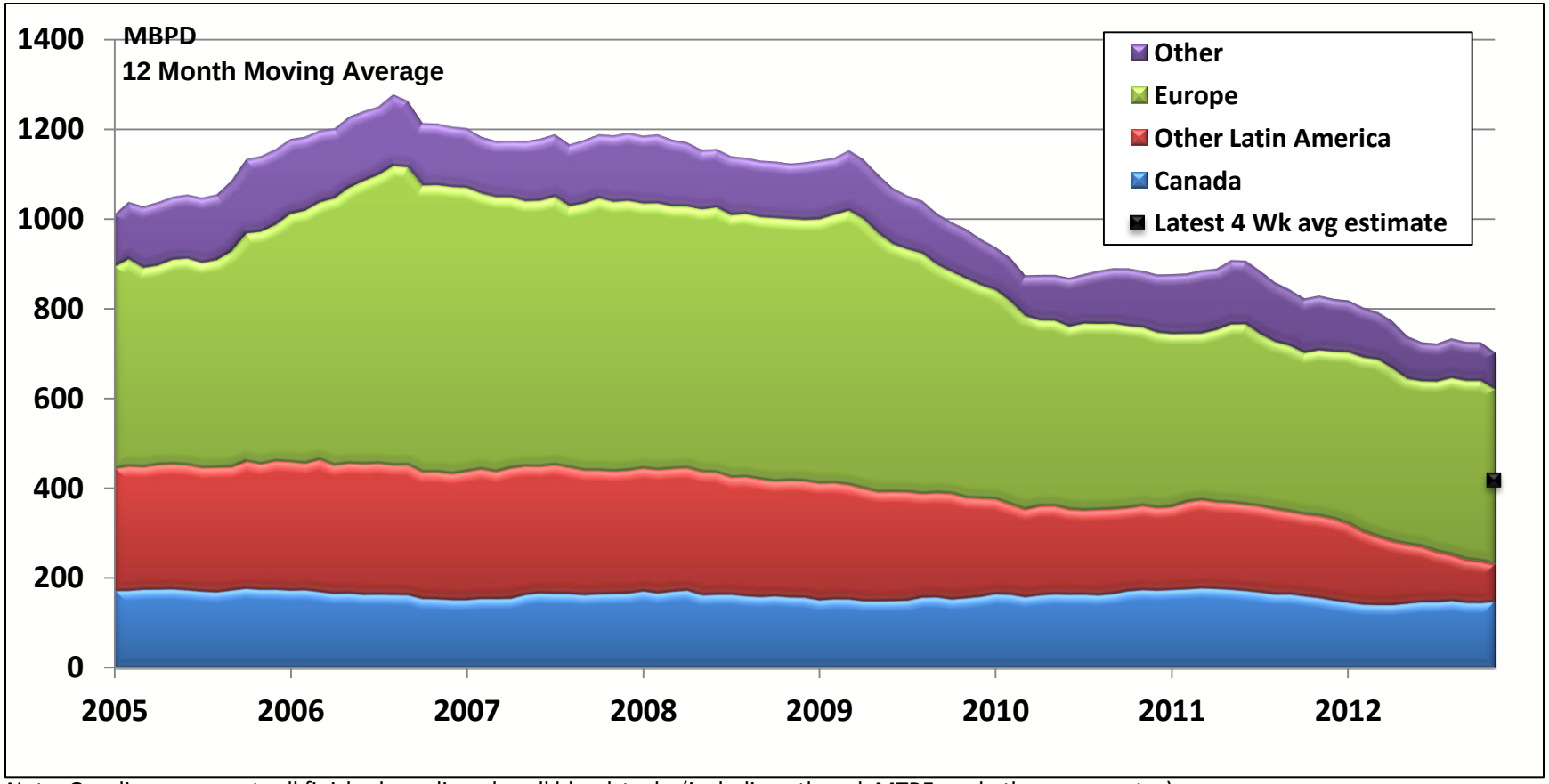
- **Gasoline exports remain at elevated levels due to the strong demand from Latin America, including Mexico**



