

PETERS CHARLES E JR
Form 4
December 27, 2012

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
PETERS CHARLES E JR

(Last) (First) (Middle)
C/O RED HAT, INC., 1801
VARSITY DRIVE
(Street)

RALEIGH, NC 27606

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
RED HAT INC [RHT]

3. Date of Earliest Transaction
(Month/Day/Year)
12/26/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)
EVP, Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
X Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	12/26/2012		S		5,000	D	\$ 54.04
							(1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

nature of those services. The policy is available on our website at www.valero.com > Investor Relations > Corporate Governance.

Stock Ownership Guidelines and Prohibition Against Hedging and Pledging

Our stock ownership and retention guidelines require that nonemployee directors acquire and hold during their service shares of common stock equal in value to at least three times their annual cash retainer. Our officers are required to meet the applicable guideline stated below.

Officer Position	Value of Shares Owned
Chief Executive Officer	5x Base Salary
President	3x Base Salary
Executive Vice Presidents	2x Base Salary
Senior Vice Presidents	1x Base Salary
Vice Presidents	1x Base Salary

Officers and non-employee directors have five years to meet the requisite ownership threshold and, once attained, are expected to continuously own sufficient shares to meet that threshold.

Our directors, officers, and employees may not purchase, sell, or write calls, puts, or other options or derivative instruments on shares of Common Stock, and our directors and officers are prohibited from pledging shares of Common Stock as collateral or security for indebtedness. Compliance with the guidelines is monitored by the Compensation Committee. The full text of our stock ownership and retention guidelines is included in our Corporate Governance Guidelines (as Article IX), available on our website at www.valero.com > Investor Relations > Corporate Governance.

Insider Trading and Speculation in Valero Stock

Our officers, directors, and employees are prohibited from purchasing or selling Valero securities while in possession of material, nonpublic information, or otherwise using such information for their personal benefit or in any manner that would violate applicable laws and regulations. In addition, our policies prohibit our employees from speculating in our stock, which includes short selling (profiting if the market price of our stock decreases), buying or selling publicly traded options (including writing covered calls), hedging, or any other type of derivative arrangement that has a similar economic effect.

EQUITY COMPENSATION PLAN INFORMATION

The following table presents information regarding our equity compensation plans as of December 31, 2014.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (1)
Approved by stockholders:			
2011 Omnibus Stock Incentive Plan	966,513	31.62	13,536,081
2005 Omnibus Stock Incentive Plan	2,809,338	17.74	—
Premcor non-qualified stock option plans (2)	276,409	35.27	—
Not approved by stockholders:			
2003 All-Employee Stock Incentive Plan (3)	616,961	16.42	—
Total	4,669,221	21.48	13,536,081

Footnotes:

- (1) Securities available for future issuance under these plans can be issued in various forms, including restricted stock and stock options.
- (2) We assumed this plan on September 1, 2005, upon our acquisition of Premcor Inc.
- (3) Officers and directors of Valero were not eligible to receive grants under this plan.

For additional information on these plans, see Note 15 of Notes to Consolidated Financial Statements for the fiscal year ended December 31, 2014, included in Valero's Annual Report on Form 10-K.

EXECUTIVE COMPENSATION

The tables that follow provide information required by the SEC regarding compensation paid to or earned by our named executive officers for 2014. We use captions and headings in these tables that correspond to the SEC regulations requiring these disclosures. The footnotes to these tables provide important information to explain the values presented in the tables.

SUMMARY COMPENSATION TABLE

This table summarizes the compensation paid to our named executive officers for the fiscal years ended December 31, 2014, 2013, and 2012. The elements of compensation listed in the table are described in the “Compensation Discussion and Analysis” section of this proxy statement and in the table’s footnotes.

Principal Position (1)	Year	Salary (\$)	Stock Awards (\$)(2)(3)	Option Awards (\$)(2)(4)	Non-Equity Incentive Plan Compensation (\$)(5)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)(6)	All Other Compensation (\$)(7)	Total (\$)
Joseph W. Gorder, Chairman of the Board, President, and CEO	2014	1,150,000	6,673,362	758,205	3,525,000	3,838,763	111,619	16,056,949
	2013	900,000	2,761,144	502,813	1,875,000	1,188,903	1,189,354	8,417,214
	2012	775,000	2,230,658	385,624	1,278,800	1,256,246	285,104	6,211,432
Michael S. Ciskowski, EVP and CFO	2014	810,000	1,850,812	299,752	1,670,000	2,923,019	82,337	7,635,920
	2013	775,000	2,027,763	369,236	1,520,000	418,182	76,083	5,186,264
	2012	775,000	2,017,617	334,333	1,278,800	2,845,873	68,107	7,319,730
R. Lane Riggs, EVP - Refining Operations and Engineering (8)	2014	558,333	1,190,544	138,453	862,000	1,473,045	61,935	4,284,310
Jay D. Browning, EVP and General Counsel (9)	2014	541,667	1,070,426	132,223	825,000	1,384,309	70,765	4,024,390
	2013	500,000	606,501	110,470	540,000	311,575	55,399	2,123,945
R. Michael Crownover, EVP and Chief Admin. Officer (8)	2014	516,667	1,017,153	126,252	787,000	1,083,933	60,384	3,591,389
William R. Klesse, retired Chairman and CEO (10)	2014	1,133,333	—	—	3,200,000	1,864,393	356,620	6,554,346
	2013	1,500,000	6,432,283	1,171,332	4,500,000	1,909,526	299,441	15,812,582
	2012	1,500,000	6,032,952	1,013,213	3,735,000	4,553,758	248,108	17,083,031

Footnotes to Summary Compensation Table:

(1) The persons listed in this table are referred to in this proxy statement as our “named executive officers.”

(2)

Explanation of Responses:

The amounts shown represent the grant date fair value of awards for each of the fiscal years shown computed under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation (FASB ASC Topic 718).

(3) For more information regarding the shares of restricted stock and performance shares awarded in 2014, see the Grants of Plan-Based Awards table in this proxy statement and read our disclosures in Note 15 (“Stock-Based Compensation”) of Notes to Consolidated Financial Statements in Valero’s Annual Report on Form 10-K for the year ended December 31, 2014.

(4) For more information about the stock options granted in 2014, see the Grants of Plan-Based Awards table in this proxy statement. Valuation assumptions for the 2014 grants are described in Note 15 (“Stock-Based Compensation”) of Notes to Consolidated Financial Statements in Valero’s Annual Report on Form 10-K for the year ended December 31, 2014.

(5) Represents amounts earned under our annual incentive bonus plan, as described in “Compensation Discussion and Analysis—Elements of Executive Compensation—Annual Incentive Bonus.”

(6) This column represents the sum of the change in pension value and non-qualified deferred compensation earnings for each of the named executive officers. See the Pension Benefits table for the present value assumptions used for these calculations. The amount of above-market or preferential earnings on non-tax-qualified deferred compensation included in the amounts presented above is zero.

(7) The amounts listed as “All Other Compensation” for 2014 are composed of these items:

Item of income (in dollars)	Gorder	Ciskowski	Riggs	Browning	Crownover	Klesse
Valero contribution to Thrift Plan account	18,200	18,200	18,092	18,200	18,200	18,200
Valero contribution to Excess Thrift Plan account	62,300	38,500	20,773	24,354	17,967	61,133
Reimbursement of club membership dues	8,716	6,682	8,716	5,070	8,711	—
Executive insurance premiums with respect to cash value life insurance	—	—	—	—	—	131,173
Unused benefit dollars	—	2,416	—	—	2,078	11,477
Payout of unused vacation	—	—	—	—	—	109,611
Imputed income - personal liability insurance (Group Excess Policy)	3,475	3,475	2,283	2,283	2,283	3,475
Imputed income - individual disability insurance	4,617	4,617	2,877	3,587	3,720	4,362
Imputed income - long-term disability premium	2,680	2,680	2,680	2,680	2,680	2,673
Imputed income - insurance (life & survivor) over \$50,000	4,928	3,767	4,514	9,591	2,245	14,516
Imputed income - payment of UK tax	158	—	—	—	—	—
Imputed income - tax return preparation fees	6,545	2,000	2,000	5,000	2,500	—
total	111,619	82,337	61,935	70,765	60,384	356,620

(8) Mr. Riggs and Mr. Crownover were not named executive officers for 2013 and 2012.

(9) Mr. Browning was not a named executive officer for 2012.

(10) Mr. Klesse served as Chief Executive Officer until May 1, 2014, and served as Chairman of the Board through December 30, 2014.

GRANTS OF PLAN-BASED AWARDS

The following table describes plan-based awards for our named executive officers in 2014.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Exercise or Base Price of Option Awards (\$/sh)(1)	Closing Market Price on Grant Date (\$/sh)	Grant Date Fair Value of Stock and Option Awards (\$)(2)
		Threshold	Target	Maximum	Threshold	Target	Maximum			
Joseph W. Gorder	n/a	(3)	—	1,875,000	20,000,000					
	05/01/2014	(4)				n/a	34,615	n/a		1,992,959
	10/23/2014	(5)				n/a	78,850	n/a		3,829,350
	10/23/2014	(6)				—	52,570	105,140		851,053
	10/23/2014	(7)				n/a	43,810	n/a	48.565	48.01
Michael S. Ciskowski	n/a	(3)	—	891,000	9,870,000					
	10/23/2104	(5)				n/a	31,180	n/a		1,514,257
	10/23/2104	(6)				—	20,790	41,580		336,555
	10/23/2104	(7)				n/a	17,320	n/a	48.565	48.01
R. Lane Riggs	n/a	(3)	—	460,000	4,935,000					
	05/01/2014	(4)				n/a	5,635	n/a		324,435
	10/23/2014	(5)				n/a	14,500	n/a		704,193
	10/23/2014	(6)				—	10,000	20,000		161,916
10/23/2014	(7)				n/a	8,000	n/a	48.565	48.01	138,453
Jay D. Browning	n/a	(3)	—	440,000	4,935,000					
	05/01/2014	(4)				n/a	4,415	n/a		254,194
	10/23/2104	(5)				n/a	13,750	n/a		667,769
	10/23/2104	(6)				—	9,170	18,340		148,463
10/23/2104	(7)				n/a	7,640	n/a	48.565	48.01	132,223
R. Michael Crownover	n/a	(3)	—	420,000	4,935,000					
	05/01/2014	(4)				n/a	4,135	n/a		238,073
	10/23/2014	(5)				n/a	13,125	n/a		637,416
	10/23/2014	(6)				—	8,750	17,500		141,664
10/23/2014	(7)				n/a	7,295	n/a	48.565	48.01	126,252
William R. Klesse (8)	n/a	(3)	—	1,700,000	3,400,000	—	—	—		—

(footnotes appear on the following page)

Footnotes to Grants of Plan-Based Awards table:

- The exercise price is the mean of the high and low reported sales price per share on the NYSE of our Common Stock on the date of grant. Under our 2011 Omnibus Incentive Plan, the exercise price for all options granted under the plan cannot be less than the mean of the high and low reported sales price per share on the NYSE of our Common Stock on the date of grant.
- (1) The reported grant date fair value of stock and option awards was determined in compliance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. Represents potential awards under our annual incentive bonus program for named executive officers. Actual amounts earned by our named executive officers for 2014 are reported in the Summary Compensation Table under the column “Non-Equity Incentive Plan Compensation.” The “target” amounts listed in the Grants of Plan-Based Awards table are computed by multiplying base salary by 150%, 110%, 80%, 80%, 80%, for Mr. Gorder, Mr. Ciskowski, Mr. Riggs, Mr. Browning, and Mr. Crownover, respectively, and “earned” salary by 150% for Mr. Klesse. The amounts listed as “maximum” are determined by multiplying the maximum funded bonus pool amount under the program (as a result of Valero’s ANC or EBITDA performance for the year, i.e., \$49.35 million for 2014) by 50%, 20%, 10%, 10%, and 10% for Mr. Gorder, Mr. Ciskowski, Mr. Riggs, Mr. Browning, and Mr. Crownover, respectively – subject to a maximum of \$20 million for any officer. The “maximum” amount listed for Mr. Klesse represents 200% of his target amount. Our annual incentive bonus program for named executive officers is described in “Compensation Discussion and Analysis—Elements of Executive Compensation—Annual Incentive Bonus.” Represents an award of restricted stock granted May 1, 2014, in connection with the promotions of the officers effective as of that date. The shares are scheduled to vest (become nonforfeitable) annually in equal one-third increments beginning in 2015. Dividends on the restricted shares are paid as and when dividends are declared and paid on our Common Stock. Restricted stock awards are more fully described in “Compensation Discussion and Analysis—Elements of Executive Compensation—Long-Term Incentive Awards.”
- (2) Represents an award of restricted stock granted October 23, 2014, pursuant to our annual long-term incentive program. The shares are scheduled to vest (become nonforfeitable) annually in equal one-third increments beginning in 2015. Dividends on the restricted shares are paid as and when dividends are declared and paid on our Common Stock.
- (3) Represents an award of performance shares under our 2011 Omnibus Stock Incentive Plan. Per the awards’ terms, on a normal vesting date officers can earn, in shares of Common Stock, from 0% to 200% of the number of performance shares that are vesting, based upon Valero’s achievement of objective performance measures during the performance periods prescribed by our Compensation Committee. See “Compensation Discussion and Analysis—Long-Term Incentive Awards—Performance Shares.” The amounts listed above represent an award of performance shares in three tranches. The performance shares are scheduled to vest annually in one-third increments in January 2016, January 2017, and January 2018. The first tranche is scheduled to vest in January 2016, with any resulting payout at that time conditioned upon Valero’s performance during the performance period ending in December 2015. Under FASB ASC Topic 718 (“Topic 718”), each tranche is deemed to be a separate grant for fair value purposes. The first tranche was deemed to be granted (under Topic 718) in 2014, and is deemed to
- (4) have an expected conversion rate (probable outcome) of 100% with a fair value per share of \$48.565 (as reported in Note 15 “Stock-Based Compensation” of Notes to Consolidated Financial Statements in Valero’s Annual Report on Form 10-K for the year ended December 31, 2014). When assuming achievement of the highest level of possible performance conditions (per SEC Regulation S-K, Instruction 3 to Item 402(c)(2)(v)), the calculation produces assumed values for this tranche’s shares of \$1,702,106; \$673,111; \$323,831; \$296,926; and \$283,328, for Mr. Gorder, Mr. Ciskowski, Mr. Riggs, Mr. Browning, and Mr. Crownover, respectively. The grant date (per Topic 718) for the second tranche of these performance shares is expected to occur in either the fourth quarter of 2015 or in January 2016, depending on actions to be taken by our Compensation Committee. Similarly, the grant date for the third tranche is expected to occur in either the fourth quarter of 2016 or in January 2017, depending on actions to be taken by our Compensation Committee. The expected conversion rates and fair values of the second and third tranches will be determined on their respective Topic 718 grant dates.

The 2014 performance shares awards were accompanied by a dividend equivalent award (“DEA”). Accordingly, upon vesting of the performance shares, additional shares of Common Stock may be earned under the DEA based on the accumulated value of dividends paid on our Common Stock during the pertinent performance period. The amount of accumulated dividends is multiplied by the earned percentage payout (if any) for the performance shares, and the product is divided by the fair market value of the Common Stock on the performance shares’ vesting date. The resulting amount is paid in a whole number of shares of Common Stock.

(footnotes continue on the following page)

Footnotes to Grants of Plan-Based Awards table (continued):
(footnote 6 continued)

For performance shares awarded in 2013, the grant date (per Topic 718) for the second tranche occurred in the fourth quarter of 2014. The performance shares in the second tranche were deemed to have an expected conversion rate (probable outcome) of 100% and fair value per share of \$47.465, resulting in grant date fair values of \$603,280; \$442,991; \$125,925; \$132,570; and \$127,206, for Mr. Gorder, Mr. Ciskowski, Mr. Riggs, Mr. Browning, and Mr. Crownover, respectively. The grant date (per Topic 718) for the third tranche is expected to occur in either the fourth quarter of 2015 or in January 2016, depending on actions to be taken by our Compensation Committee. The expected conversion rate and fair value of the third tranche will be determined on its Topic 718 grant date.

For performance shares awarded in 2012, the grant date (per Topic 718) for the third tranche occurred in the fourth quarter of 2014. The performance shares in the third tranche were deemed to have an expected conversion rate (probable outcome) of 100% and fair value per share of \$47.465, resulting in grant date fair values of \$713,209; \$618,232; \$147,948; \$158,960; and \$173,864, for Mr. Gorder, Mr. Ciskowski, Mr. Riggs, Mr. Browning, and Mr. Crownover, respectively.

Represents a grant of options to purchase Common Stock at an exercise price of \$48.565 per share. The options are scheduled to vest (become nonforfeitable) in equal annual installments over a period of three years beginning in 2015. The options are known as “performance stock options” because the options will become exercisable after their (7) vesting dates, if at all, only if the reported market price per share of our Common Stock on the NYSE reaches, since the date of grant, a price that equals or exceeds a price that is 25 percent greater than the options’ exercise price. This performance milestone was met on February 20, 2015. The options will expire 10 years from the date of grant.

Valuation assumptions for the 2014 grants are described in Note 15 (“Stock-Based Compensation”) of Notes to Consolidated Financial Statements in Valero’s Annual Report on Form 10-K for the year ended December 31, 2014. For financial reporting purposes, the fair value of stock options must be determined using an option-pricing model that takes into consideration the following:

- the exercise price of the option;
- the expected life of the option;
- the current price of the underlying stock;
- the expected volatility of the underlying stock;
- the expected dividends on the underlying stock; and
- the risk-free interest rate for the expected life of the option.

(8)Mr. Klesse did not receive any grants of restricted shares, performance shares, or stock options in 2014.

OUTSTANDING EQUITY AWARDS

AT DECEMBER 31, 2014

This table describes unexercised stock options, unvested shares of restricted stock, and unvested performance shares held by our named executive officers as of December 31, 2014.

	Option Awards				Stock Awards Restricted Stock			Performance Shares			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)(1)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) (2)	Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(2)			
Joseph W. Gorder	85,493	—	18.145	10/15/2019	14,967	(6) 740,867	17,833	(10)	1,471,536		
	21,400	—	17.743	11/17/2020	22,132	(7) 1,095,534	30,052	(11)	2,231,361		
	26,750	—	24.582	10/28/2021	20,094	(8) 994,653	38,130	(12)	2,516,580		
	25,044	12,523	(3) 27.318	11/09/2022	45,772	(9) 2,265,714	52,570	(13)	2,602,215		
	10,590	21,180	(4) 39.665	11/08/2023							
	—	43,810	(5) 48.565	10/23/2024							
Michael S. Ciskowski	251,530	—	18.145	10/15/2019	13,626	(6) 674,487	29,960	(10)	2,472,228		
	32,100	—	17.743	11/17/2020	16,254	(7) 804,573	26,050	(11)	1,934,213		
	44,940	—	24.582	10/28/2021	18,099	(9) 895,901	28,000	(12)	1,848,033		
	21,713	10,857	(3) 27.318	11/09/2022			20,790	(13)	1,029,105		
	7,776	15,554	(4) 39.665	11/08/2023							
	—	17,320	(5) 48.565	10/23/2024							
R. Lane Riggs	3,611	—	15.991	10/16/2015	4,676	(6) 231,462	7,846	(10)	647,460		
	8,560	—	17.678	10/29/2019	7,954	(7) 393,723	6,234	(11)	462,875		
	11,770	—	24.582	10/28/2021	5,635	(8) 278,933	7,960	(12)	525,393		
	5,192	2,597	(3) 27.318	11/09/2022	14,500	(9) 717,750	10,000	(13)	495,000		
	2,210	4,420	(4) 39.665	11/08/2023							
	—	8,000	(5) 48.565	10/23/2024							

(table with footnotes continues on the following page)