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

U.S. Gasoline Imports by Source

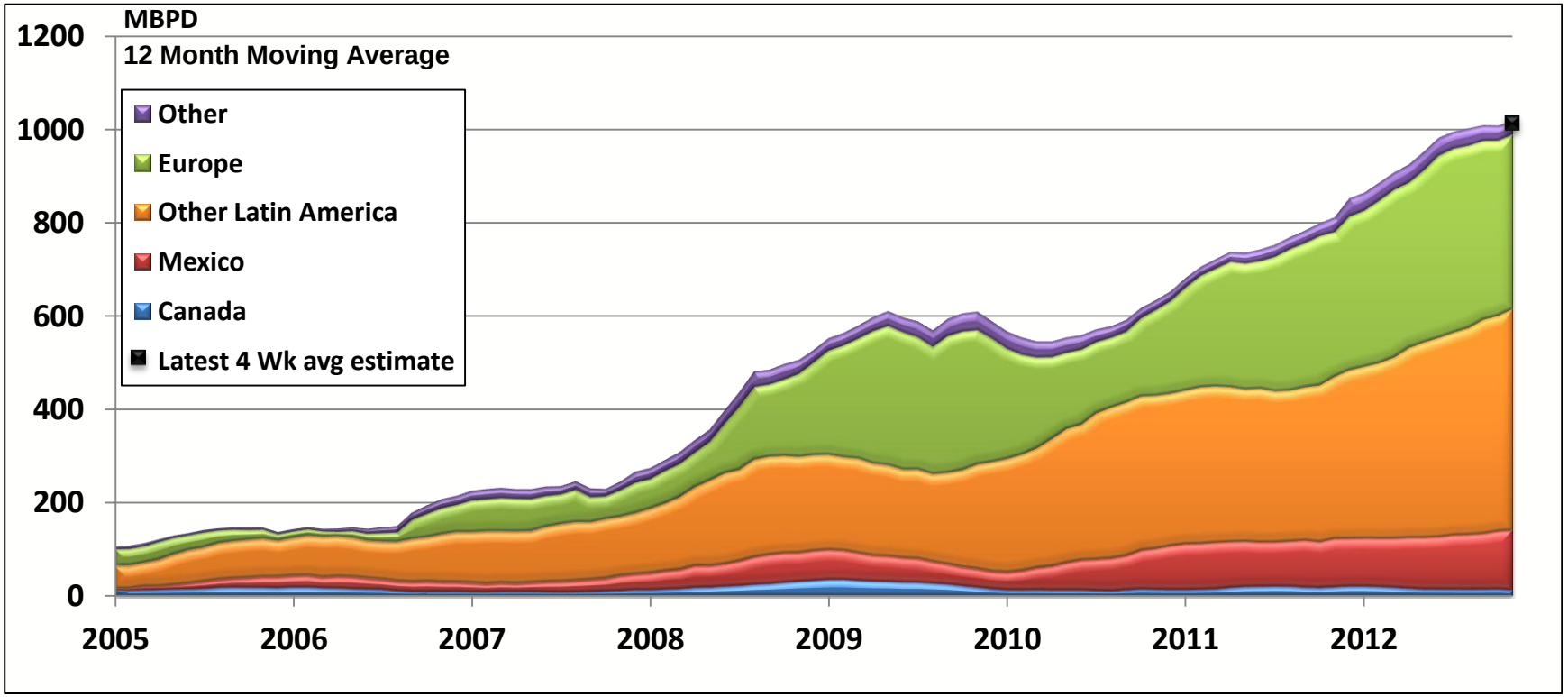
- **Gasoline imports have declined steadily since 2007**
  - Shutdown of the Atlantic Basin refineries will keep pressure on this trend
  - Although the shutdown of U.S. East coast refineries will require more gasoline to balance