	Option Awards				Stock Awards Restricted Stock			Performance Shares Equity Incentive Plan		
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)(1)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)		
Jay D. Browning	3,922	—	17.743	11/17/2020	3,159	(6) 156,371	7,846	(10)	647,460	
	7,846	—	24.582	10/28/2021	4,862	(7) 240,669	6,698	(11)	497,327	
	5,585	2,793	(3) 27.318	11/09/2022	2,562	(8) 126,819	8,380	(12)	553,113	
	2,326	4,654	(4) 39.665	11/08/2023	7,981	(9) 395,060	9,170	(13)	453,915	
	—	7,640	(5) 48.565	10/23/2024						
R. Michael Crownover	4,101	—	24.582	10/28/2021	3,755	(6) 185,873	8,203	(10)	676,913	
	3,053	3,053	(3) 27.318	11/09/2022	4,667	(7) 231,017	7,326	(11)	543,956	
	2,233	4,467	(4) 39.665	11/08/2023	2,400	(8) 118,800	8,040	(12)	530,640	
	—	7,295	(5) 48.565	10/23/2024	7,619	(9) 377,141	8,750	(13)	433,125	
William R. Klesse	654,599	—	18.145	10/15/2019			90,254	(10)	7,447,473	
	160,205	—	17.743	11/17/2020			78,966	(11)	5,863,226	
	135,381	—	24.582	10/28/2021			88,820	(12)	5,862,137	
	65,804	32,903	(3) 27.318	11/09/2022						
	24,670	49,340	(4) 39.665	11/08/2023						

Footnotes to Outstanding Equity Awards table:

- (1) Our equity plans provide that the exercise price for all stock options must not be less than the mean of our Common Stock's high and low NYSE reported sales price per share on the date of grant. The assumed market values were determined using the closing market price of our Common Stock on 12/31/2014 (\$49.50 per share). For a further discussion of the vesting of performance share awards (as noted in the following footnotes), see "Compensation Discussion and Analysis—Elements of Executive Compensation—Long-Term Incentive Awards—Performance Shares and Performance Stock Options." For performance shares that vested in January 2015, the payout value used for this column was their actual performance share vesting percentages on 01/22/2015 (i.e., 166.7% for performance shares granted in 2011, and 200% for performance shares granted in 2012 and 2013).

Footnotes to Outstanding Equity Awards table (cont.):

- (3) The unvested portion of this award is scheduled to vest on 11/09/2015.
- (4) The unvested portion of this award is scheduled to vest in equal installments on 11/08/2015 and 11/08/2016.
- (5) The unvested portion of this award is scheduled to vest in equal installments on 10/23/2015, 10/23/2016, and 10/23/2017.
- (6) The unvested portion of this award is scheduled to vest on 11/09/2015.
- (7) The unvested portion of this award is scheduled to vest in equal installments on 11/08/2015 and 11/08/2016.
- (8) The unvested portion of this award is scheduled to vest in equal installments on 05/01/2015, 05/01/2016, and 05/01/2017.
- (9) The unvested portion of this award is scheduled to vest in equal installments on 10/23/2015, 10/23/2016, and 10/23/2017.

(10) These performance shares vested on 01/22/2015 at 166.7% of target. The value shown in the column, "Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested," represents the market value of 166.7% (the actual payout amount) of the performance shares at the closing price of our Common Stock on 12/31/2014.

(11) One-half of these performance shares vested on 01/22/2015 at 200% of target; the other one-half is scheduled to vest in January 2016. The value shown in the column, "Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested," represents, for the performance shares that vested in January 2015, the market value of 200% (the actual payout amount) of the closing price of our Common Stock on 12/31/2014, and for the remaining one-half, the market value of 100% (assumed) of the closing price of our Common Stock on 12/31/2014.

(12) One-third of these performance shares vested on 01/22/2015 at 200% of target; an additional one-third is scheduled to vest in January 2016, and the final one-third is scheduled to vest in January 2017. The value shown in the column, "Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested," represents, for the performance shares that vested in January 2015, the market value of 200% (the actual payout amount) of the closing price of our Common Stock on 12/31/2014, and for the remaining two-thirds, the market value of 100% (assumed) of the closing price of our Common Stock on 12/31/2014.

(13) These performance shares are scheduled to vest in one-third increments in each of January 2016, January 2017, and January 2018. The value shown in the column, "Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested," represents the market value of 100% (assumed) of the performance shares at the closing price of our Common Stock on 12/31/2014.

OPTION EXERCISES AND STOCK VESTED
DURING THE FISCAL YEAR ENDED DECEMBER 31, 2014

The following table provides information regarding (i) option exercises by our named executive officers, and (ii) the vesting of restricted stock and performance shares held by our named executive officers during 2014 on an aggregated basis.

Name	Option Awards		Stock Awards (1)	
	No. of Shares Acquired on Exercise (#)(2)	Value Realized on Exercise \$(3)	No. of Shares Acquired on Vesting (#)(2)	Value Realized on Vesting \$(4)
Joseph W. Gorder	—	—		
(5)			31,109	1,560,590
(6)			79,986	4,177,669
Michael S. Ciskowski	102,907	3,912,030		
(5)			33,113	1,627,683
(6)			107,372	5,608,040
R. Lane Riggs	5,216	171,024		
(5)			11,255	567,270
(6)			21,930	1,145,404
Jay D. Browning	—	—		
(5)			7,766	385,298
(6)			30,238	1,579,331
R. Michael Crownover	—	—		
(5)			8,652	428,452
(6)			31,578	1,649,319
William R. Klesse	160,500	6,069,926		
(5)			190,177	9,438,060
(6)			366,279	19,130,752

Footnotes to Option Exercises and Stock Vested table:

(1) Represents shares of Common Stock from the vesting of restricted stock and performance shares in 2014.

Represents the gross number of shares received by the named executive officer before deducting any shares

(2) withheld from (i) an option's exercise to pay the exercise price and/or tax obligation, or (ii) the vesting of restricted stock or performance shares to pay the resulting tax obligation.

The reported value is determined by multiplying (i) the number of option shares, times (ii) the difference between (3) the market price of the Common Stock on the date of exercise and the exercise price of the stock option. The value is stated before payment of applicable taxes.

(4) The reported value is determined by multiplying number of vested shares by the market value of the shares on the vesting date. The value is stated before payment of applicable taxes.

(5) Represents number of shares of Common Stock and value related to vesting of restricted stock in 2014.

(6) Represents number of shares of Common Stock and value related to vesting of performance shares in 2014.

POST-EMPLOYMENT COMPENSATION

PENSION BENEFITS

The following table provides information regarding the accumulated benefits of our named executive officers under Valero's tax-qualified defined benefit plan and supplemental retirement plans during the year ended December 31, 2014.

Name	Plan Name	No. of Years Credited Service (#)	Present Value of Accumulated Benefits (\$)	Payments During Last Fiscal Year (\$)
Joseph W. Gorder (1)	Pension Plan	24.17	801,289	—
	Excess Pension Plan	12.67	3,766,641	—
	SERP	12.67	3,089,027	—
Michael S. Ciskowski	Pension Plan	29.25	1,272,218	—
	Excess Pension Plan	29.25	8,384,975	—
	SERP	29.25	2,502,868	—
R. Lane Riggs	Pension Plan	25.92	815,471	—
	Excess Pension Plan	25.92	1,839,804	—
	SERP	25.92	1,012,159	—
Jay D. Browning	Pension Plan	21.29	904,469	—
	Excess Pension Plan	21.29	2,189,196	—
	SERP	21.29	1,045,435	—
R. Michael Crownover	Pension Plan	17.29	775,274	—
	Excess Pension Plan	17.29	1,911,075	—
	SERP	17.29	836,326	—
William R. Klesse (2)	Pension Plan	27.92	202,210	—
	Excess Pension Plan	13.00	12,696,172	—
	SERP	13.00	3,241,906	—

Footnotes to Pension Benefits table:

The 24.17 years of service stated for Mr. Gorder for the Pension Plan represent the sum of his participation in (a) the Valero Pension Plan since 2002 (12.67 years), and (b) the qualified pension plan of UDS (11.5 years). In 2001, Mr. Gorder received a lump sum settlement relating to prior years of service. The Pension Plan amount stated above reflects the effect of offsetting Mr. Gorder's accrued benefit under the Valero Pension Plan (using (1) 24.17 years of credited service) by the value of his lump sum settlement in 2001. In addition, Mr. Gorder has approximately three years of service in a pension plan sponsored by an entity unaffiliated with Valero or UDS that was spun-off from a predecessor of UDS. The 12.67 years of service stated for Mr. Gorder for the Excess Pension Plan and SERP represent his participation in these plans since the date of his commencement of employment with Valero.

The 27.92 years of service stated for Mr. Klesse for the Pension Plan represent the sum of Mr. Klesse's participation in (a) the Valero Pension Plan since the date of Valero's acquisition of UDS in 2001 (13 years), and (b) the qualified pension plan of UDS prior to the date of Valero's acquisition of UDS (14.92 years). In addition, (2) Mr. Klesse has approximately 18 years of service in a pension plan sponsored by an entity unaffiliated with Valero or UDS that was spun-off from a predecessor of UDS. The 13 years of service stated for Mr. Klesse for the Excess Pension Plan and SERP represent his participation in these plans since the date of Valero's acquisition of UDS in 2001.

The present values stated above were calculated using the same interest rate and mortality table we use for our financial reporting. Present values at December 31, 2014 were determined using a 4.13 percent discount rate and the plans' earliest unreduced retirement age (i.e., age 62). The present values reflect postretirement

mortality rates based on the RP2014 generational mortality table projected using scale MP2014. No decrements were included for pre-retirement termination, mortality, or disability. When applicable, lump sums were determined based on a 4.13 percent interest rate and the mortality table prescribed by the IRS in Rev. Ruling 2007-67 and updated by IRS Notices 2008-85 and 2013-49 for distributions in the years 2009-2015.

Under our Pension Plan, an eligible employee who is at least 55 years old may elect to retire prior to the normal retirement age of 65, provided the employee has completed as least five years of vesting service. Under the plan's early retirement provisions, an employee may elect to commence a benefit upon retirement or delay payments to a later date. Pension payments that begin after age 55 and before age 62 are reduced by four percent for each full year between the benefit start date and the employee's 62nd birthday. The four-percent reduction is prorated for a partial year. The formula used to calculate the benefit and the optional forms of payment are otherwise the same as for normal retirement. Messrs. Gorder, Ciskowski, Browning, and Crownover are eligible for early retirement benefits.

For employees hired prior to January 1, 2010, the Pension Plan (supplemented, as necessary, by the Excess Pension Plan) provides a monthly pension at normal retirement equal to 1.6 percent of the participant's average monthly compensation (based upon earnings during the three consecutive calendar years during the last 10 years of the participant's credited service affording the highest such average) times the participant's years of credited service. Each of our named executive officers was hired prior to January 1, 2010.

For employees hired on or after January 1, 2010, the Pension Plan (supplemented, as necessary, by the Excess Pension Plan) is a cash balance benefit that provides a monthly pension at normal retirement based on annual employer contributions that are based on years of service, eligible compensation and pay credits. After a one-year waiting period, pay credits are retroactive to the participant's date of hire and are based on years of service and eligible compensation.

years of service	pay credits
under 10 years	5%
10 to 19 years	6%
20 years and over	7%

In addition to pay credits, participants will also be eligible for monthly interest credits based on the 10-Year treasury note rate with a minimum of 3 percent.

In 2013, we began to implement changes to certain of our U.S. qualified pension plans that cover the majority of our U.S. employees. Benefits under our primary pension plan changed from a final average pay formula (as described above, the Formula Provision) to a cash balance formula (as described above, the Cash Balance Provision) with staged effective dates from July 1, 2013 through January 1, 2015, depending on the age and service of the affected employees. All final average pay benefits were frozen as of December 31, 2014, with all future benefits to be earned under the new cash balance formula.

Our Excess Pension Plan provides benefits to those employees whose pension benefits under our defined benefit Pension Plan are subject to limitations under the Internal Revenue Code, or are otherwise indirectly constrained by the Code from realizing the maximum benefit available to them under the terms of Pension Plan. The Excess Pension Plan is designed as an "excess benefit plan" as defined under §3(36) of ERISA, for those benefits provided in excess of section 415 of the Code. The Excess Pension Plan is not intended to be either a qualified plan under the provisions of Section 401(a) of the Code, or a funded plan subject to the funding requirements of ERISA. Subject to other terms of the Excess Pension Plan, the benefit payable

under the plan in the Formula Provision is generally an amount equal to “x” minus “y”, where “x” is equal to 1.6 percent of a participant’s final average monthly earnings (as determined under the Excess Pension Plan) multiplied by the participant’s number of years of credited service, and “y” is equal to the participant’s benefit that is payable under the Pension Plan. The benefit payable under the Excess Pension Plan in the Cash Balance Provision is generally an amount equal to “x” minus “y”, where “x” is equal to the accumulated account balance that the participant would be entitled to receive without regard to the limitations, and “y” is equal to the participant’s accumulated account balance that is payable under the Pension Plan. The Excess Pension Plan benefit is made in a lump sum. A participant’s benefits under the Excess Pension Plan will vest concurrently with the vesting of the participant’s benefits under the Pension Plan.

Our Supplemental Executive Retirement Plan (SERP) provides an additional benefit equal to 0.35 percent times the product of the participant’s years of credited service (maximum 35 years) multiplied by the excess of the participant’s average monthly compensation over the lesser of 1.25 times the monthly average (without indexing) of the social security wage bases for the 35-year period ending with the year the participant attains social security retirement age, or the monthly average of the social security wage base in effect for the year that the participant retires. The participant’s most highly compensated consecutive 36 months of service are considered. The SERP benefit payment is made in a lump sum. A participant in the SERP will vest in the SERP benefit when he or she reaches age 55 (and has completed at least five years of credited service). An executive will become a participant in the SERP as of the date he or she is selected and named in the minutes of the Compensation Committee for inclusion as a participant in the SERP.

Generally, an employee participates in either the Excess Pension Plan or the SERP. Compensation for purposes of the Pension Plan, Excess Pension Plan, and SERP includes salary and bonus.

NONQUALIFIED DEFERRED COMPENSATION

The following table describes contributions by Valero and each named executive officer under our non-qualified defined contribution and other deferred compensation plans during 2014. The table also presents each named executive officer's earnings, withdrawals (if any), and year-end balances in these plans.

		Executive Contribu- tions in Last FY (\$)	Registrant Contribu- tions in FY (\$) (1)	Aggregate Earnings in Last FY (\$)	Aggregate Withdraw- als/Distri- butions (\$)	Aggregate Balance at Last FYE (\$)
Joseph W. Gorder	Deferred Compensation Plan	—	—	—	—	—
	Excess Thrift Plan	—	62,300	—	—	349,875
Michael S. Ciskowski	Deferred Compensation Plan	—	—	34,000	—	306,886
	Excess Thrift Plan	—	38,500	—	—	861,615
R. Lane Riggs	Deferred Compensation Plan	—	—	—	—	—
	Excess Thrift Plan	—	20,773	—	—	85,211
	UDS Non-qualified 401(k) Plan (2)	—	—	2,349	—	40,290
Jay D. Browning	Deferred Compensation Plan	—	—	—	—	—
	Excess Thrift Plan	—	24,354	—	—	200,047
R. Michael Crownover	Deferred Compensation Plan	—	—	—	—	—
	Excess Thrift Plan	—	17,967	—	—	226,663
	Deferred Compensation Plan	—	—	291,058	—	2,793,898
	Excess Thrift Plan	—	61,133	—	158,124	1,486,384
William R. Klesse	Diamond Shamrock Excess ESOP (2)	—	—	—	—	1,351,117
	UDS Non-qualified 401(k) Plan (2)	—	—	336,274	—	4,355,298
	Diamond Shamrock Deferred Compensation Plan (2)	—	—	43,945	—	730,794

Footnotes to Nonqualified Deferred Compensation table:

(1) All of the amounts included in this column are also included within the amounts reported as "All Other Compensation" for 2014 in the Summary Compensation Table.

(2) Valero assumed the Diamond Shamrock Excess ESOP, UDS Non-qualified 401(k) Plan, and Diamond Shamrock Deferred Compensation Plan when we acquired UDS in 2001. These plans are frozen.

Our Deferred Compensation Plan and Excess Thrift Plan are described in "Compensation Discussion and Analysis—Elements of Executive Compensation—Post-Employment Benefits." The following terms also apply to these plans.

Under the Deferred Compensation Plan (DC Plan), participants may elect when and over what period of time their deferrals will be distributed based on plan provisions. Participants may elect to have their accounts distributed in a lump sum on a specified date, at least three-to-five years after the year of the deferral election. Even if a participant has elected a specified distribution date, the participant's DC Plan account will be distributed upon the participant's death, retirement, or other termination of employment. Participants may, at the time of their deferral elections, choose to have their accounts distributed as soon as reasonably practical following retirement or other termination, or on the first day of January following the date of retirement or termination.

Participants may also elect to have their accounts distributed in one lump sum payment or in 5, 10, or 15 year installments upon retirement, and in a lump sum or five annual installments upon other termination. For the period beginning in 2010, participants may also elect to have their accounts distributed in one lump-sum payment or in two- to 15-year installments upon retirement. Upon a participant's death, the participant's beneficiary will receive the participant's DC Plan account in one lump-sum payment within 90 days following the participant's death. Upon a change in control of Valero, all DC Plan accounts are immediately vested in full. However, distributions are not accelerated and, instead, are made in accordance with the DC Plan's normal distribution provisions.

The Excess Thrift Plan provides benefits to participants of our qualified thrift plan whose accounts would not otherwise be credited with company matching contributions due to certain IRS limits on contributions and/or compensation. The Excess Thrift Plan is neither a qualified plan for federal tax purposes nor a funded plan subject to ERISA. Two separate components comprise the Excess Thrift Plan: (i) an "excess benefit plan" as defined under Section 3(36) of ERISA; and (ii) a plan that is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Generally

Messrs. Gorder, Ciskowski, Browning, and Crownover have change-of-control severance agreements with Valero. The agreements seek to assure the continued availability of the officers in the event of a change of control of Valero. Each agreement subjects the officer to obligations of confidentiality, both during the term and after termination, for information relating to Valero that the officer acquired during his employment. When determining the amounts and benefits payable under the agreements, the Compensation Committee and Valero sought to secure compensation that is competitive in our market to recruit and retain executive talent. Consideration was given to the principal economic terms found in written employment and change of control agreements of other publicly traded companies.

When a change of control occurs, the agreements become operative for a fixed three-year period. The agreements provide generally that the officers' terms of employment will not be changed adversely during the three-year period after a change of control. In addition, the vesting periods on outstanding stock option and restricted stock awards will be accelerated to the date of the change of control, and unvested performance shares that were granted prior to 2014 will vest and become payable at 200 percent of target.

Recent Changes

In 2014, our Board adopted a policy regarding the vesting of performance shares in a change-of-control context. The policy provides that performance shares granted in 2014 and thereafter will not vest automatically upon the date of a change of control of Valero. The Compensation Committee may provide in the participant's award agreement that if a participant's employment with Valero is terminated following a change of control, any unvested performance shares held by the participant will vest on a partial, pro rata basis on the date of the participant's termination of employment, with such qualifications for an award as the Committee may determine.

Our change-of-control severance agreements do not contain tax gross-up benefits. The agreements for all of our officers were amended in January 2013 to eliminate the gross-up benefit that formerly entitled the officers to receive a payment to make them whole for any excise tax on excess parachute payments imposed under Section 4999 of the Internal Revenue Code. Valero has adopted a policy that this benefit may not be included in any future change of control agreements.

Terms and Conditions

For purposes of the agreements, "change of control" means any of the following (subject to additional particulars as stated in the agreements):

the acquisition by an individual, entity or group of beneficial ownership of 20 percent or more of our outstanding Common Stock;

the ouster from the Board of a majority of the incumbent directors;

consummation of a business combination (e.g., merger, share exchange); or

approval by stockholders of the liquidation or dissolution of Valero.