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

U.S. Diesel Exports by Destination

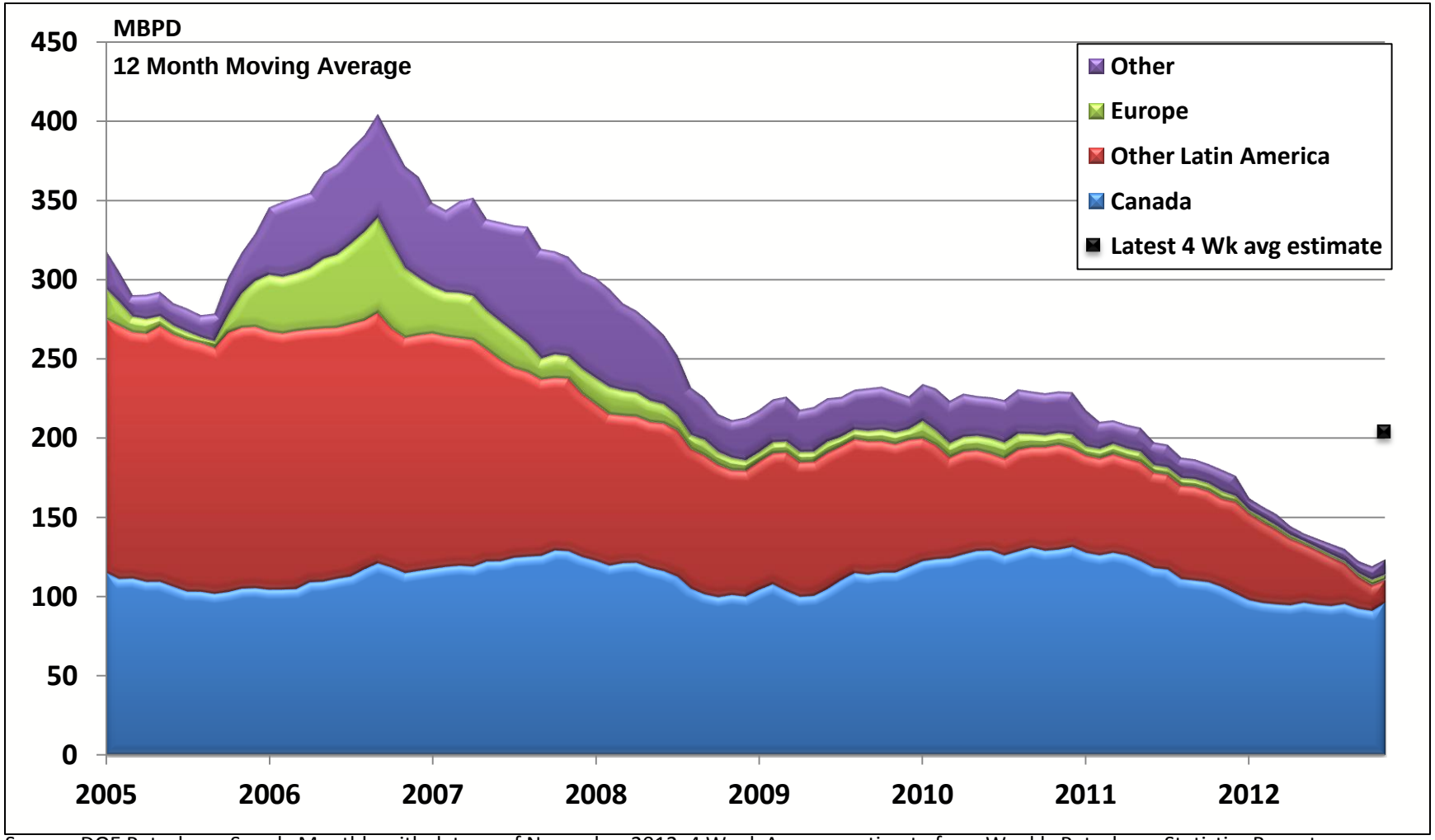
- **Diesel exports to Latin America continue to exceed exports to Europe, but over two-thirds of diesel export growth in 2011 was to Europe**
  - Latin America needs remain high on good demand growth and continued challenges running refineries in key countries



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

U.S. Diesel Imports by Source

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

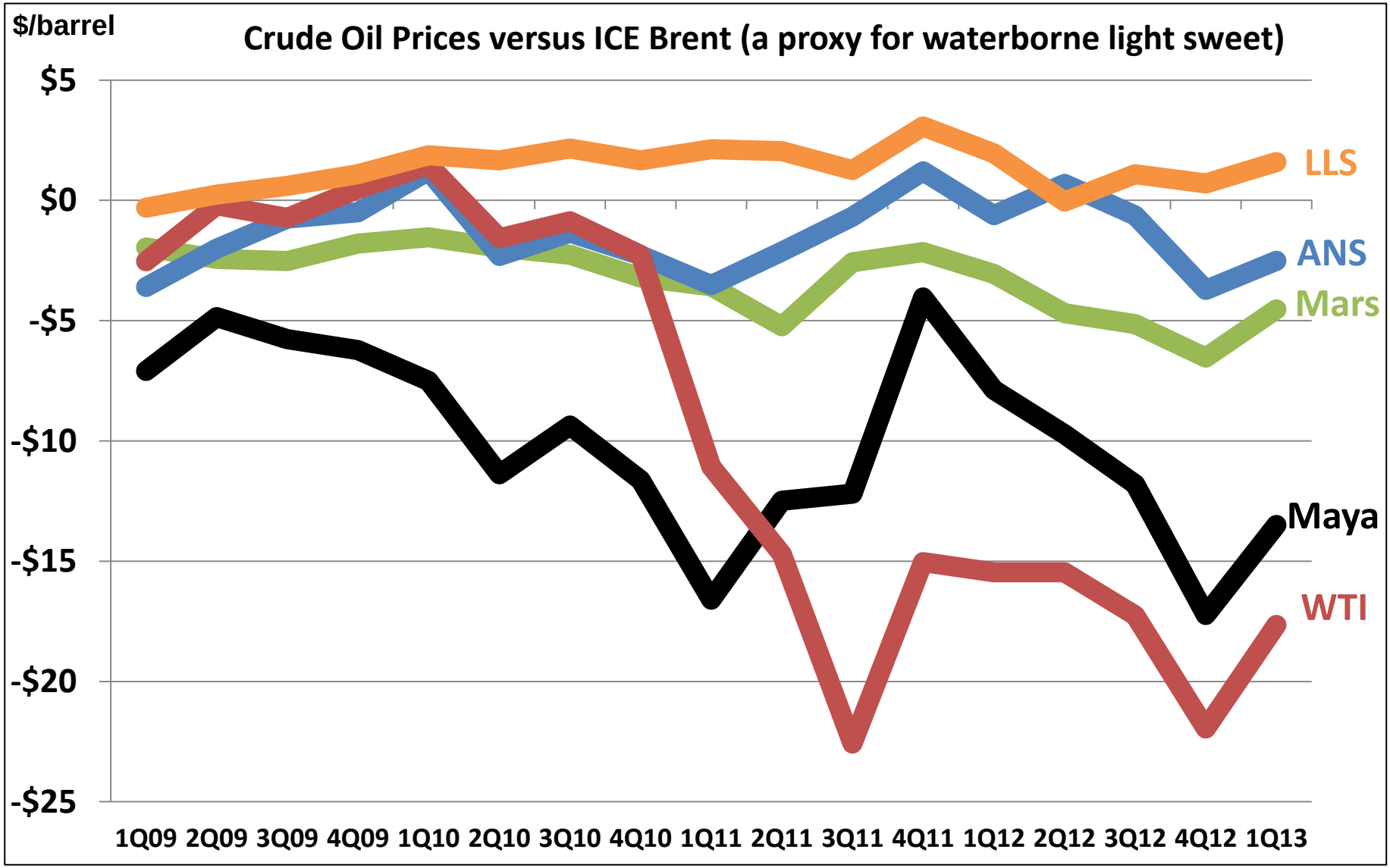


Source: DOE Petroleum Supply Monthly with data as of November 2012. 4 Week Average estimate from Weekly Petroleum Statistics Report