In the agreements, "cause" is defined to mean, generally, the willful and continued failure of the officer to perform substantially the officer's duties, or illegal or gross misconduct by the officer that is materially and demonstrably injurious to Valero. "Good reason" is defined to mean, generally:

a diminution in the executive officer's position, authority, duties and responsibilities;

relocation of the executive (or increased travel requirements); or

failure of Valero's successor to assume and perform under the agreement.

The following tables disclose potential payments (calculated per SEC regulations) to our named executive officers in connection with a change of control of Valero. Under the change of control agreements, if an officer's employment is terminated for "cause," the officer will not receive any benefits or compensation other than any accrued salary or vacation pay that remained unpaid through the date of termination, and, therefore, there is no presentation of termination for "cause" in the following tables. Values in the tables assume that a change of control occurred on December 31, 2014, and that the officer's employment was terminated on that date.

PAYMENTS UNDER CHANGE OF CONTROL SEVERANCE AGREEMENTS

A. Termination of Employment by the Company other than for "Cause" or Disability, or by the Executive for "Good Reason" (1) (2) (\$)

	Gorder	Ciskowski	Browning	Crownover
Salary (3)	3,750,000	2,430,000	1,100,000	1,050,000
Bonus (3)	10,575,000	5,010,000	1,650,000	1,574,000
Pension, Excess Pension, and SERP	8,335,777	4,370,324	2,027,643	1,634,701
Contributions under Defined Contribution Plans	241,500	170,100	85,108	72,333
Health & Welfare Plan Benefits (4)	51,814	35,590	44,177	34,203
Outplacement Services	25,000	25,000	25,000	25,000
Accelerated Vesting of Stock Options (5)	527,053	409,998	114,870	118,475
Accelerated Vesting of Restricted Stock (6)	5,096,768	2,374,961	918,918	912,830
Accelerated Vesting of Performance Shares (7)	8,515,485	8,316,990	2,269,476	2,333,331

B. Termination of Employment by the Company because of Death or Disability (8) and Termination by the Executive other than for "Good Reason" (9) (\$)

	Gorder	Ciskowski	Browning	Crownover
Accelerated Vesting of Stock Options (5)	527,053	409,998	114,870	118,475
Accelerated Vesting of Restricted Stock (6)	5,096,768	2,374,961	918,918	912,830
Accelerated Vesting of Performance Shares (7)	8,515,485	8,316,990	2,269,476	2,333,331

C. Continued Employment Following Change of Control (10) (\$)

	Gorder	Ciskowski	Browning	Crownover
Salary, Bonus, Pension, Excess Pension, SERP, Contributions under Defined Contribution Plans, Health & Welfare Benefits	(10)	(10)	(10)	(10)
Accelerated Vesting of Stock Options (5)	527,053	409,998	114,870	118,475
Accelerated Vesting of Restricted Stock (6)	5,096,768	2,374,961	918,918	912,830
Accelerated Vesting of Performance Shares (7)	8,515,485	8,316,990	2,269,476	2,333,331

Footnotes for Payments Under Change of Control Severance Agreements tables:

Data for Mr. Riggs and Mr. Klesse are not included in these tables. Mr. Riggs does not have a change-of-control (1) severance agreement with Valero. Mr. Klesse's change-of-control severance agreement expired commensurate with Mr. Klesse's termination of employment with Valero.

If the company terminates the officer's employment other than for cause, death or disability, or if the officer terminates his employment for "good reason," the officer is generally entitled to receive the following: (a) a lump sum cash payment equal to the sum of (i) accrued and unpaid compensation through the date of termination, including a pro-rata annual bonus (for this table, we assumed that the officers' bonuses for the year of termination were paid at year end), (ii) three times the sum of the officer's annual base salary (two times for Mr. Browning and (2) Mr. Crownover) plus the officer's highest annual bonus from the past three years, (iii) the actuarial present value of the pension benefits (qualified and nonqualified) the officer would have received for an additional three years of service (two years for Mr. Browning and Mr. Crownover), and (iv) the equivalent of three years (two years for Mr. Browning and Mr. Crownover) of employer contributions under Valero's tax-qualified and supplemental defined contribution plans; (b) continued welfare benefits for three years (two years for Mr. Browning and Mr. Crownover); and (c) up to \$25,000 of outplacement services.

We assumed each officer's compensation at the time of each triggering event to be as stated below. The listed salary (3) is the executive officer's rate of pay as of December 31, 2014. The listed bonus amount represents the highest bonus earned by the executive in any of fiscal years 2012, 2013, or 2014 (the three years prior to the assumed change of control):

Name	Salary	Bonus
Joseph W. Gorder	\$1,250,000	\$3,525,000
Michael S. Ciskowski	\$810,000	\$1,670,000
Jay D. Browning	\$550,000	\$825,000
R. Michael Crownover	\$525,000	\$787,000

(4) The executive is entitled to coverage under welfare benefit plans (e.g., health, dental, etc.) for three years (two years for Mr. Browning and Mr. Crownover) following the date of termination.

The amounts stated in the table represent the assumed cash value of the accelerated options derived by multiplying (5) (a) the difference between \$49.50 (the closing price of Common Stock on the NYSE on December 31, 2014), and the options' exercise prices, times (b) the number of option shares.

(6) The amounts stated in the table represent the product of (a) the number of shares whose restrictions lapsed because of the change of control, and (b) \$49.50 (the closing price of Common Stock on the NYSE on December 31, 2014). Acceleration is possible only for outstanding performance shares from awards made prior to 2014. The amounts stated in the table represent the product of (a) the number of performance shares whose vesting was accelerated because of the change of control, times 200%, times (b) \$49.50 (the closing price of Common Stock on the NYSE (7) on December 31, 2014). The 2014 performance share awards are subject to partial, pro rata vesting based upon the officer's months of service during the pertinent performance period. Because we assume the change of control occurred on December 31, 2014, the officer would have zero months of service in the shortened performance period, and therefore zero shares of common stock would be earned.

If employment is terminated by reason of death or disability, the officer's estate will be entitled to receive a lump sum cash payment equal to any accrued and unpaid salary and vacation pay plus a bonus equal to the highest bonus (8) earned in the prior three years (prorated to the date of termination; in this example, we assumed that the officers' bonuses for the year of termination were paid at year end). In the case of disability, the officer would be entitled to disability and related benefits at least as favorable as those provided by Valero under its programs during the 120 days prior to the officer's termination of employment.

(9) If the officer voluntarily terminates employment other than for "good reason," he will be entitled to a lump sum cash payment equal to any accrued and unpaid salary and vacation pay plus a bonus equal to the highest bonus earned in the prior three years (prorated to the date of termination; in this example, we assumed that the officers' bonuses for the year of termination were paid at year end).

(10) The agreements provide for a three-year term of employment following a change of control, and generally provide that the officer will continue to enjoy compensation and benefits on terms at least as favorable as in effect prior to the change of control. In addition, all outstanding equity incentive awards will vest on the date of the change of control, except for performance shares awarded in 2014 or thereafter (see footnote (7) above).

DIRECTOR COMPENSATION

This table summarizes compensation paid to our directors for the year ended December 31, 2014.

	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Total (\$)
Jerry D. Choate	135,000	160,001	295,001
Ruben M. Escobedo (retired May 2014)	77,500	—	77,500
Joseph W. Gorder	—	—	(2)
William R. Klesse (retired December 2014)	—	—	(2)
Deborah P. Majoras	115,000	160,001	275,001
Bob Marbut (retired May 2014)	57,500	—	57,500
Donald L. Nickles	115,000	160,001	275,001
Philip J. Pfeiffer	115,000	160,001	275,001
Robert A. Profusek	155,000	160,001	315,001
Susan Kaufman Purcell	115,000	160,001	275,001
Stephen M. Waters	115,000	160,001	275,001
Randall J. Weisenburger	128,333	160,001	288,334
Rayford Wilkins, Jr.	115,000	160,001	275,001

Footnotes to Director Compensation table:

The amounts shown represent the grant date fair value of awards granted in 2014, computed in compliance with FASB ASC Topic 718. In 2014, each of our non-employee directors who was serving on the Board on May 1, 2014, received a grant of 2,779 shares of restricted Common Stock. Valero did not grant stock options to any (1) director in 2014. The following table presents for each non-employee director as of December 31, 2014 (i) the shares of Common Stock that were subject to outstanding stock options (vested and unvested), and (ii) the number of unvested restricted shares of Common Stock held. Balances for Mr. Klesse and Mr. Gorder are stated in the “Outstanding Equity Awards” table elsewhere in this proxy statement.

Name	Outstanding Stock Options	Unvested Restricted Stock
Jerry D. Choate	—	5,694
Deborah P. Majoras	—	8,997
Donald L. Nickles	—	5,694
Philip J. Pfeiffer	—	8,097
Robert A. Profusek	—	5,694
Susan Kaufman Purcell	—	5,694
Stephen M. Waters	10,700	5,694
Randall J. Weisenburger	—	5,694
Rayford Wilkins, Jr.	—	5,694

Mr. Gorder and Mr. Klesse did not receive any compensation as directors of Valero in 2014. Their compensation (2) for service as an executive officer in 2014 is presented earlier in this proxy statement in the compensation tables for our named executive officers.

Our non-employee directors received a cash retainer of \$115,000 in 2014. The annual retainer is paid in lieu of separate meeting or committee fees. In addition to the retainer, directors who chaired the Audit, Compensation, and Nominating/Governance and Public Policy Committees, and the director who served as the designated lead director, received an additional \$20,000 for their service in these roles. Directors are reimbursed for expenses of meeting attendance. Directors who are employees of Valero do not receive compensation for serving as directors.