Ethanol and Retail Reconciliation of Operating Income to EBITDA

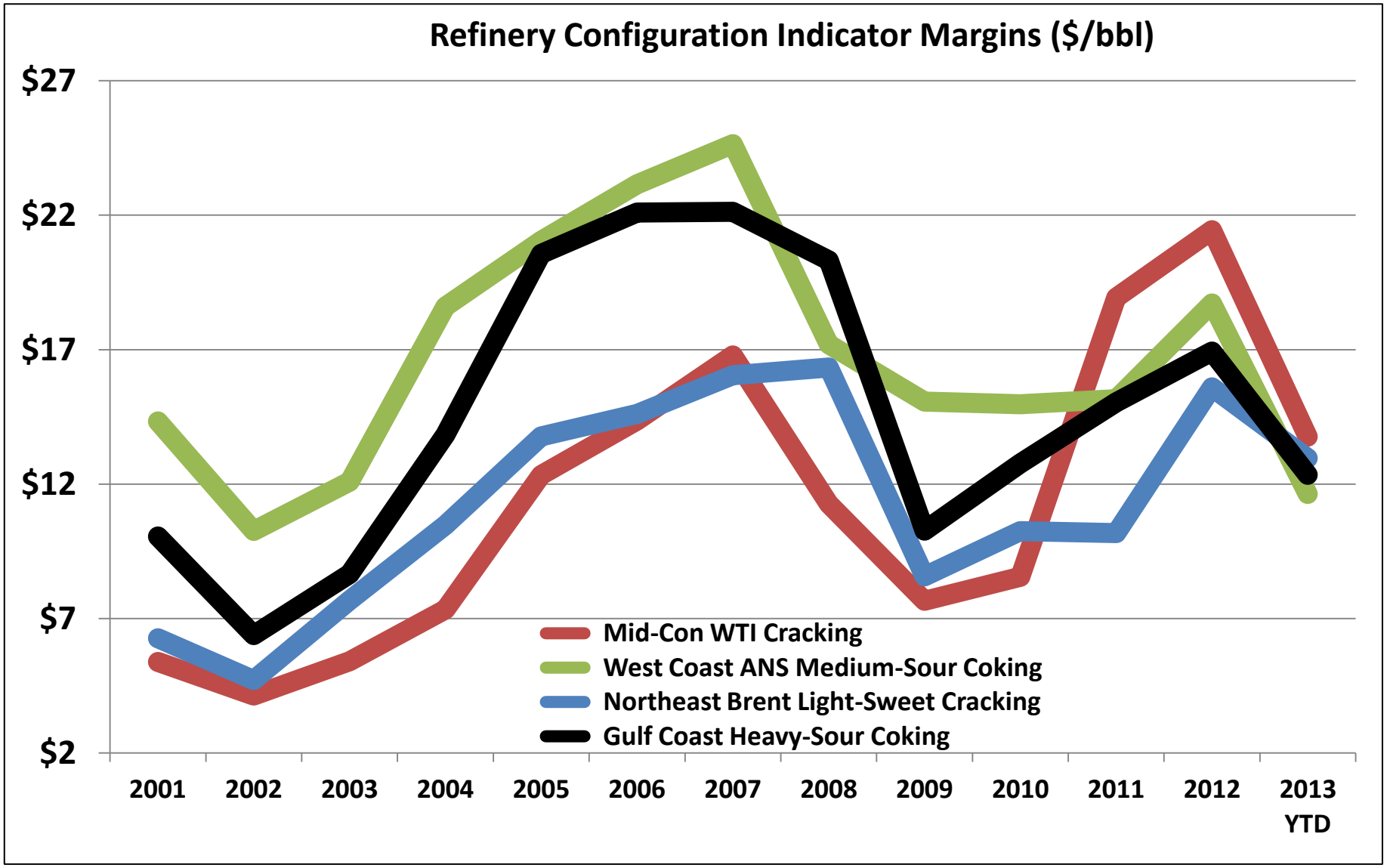
Retail (millions)	2005	2006	2007	2008	2009	2010	2011	2012
U.S. Operating Income	$81	$113	$154	$260	$170	$200	$213	$240
+ U.S. depreciation and amortization expense	$60	$60	$59	$70	$70	$73	$77	$77
Non-cash Asset Impairment	-	-	-	-	-	-	-	$12
= U.S. EBITDA	$141	$173	$214	$330	$240	$273	$290	$329
Canada Operating Income	$73	$69	$95	$109	$123	$146	$168	$108
+ Canada depreciation and amortization expense	$23	$27	$31	$35	$31	$35	$38	$42
Non-cash Asset Impairment	-	-	-	-	-	-	-	$9
= Canada EBITDA	$96	$96	$126	$144	$154	$181	$206	$159

Most Crude Oil Discounts Improving



Source: Argus; 2013 year-to-date through February 1; LLS prices are roll adjusted

Regional Refinery Indicator Margins



Source: Argus; 2013 year-to-date through February 1; see Appendix for details on refinery configuration assumptions

Assumed Regional Indicator Margins

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

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

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