On the date of our annual stockholders meeting in 2014, each non-employee director received a grant of restricted shares of Common Stock valued at \$160,000, with vesting scheduled to occur in equal one-third increments over three years. Grants of equity awards supplement the cash compensation paid to our non-employee directors and serve to increase our directors' identification with the interests of our stockholders through ownership of Common Stock. In 2014, following a peer review of director compensation practices, the Board approved certain changes to Valero's compensation program for non-employee directors. Effective January 1, 2015: (i) the annual cash retainer was increased to \$120,000; (ii) the value of the annual equity award of restricted shares was increased to \$170,000; (iii) the pay for service as lead director was increased to \$25,000, and (iv) equity grants for a director's initial election to the Board were eliminated.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS REVIEW

We have a conflict of interest policy to address instances in which an employee or director's private interests may conflict with the interests of Valero. The policy is published on our intranet website. We have a Conflicts of Interest Committee ("COI Committee") to help administer our conflicts policy and to determine whether any employee or director's private interests may interfere with the interests of Valero. The COI Committee is composed of representatives from our legal, internal audit, and Sarbanes-Oxley compliance departments. Conflicts of interest are also addressed in our Code of Business Conduct and Ethics. Any waiver of any provision of this code for executive officers or directors may be made only by the Board, and will be promptly disclosed as required by law or NYSE rule. Management also makes it a practice to inform the Board and/or its committees regarding any potential "related person" transaction (within the meaning of Item 404(a) of the SEC's Regulation S-K) of which management is aware. We also solicit information from our directors and executive officers annually in connection with the preparation of disclosures in our proxy statement. These questionnaires specifically seek information pertaining to any related person transaction.

TRANSACTIONS WITH MANAGEMENT AND OTHERS

In connection with Mr. Klesse's retirement and service as Chairman of the Board through December 30, 2014 (described under the caption "Chief Executive Officer and Chairman Transition"), the Board approved a base salary for Mr. Klesse of \$79,167 per month for the months May through December 2014.

TRANSACTIONS WITH VALERO ENERGY PARTNERS LP

Relationship with VLP

Valero, through its subsidiaries, owns common units and subordinated units of Valero Energy Partners LP (VLP) representing a 70 percent limited partner interest in VLP. In addition, Valero, through its wholly owned subsidiary, owns the 2 percent general partner interest in VLP (the "General Partner"). The common units representing limited partner interests of VLP are listed for trading on the NYSE under the symbol "VLP." References in this section of our proxy statement to "VLP" means Valero Energy Partners LP, one or more of its subsidiaries, or all of them taken as a whole.

Mr. Gorder is Chairman of the Board and Chief Executive Officer of the General Partner. Mr. Riggs is a member of the board of directors of the General Partner. Mr. Browning is as an executive officer of the General Partner.

Distributions and Other Payments from VLP

In 2014, we received \$29.6 million in distributions from VLP with respect to our ownership of limited partner and general partner interests of VLP. On February 12, 2015, we received \$11.2 million of distributions from VLP with respect to our limited partner and general partner interests.

Under VLP's partnership agreement, VLP reimburses the General Partner and its affiliates, including Valero, for costs and expenses they incur and payments they make on behalf of VLP.

Agreements with VLP

2013 IPO Contribution, Conveyance and Assumption Agreement

In connection with VLP's initial public offering on December 16, 2013 (the Offering), we entered into a contribution, conveyance and assumption agreement with VLP and the General Partner. Under that agreement, we contributed certain logistics assets to VLP in exchange for: (i) 11,539,989 common units; (ii) 28,789,989 subordinated units; (iii) 1,175,102 general partner units; and (iv) incentive distribution rights.

2014 Purchase and Sale Agreement

Effective July 1, 2014, we entered into a purchase and sale agreement with VLP under which we sold the McKee crude system, the Three Rivers crude system, and the Wynnewood products system to VLP for cash in the amount of \$154 million (the Transaction).

2015 Contribution Agreement

In connection with our contribution of a terminaling business to VLP effective March 1, 2015 (the Contribution), we entered into a contribution agreement with VLP under which we contributed all of the member interests of two subsidiaries that own and operate crude oil, intermediates, and refined petroleum products terminals supporting our Houston and St. Charles refineries. Under the agreement, VLP made a cash distribution of \$571.2 million to us and issued to us 1,908,100 common units of VLP and issued to the General Partner 38,941 general partner units of VLP; the common units and general partner units had an aggregate value of \$100 million.

Omnibus Agreement

We entered into an omnibus agreement with VLP in connection with the Offering, which we have since amended and restated in connection with the Transaction and the Contribution. The omnibus agreement addresses the following key matters:

- the payment to us by VLP of an annual administrative fee of \$10.35 million for our provision of certain services to VLP;
- VLP's obligation to reimburse us for certain direct or allocated costs and expenses that we may incur on behalf of VLP;
- VLP's right of first offer through December 16, 2018, to acquire certain of our transportation and logistics assets;
- our right of first refusal to acquire certain of VLP's assets; and
- the parties' indemnification obligations to one another.

So long as we control the General Partner, the omnibus agreement will remain in effect. If we cease to control the General Partner, either party may terminate the omnibus agreement, provided that the indemnification obligations will remain in effect in accordance with their terms.

Services and Secondment Agreement

Under our services and secondment agreement with the General Partner, as amended, certain of our employees are seconded to the General Partner to provide operational and maintenance services for certain pipelines and terminals of VLP, including routine operational and maintenance activities. During their period of secondment to the General Partner, the seconded employees are under the management and supervision of the General Partner.

The General Partner is required to reimburse us for the cost of the seconded employees, including their wages and benefits. If a seconded employee does not devote 100 percent of his or her time to providing services to the General Partner, the General Partner is required to reimburse us for only a prorated portion of such employee's overall wages and benefits, based on the percentage of the employee's time spent working for the General Partner. The services and secondment agreement has an initial term through December 16, 2023, and will extend automatically for successive renewal terms of one year each, unless terminated by either party upon at least 30 days' prior written notice before the end of the initial term or any renewal term. In addition, the General Partner may terminate the agreement or reduce the level of services under the agreement at any time upon 30 days' prior written notice.

Tax Sharing Agreement

Under our tax sharing agreement with VLP, VLP is required to reimburse us for VLP's share of state and local income and other taxes that we incur as a result of VLP's tax items and attributes being included in a combined or consolidated state tax return filed by Valero with respect to taxable periods including or beginning on the closing date of the Offering. The amount of any such reimbursement is limited to any entity-level tax that VLP would have paid directly had VLP not been included in a combined group with Valero.

Ground Lease Agreement

At the closing of the Offering, we entered into a ground lease with VLP under which we lease to VLP the land on which VLP's Memphis truck rack is located. The term of the ground lease is through December 20, 2033, with no renewal periods. VLP pays to us \$35,007 per year as base rent under the ground lease. Commencing on January 1, 2016, and on January 1st of each year thereafter, base rent will increase by 1.5 percent. VLP also pays to us a customary expense reimbursement for taxes, utilities and similar costs that we incur related to the leased premises.

Lease and Access Agreements

At the closing of the Contribution, we entered into a lease and access agreement with VLP pursuant to which VLP leases the land on which its Houston terminal is located. The term of the agreement is for 10 years with four automatic successive renewal periods of five years each. Initially, VLP will pay \$1.7 million per year as base rent, subject to an annual inflation escalator. At the closing of the Contribution, we also entered into a lease and access agreement with VLP, pursuant to which VLP leases the land on which its St. Charles terminal is located. The term of the agreement is for 10 years with four automatic successive renewal periods of five years each, provided that the final renewal period will end on December 31, 2044. Initially, VLP will pay \$4.7 million per year as base rent, subject to an annual inflation escalator. Either party may terminate these agreements by providing 180 days written notice in advance of the scheduled termination date. Under the agreements, VLP will pay customary expenses, reimbursement for taxes, utilities and similar costs that we incur related to the leased premises.

Subordinated Credit Agreement (Term Loan)

In connection with the Contribution, VLP (as borrower) and Valero (as lender) entered into a subordinated loan agreement ("Loan Agreement") under which VLP borrowed \$160 million in cash from us (the "Loan"). VLP used the Loan proceeds to fund a portion of its cash distribution to us in the Contribution. The Loan has a maturity date of March 1, 2020. The Loan may be prepaid at any time without penalty; amounts repaid or prepaid may not be reborrowed. The Loan will bear interest at either (a) the LIBO Rate (as defined in the Loan Agreement) plus the applicable margin, or (b) the Prime Rate (as defined in the Loan Agreement) plus the applicable margin. Accrued interest on the outstanding Loan balance is payable in arrears on each Interest Payment Date (as defined in the Loan Agreement) and the maturity date.

The payment of amounts owing under the Loan Agreement are subordinated to the obligations of the Partnership under its revolving credit agreement with third-party lenders. The Loan Agreement contains customary terms regarding covenants, representations, default, and remedies, including covenants that limit the creation of liens, the incurrence of debt by the Partnership or its subsidiaries, the payment of distributions, and the entry into securitization transactions, sale/leaseback transactions, certain restrictive agreements, consolidations, mergers, and the sale of all or substantially all assets. The Loan Agreement also includes a covenant that requires, as of the last day of each fiscal quarter, the Partnership's ratio of Consolidated Total Debt (as defined in the Loan Agreement) as of such day to Consolidated EBITDA (as defined in the Loan Agreement) for the four-quarter period ending on such day not to exceed 5.0 to 1.0 (or 5.5 to 1.0 during a specified acquisition period). The Loan is subject to acceleration upon the occurrence of an event of default.

Commercial Agreements with VLP

We entered into commercial agreements with VLP in connection with the Offering, the Transaction, and the Contribution with respect to the assets we transferred to VLP. Under these commercial agreements, VLP provides transportation and terminaling services to us. We have committed to pay VLP for minimum quarterly throughput volumes of crude oil and refined petroleum products, regardless of whether we physically deliver such volumes in any given quarter. These agreements have initial five-year terms, and, with the exception of VLP's El Paso truck rack and Memphis truck rack, we will have the option to renew the agreement with respect to each asset for one additional five-year term. For the year ended December 31, 2014, we accounted for all of VLP's revenues. VLP's gross operating revenues for the year ended December 31, 2014, were \$129.2 million.

PROPOSAL NO. 2 –

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR

(Item 2 on the proxy card)

The Audit Committee of the Board determined on February 25, 2015, to engage KPMG LLP (“KPMG”) as Valero’s independent registered public accounting firm for the fiscal year ending December 31, 2015. KPMG has also served as Valero’s independent registered public accounting firm for fiscal years ended December 31, 2004 and following.

The Board requests stockholder approval of the following resolution.

“RESOLVED, that the appointment of the firm of KPMG LLP as Valero’s independent registered public accounting firm for the purpose of conducting an audit of the consolidated financial statements and the effectiveness of internal control over financial reporting of Valero and its subsidiaries for the fiscal year ending December 31, 2015 is hereby approved and ratified.”

The Board recommends that the stockholders vote “FOR” the proposal to ratify the appointment of KPMG LLP as Valero’s independent registered public accounting firm for 2015. Representatives of KPMG are expected to be present at the Annual Meeting to respond to appropriate questions raised at the Annual Meeting or submitted to them in writing prior to the Annual Meeting.

The affirmative vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote is required for adoption of this proposal. If the appointment is not approved, the adverse vote will be considered as an indication to the Board that it should select another independent registered public accounting firm for the following year. Because of the difficulty and expense of making any substitution of public accountants so long after the beginning of the current year, it is contemplated that the appointment for 2015 will be permitted to stand unless the Audit Committee finds other good reason for making a change.

KPMG LLP FEES FOR FISCAL YEARS 2014 AND 2013

The following table presents fees for services provided to us by KPMG for 2014 and 2013 (in millions).

	2014	2013
Audit Fees (1)	\$7.0	\$7.5
Audit-Related Fees (2)	0.3	0.2
Tax Fees	—	—
All Other Fees (3)	0.1	—
total	\$7.4	\$7.7

Represents fees for professional services rendered for the audit of the annual financial statements included in Valero’s annual reports on Form 10-K, review of Valero’s interim financial statements included in Valero’s Forms 10-Q, the audit of the effectiveness of Valero’s internal control over financial reporting, and services that are normally provided by the principal auditor (e.g., comfort letters, statutory audits, attest services, consents and (1) assistance with and review of documents filed with the SEC). In addition to the services listed above, KPMG served as the independent auditor of the financial statements included in the annual reports on Form 10-K of Valero Energy Partners LP (VLP) for the years ended December 31, 2014 and 2013, and the audit of the effectiveness of VLP’s internal control over financial reporting as of December 31, 2014. KPMG’s fees relating to VLP audits for 2014 and 2013 were \$840,000 and \$400,000, respectively.

Represents fees for assurance and related services that are reasonably related to the performance of the audit or (2) review of Valero’s financial statements and not reported under the caption for Audit Fees. The fees listed above are related to the audit of Valero’s benefit plans.

- (3) Represents fees for professional services other than the services reported under the preceding captions. The fees shown for fiscal year 2014 were for advisory services.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee adopted a pre-approval policy to address the pre-approval of certain services rendered to Valero by its independent auditor. The text of that policy appears in Exhibit 99.01 to Valero's Annual Report on Form 10-K for the year ended December 31, 2014.

All of the services rendered by KPMG to Valero for 2014 were pre-approved specifically by the Audit Committee or pursuant to our pre-approval policy. None of the services provided by KPMG were approved by the Audit Committee under the pre-approval waiver provisions of paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

REPORT OF THE AUDIT COMMITTEE FOR FISCAL YEAR 2014

Management is responsible for Valero's internal controls and financial reporting process. KPMG LLP (KPMG), Valero's independent registered public accounting firm for the fiscal year ended December 31, 2014, is responsible for performing an independent audit of Valero's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB"), and an audit of the effectiveness of Valero's internal control over financial reporting in accordance with the standards of the PCAOB, and to issue KPMG's reports thereon. The Audit Committee monitors and oversees these processes. The Audit Committee approves the selection and appointment of Valero's independent registered public accounting firm and recommends the ratification of its selection and appointment to our Board.

The Audit Committee has reviewed and discussed Valero's audited financial statements with management and KPMG. The committee has discussed with KPMG the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380 "Communication with Audit Committees"), as adopted by the PCAOB in Rule 3200T. The committee has received the written disclosures and the letter from KPMG required by applicable requirements of the PCAOB regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with KPMG that firm's independence.

Based on the foregoing review, discussions, and other matters the Audit Committee deemed relevant and appropriate, the committee recommended to the Board that the audited financial statements of Valero be included in its Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC.

Members of the Audit Committee for fiscal year 2014:

Randall J. Weisenburger, Chairman

Susan Kaufman Purcell

Stephen M. Waters

Rayford Wilkins, Jr.

* The material in this Report of the Audit Committee is not "soliciting material," is not deemed filed with the SEC, and is not to be incorporated by reference in any of Valero's filings under the Securities Act or the Exchange Act, respectively, whether made before or after the date of this proxy statement and irrespective of any general incorporation language therein.

PROPOSAL NO. 3 –
APPROVE, BY NONBINDING VOTE,
COMPENSATION OF NAMED EXECUTIVE OFFICERS
(Item 3 on the proxy card)

At the 2011 annual meeting of stockholders, our stockholders followed our Board's recommendation to hold an advisory vote on executive compensation ("say-on-pay") every year. Accordingly, we are asking stockholders to vote to approve the 2014 compensation of our named executive officers as such compensation is disclosed pursuant to Item 402 of the SEC's Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables, and other narrative compensation disclosures required by Item 402. This proxy statement contains all of these required disclosures.

We request the stockholders to approve the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved."

Because the vote on this proposal is advisory in nature, it will not affect compensation already paid or awarded to any named executive officer and will not be binding on Valero, the Board, or the Compensation Committee. The Board and Compensation Committee, however, will review the voting results and take into account the outcome in determining future annual compensation for the named executive officers.

The Board recommends that the stockholders vote "FOR" this proposal. Proxies will be voted for approval of the proposal unless otherwise specified.

STOCKHOLDER PROPOSAL

We expect the following proposal to be presented by stockholders at the Annual Meeting. Following SEC rules, we have reprinted the proposal and its supporting statement as it was submitted by the sponsors of the proposal. We assume no responsibility for the statements made by the sponsors in connection with the proposal. After review, our management and the Board have concluded that they do not support the proposal, and the Board recommends that you vote AGAINST the proposal for the reasons explained below.

PROPOSAL NO. 4 – STOCKHOLDER PROPOSAL – “GREENHOUSE GAS EMISSIONS”

(Item 4 on the proxy card)

The affirmative vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote is required for adoption of this proposal. The name, address, and number of voting securities held by the sponsors of the proposal will be provided to any stockholder upon request.

RESOLVED: Shareholders request that Valero Energy (Valero) adopt quantitative goals, based on current technologies, for reducing total greenhouse gas (GHG) emissions from products and operations, and report to shareholders by fall 2015 on its plans to achieve these goals (omitting proprietary information and prepared at reasonable cost).

Stockholder Supporting Statement:

In November 2014 the Intergovernmental Panel on Climate Change (IPCC) released its latest and most conclusive “synthesis report” reporting that human-caused “warming of the climate system is unequivocal,” with many of the impacts of warming already “unprecedented over decades to millennia.” In order to mitigate the worst impacts of climate change, the IPCC estimates that a 50 percent reduction in GHG emissions globally is needed by 2050 (relative to 1990 levels).

Increased regulation of GHG emissions is already underway. In May 2013, President Obama outlined an action plan to address climate change. New Corporate Average Fuel Economy (CAFE) Standards which set new targets for automotive fuel efficiency and the development of state low carbon fuel standards seek to prompt the development of a new generation of fuels that will be economically and environmentally more sustainable.

Additionally, the U.S. Environmental Protection Agency (EPA) has proposed to strengthen emissions standards for petroleum refineries, which aim to promote air quality and protect the health of local communities where Valero operates.

Creating clear-cut goals can help Valero to significantly reduce its carbon footprint by implementing a disciplined business strategy to cut emissions and to better manage environmental, regulatory and license to operate risks. Management approaches include renewable energy production or procurement, energy efficiency target, and methane leakage and flaring reduction goals.

Investors with \$92 trillion in assets support CDP’s (formerly Carbon Disclosure Project) request disclosure from over 6,000 companies on disclosure of carbon emissions, reduction goals, and climate change strategies to address these risks. CDP received over an 80% response rate in 2013.

A recent CDP study of 386 U.S. companies in the S&P 500 found that 79% of companies “earn a higher return on their carbon reduction investments than on their overall corporate capital investments,” energy efficiency improvements earned an average return on investment of 196%, with an average payback period

between two and three years, and “high emitting companies that set absolute emissions reduction targets achieved reductions double the rate of those without targets, with 10% higher firm-wide profitability.”

While over half of S&P 500 companies have set GHG emissions reduction targets, which can protect and enhance shareholder value long-term, Valero lags behind. Peers such as Exxon and Hess report in their CDP responses that they have set energy efficiency and emission intensity reduction targets, respectively. Unfortunately, Valero lags behind, having declined to participate or not responded to CDP’s response request for several years.

Last year this proposal received a vote in support of 39.4% (excluding abstentions), a substantial level of support that management should not ignore.

END OF STOCKHOLDER PROPOSAL

* * * * *

BOARD RECOMMENDATION:

The Board recommends that you vote “AGAINST” this proposal for the following reasons:

Environmental stewardship is a core value at Valero, and we have for years sought to properly manage all of our emissions, including GHG emissions. We seek to be good stewards of the natural resources we consume and manage. We continue to address this issue by striving for and maintaining energy-efficient operations and by leading the way in innovation related to biofuels and wind energy.

Valero strives to have the most energy-efficient operations possible. Led by our corporate energy department, each of our refineries has a designated energy steward to help identify and complete energy related projects. Each plant also participates in formal efficiency assessments to identify and act on opportunities for improvement. All of these activities result in a reduction of fuel usage and GHG emissions.

Valero’s growth history is marked by its improvement of the energy efficiency of the plants that Valero has acquired. Our overall GHG emission levels can vary significantly over time, however, due to (i) government mandates to produce cleaner fuels, (ii) the acquisition and divestiture of assets, and (iii) market conditions that dictate alternative operating modes for our facilities.

Over the past decade, our industry has responded to multiple government mandates to reduce the level of sulfur and other components in the fuels that we manufacture. To do this, we installed facilities to produce Tier 2 gasoline and ultralow sulfur diesel and to meet the EPA’s air toxics rule for gasoline. Over the same period, we installed mandated emission-control equipment on our process units (such as flue gas scrubbers) to reduce emissions of conventional pollutants. Now we are responding to a new EPA mandate to make Tier 3 gasoline. Each of these mandates has or will result in increases in GHG emissions. Thus, our ability to achieve an overall decrease is, in many cases, out of our control even as we strive to become more efficient.

To address GHG emissions Valero adopted a formal Greenhouse Gas Reduction Policy several years ago. As described in this Policy, Valero closely follows regulatory developments and participates in professional and public-policy forums that address climate change and its potential impacts, and is committed to continuously enhancing the company’s operational efficiency so as to reduce our emissions of GHG per barrel processed. Valero’s substantial emission reductions over the past years demonstrate the seriousness of the company’s commitment. Among other achievements, Valero has:

• pursued alternative energy opportunities to improve energy efficiency and further reduce its carbon footprint, such as by building wind-powered turbines;

• reduced its refineries’ energy consumption to 0.42 million Btu per barrel of throughput in 2014 from 0.49 in 2008;

reduced air emissions of conventional pollutants by approximately 43%, flaring events by 64%, and wastewater discharge incidents by 52% since 2007; spent over \$3 billion during the past eight years at our refineries on environmental upgrades, including installing flare gas recovery systems and building one of the world's largest state-of-the-art flue gas scrubber/NOx removal systems, which slashes sulfur dioxide emissions by 95% and nitrogen oxide emissions by 55%; made improvements in producing cleaner-burning gasoline, diesel, and ethanol-blended fuels, with Valero leading the way as the first traditional refiner to enter large-scale production of ethanol, a renewable fuel, and through Valero's production of a "green" diesel fuel made from recycled animal fat and cooking oil; and taken advantage of advancements in technology, using new infrared technology and new low-temperature oxidation technology to lower emissions.

We take pride in our achievements to date, and Valero is continually working to improve. Our current approach of ongoing assessment and re-assessment of environmental issues provides us with flexibility to adapt our environmental goals and plans in response to ever-changing circumstances, such as the development of new green technologies, the emergence of alternative fuel sources, changes in applicable environmental laws and increases or decreases in global energy needs, which can shift rapidly in response to unpredictable weather events, political tensions, and macro-economic conditions. Valero believes that its current approach to addressing environmental concerns is comprehensive, responsible, and grounded in sound scientific, economic, and technical analysis.

Stockholders and others can learn more by visiting our website, www.valero.com (under the "Environment & Safety" tab), and by accessing our annual Social Responsibility Report (available on our website under the same tab). Since Valero already makes available pertinent information, we believe that the proposal's reporting requirements are unnecessary. A separate report with specific quantitative goals as requested by the proponent would be burdensome, and would result in an unnecessary expense for Valero's stockholders.

Accordingly, our Board recommends that you vote "AGAINST" this proposal.

MISCELLANEOUS

GOVERNANCE DOCUMENTS AND CODES OF ETHICS

We adopted a Code of Ethics for Senior Financial Officers that applies to our principal executive officer, principal financial officer, and controller. The code charges these officers with responsibilities regarding honest and ethical conduct, the preparation and quality of the disclosures in documents and reports we file with the SEC, and compliance with applicable laws, rules, and regulations. We also adopted a Code of Business Conduct and Ethics which applies to all of our employees and directors.

We post the following documents on our website at www.valero.com > Investor Relations > Corporate Governance. A printed copy of any of these documents is available to any stockholder upon request. Requests for documents must be in writing and directed to Valero's Secretary at the address indicated on the cover page of this proxy statement.

Restated Certificate of Incorporation

Bylaws

Code of Business Conduct and Ethics

Code of Ethics for Senior Financial Officers

Corporate Governance Guidelines

Audit Committee Charter

Compensation Committee Charter

Nominating/Governance and Public Policy Committee Charter

Compensation Consultant Disclosures Policy

Policy on Executive Compensation in Restatement Situations

Policy on Political Contributions, Lobbying, and Trade Associations

Policy on Vesting of Performance Shares

STOCKHOLDER COMMUNICATIONS, NOMINATIONS, AND PROPOSALS

Stockholders and other interested parties may communicate with the Board, its non-management directors, or the Lead Director by sending a written communication addressed to "Board of Directors," "Non-Management Directors," or "Lead Director" in care of Valero's Secretary at the address indicated on the cover page of this proxy statement.

If you wish to submit a stockholder proposal to be included in our proxy statement for the 2016 annual meeting of stockholders pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, we must receive your written proposal on or before November 20, 2015. The proposal must comply with Rule 14a-8, which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials.

If you wish to present a stockholder proposal at the 2016 annual meeting of stockholders that is not the subject of a proposal pursuant to Rule 14a-8 of the Exchange Act, or if you wish to recommend to the Board's Nominating/Governance and Public Policy Committee the nomination of a person for election to the Board, you must follow the procedures outlined in Article I, Section 9 (or Section 10, as applicable) of our bylaws. These procedures include the requirement that your proposal must be delivered to Valero's Secretary not later than the close of business on the 60th day or earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting. If the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, your notice must be delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day we publicly announce the date of the 2016 annual meeting of stockholders. Our bylaws are available on our website at

www.valero.com > Investor Relations > Corporate Governance. Stockholders are urged to review all applicable rules and consult legal counsel before submitting a nomination or proposal to Valero.

OTHER BUSINESS

If any matters not referred to in this proxy statement properly come before the Annual Meeting or any adjournments or postponements thereof, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies to vote the shares represented by proxy in accordance with their best judgments. The Board is not currently aware of any other matters that may be presented for action at the Annual Meeting.

FINANCIAL STATEMENTS

Consolidated financial statements and related information for Valero, including audited financial statements for the fiscal year ended December 31, 2014, are contained in Valero's Annual Report on Form 10-K. We have filed our Annual Report on Form 10-K with the SEC. You may review this report on the internet as indicated in the Notice and through our website (www.valero.com > Investor Relations > Financial Reports, Filings & Statements).

HOUSEHOLDING

The SEC's rules allow companies to send a single Notice or single copy of annual reports, proxy statements, prospectuses, and other disclosure documents to two or more stockholders sharing the same address, subject to certain conditions. These "householding" rules are intended to provide greater convenience for stockholders, and cost savings for companies, by reducing the number of duplicate documents that stockholders receive. If your shares are held by an intermediary broker, dealer, or bank in "street name," your consent to householding may be sought, or may already have been sought, by or on behalf of the intermediary. If you wish to revoke a consent to householding obtained by a broker, dealer, or bank which holds shares for your account, you may do so by calling (800) 542-1061, or you may contact your broker.

TRANSFER AGENT

Computershare Investor Services serves as our transfer agent, registrar, and dividend paying agent with respect to our Common Stock. Correspondence relating to any stock accounts, dividends, or transfers of stock certificates should be addressed to:

Computershare Investor Services
Shareholder Communications
250 Royall Street
Canton, Massachusetts 02021
(888) 470-2938
(312) 360-5261
www.computershare.com

VALERO ENERGY CORPORATION

ONE VALERO WAY

SAN ANTONIO, TX 78249

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:
KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

VALERO ENERGY
CORPORATION

VOTE ON DIRECTORS:

The Board of Directors
recommends you vote "FOR" the
following proposal:

Elect directors to serve until

1. the 2016 annual meeting of For Against Abstain
stockholders.

Nominees:

1a. Jerry D. Choate 0 0 0

1b. Joseph W. Gorder 0 0 0

1c. Deborah P. Majoras 0 0 0

1d. Donald L. Nickles 0 0 0

1e. Philip J. Pfeiffer 0 0 0

1f. Robert A. Profusek 0 0 0

1g. Susan Kaufman Purcell 0 0 0

1h. Stephen M. Waters 0 0 0

1j. Randall J. Weisenburger 0 0 0

1j. Rayford Wilkins, Jr. 0 0 0

VOTE ON PROPOSALS:

The Board of Directors recommends
you vote "FOR" the following
proposals:

2. Ratify the appointment of
KPMG LLP as Valero Energy's
independent registered public
accounting firm for 2015. 0 0 0

3. Approve, by nonbinding vote,
the 2014 compensation of our
named executive officers. 0 0 0

The Board of Directors recommends
you vote "AGAINST" the following
proposal:

4. Vote on a stockholder proposal
entitled, "Greenhouse Gas
Emissions." 0 0 0

For Against Abstain

Please sign exactly as your name(s) appear(s) hereon.
When signing as attorney, executor, administrator, or
other fiduciary, please give full title as such. Joint
owners should each sign personally. All holders must
sign. If a corporation or partnership, please sign in full
corporate or partnership name by authorized officer.

NOTE: Such other business as may
properly come before the meeting or
any adjournment thereof.

Date

Signature (Joint Owners)

Date

Explanation of Responses:

Signature [PLEASE SIGN
WITHIN BOX]

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
Combo Document (Notice and Proxy Statement and Annual Report on Form 10-K) is available at
www.proxyvote.com.

-
VALERO ENERGY CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS
APRIL 30, 2015

The stockholder(s) hereby revoke(s) all previous proxies and appoint(s) Joseph W. Gorder, Jay D. Browning and J. Stephen Gilbert, or any of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Valero Energy Corporation that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held on Thursday, April 30, 2015 at 10:00 a.m., Central Time, at the Valero Energy Corporation offices located at One Valero Way, San Antonio, TX 78249, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS SPECIFIED ON THE REVERSE SIDE. IF NO SPECIFICATION IS MADE, THIS PROXY WILL BE VOTED "FOR" ALL NOMINEES FOR DIRECTOR, "FOR" PROPOSALS 2 AND 3, AND "AGAINST" PROPOSAL 4. IF ANY OTHER MATTERS ARE VOTED ON AT THE MEETING, THIS PROXY WILL BE VOTED BY THE NAMED PROXIES ON SUCH MATTERS IN THEIR SOLE DISCRETION.

YOUR TELEPHONE OR INTERNET VOTE AUTHORIZES THE NAMED PROXIES TO VOTE THE SHARES IN THE SAME MANNER AS IF YOU MARKED, SIGNED AND RETURNED YOUR PROXY CARD.

Continued and to be signed on reverse side