



These hands do more than make quality fuels.

VALERO ENERGY CORPORATION 2008 SUMMARY ANNUAL REPORT

The expertise of 22,000 pairs of hands means highways expand and connect.

Hospitals deliver life-saving treatments.

And a toddler can wear pink tights for her first dance recital.





## Beyond Gasoline

Valero is a vehicle for progress —from plastics to polymers, sulfur to asphalt.  
In a world thirsty for stability, Valero holds steadfast to its principles.





Reliability. Efficiency.  
Ethics. Integrity.  
Social responsibility.

In our communities, the hands and heartfelt action of Valero employees rise each day around North America to make a difference.



They mend fences. They foster friendships. They turn a world of steel, heat and pressure into a source of warmth for their communities.



Commitment to excellence where it matters most.

Valero is part of an extraordinary mission that reaches beyond infrastructure and global demand.



Our hands improve  
people's lives.

# Financial Summary

[MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS]

	2008 As Reported	2008 Adjusted*	2007 As Reported
OPERATING REVENUES	\$ 119,114	\$ 119,114	\$ 95,327
GOODWILL IMPAIRMENT LOSS	\$ 4,069	\$ —	\$ —
OPERATING INCOME	\$ 563	\$ 4,632	\$ 6,918
NET INCOME (LOSS)	\$ (1,131)	\$ 2,879	\$ 5,234
EARNINGS (LOSS) PER COMMON SHARE— ASSUMING DILUTION	\$ (2.16)	\$ 5.42	\$ 8.88
TOTAL ASSETS	\$ 34,417		\$ 42,722
STOCKHOLDERS' EQUITY	\$ 15,620		\$ 18,507
CAPITAL EXPENDITURES AND DEFERRED TURNAROUND AND CATALYST COSTS	\$ 3,198		\$ 2,778

\*The data in this column exclude the effects of our goodwill impairment loss that we recognized in the fourth quarter of 2008. The goodwill impairment loss is described in Note 8 of the notes to our consolidated financial statements for the year ended December 31, 2008.

## SUMMARY ANNUAL REPORT

This summary annual report format provides only a financial summary. The company's full, audited financial statements are contained in its Annual Report on Form 10-K for the year ended December 31, 2008, which has been filed with the SEC and made available to all stockholders. This information is also available at [www.valero.com](http://www.valero.com).



**Left to Right—Back Row:** Mike Crowover, Senior Vice President—Human Resources; Jay Browning, Senior Vice President—Corporate Law and Secretary; Clay Killinger, Senior Vice President and Controller; Gary Arthur Jr., Senior Vice President—Retail Marketing; Hal Zesch, Senior Vice President and Chief Information Officer; Kim Bowers, Executive Vice President and General Counsel; Rich Marcogliese, Executive Vice President and Chief Operating Officer; Mike Ciskowski, Executive Vice President and Chief Financial Officer. **Left to Right—Seated:** Donna Titzman, Vice President and Treasurer; Eric Fisher, Vice President—Investor and Corporate Communications; Joe Gorder, Executive Vice President—Marketing and Supply; Gene Edwards, Executive Vice President—Corporate Development and Strategic Planning; Bill Klesse, CEO, President and Chairman of the Board.

## To Our Stockholders

Without a doubt, the petroleum refining industry has experienced some of the most dramatic swings in its history. From the price of crude oil to the stock market, the LEVEL OF VOLATILITY in 2008 was unmatched by any other period I have witnessed. Despite these challenging times, I have NEVER BEEN MORE PROUD of the work our employees are doing to deliver world-class products that improve consumers' lives.

As you can see in this report, excluding the non-cash write-off of goodwill, we reported solid earnings results in 2008. Our success, though, REACHES BEYOND the production of clean quality fuels. The hands of our 22,000 dedicated employees completed many major projects in 2008 as we invested nearly \$3.2 billion in our facilities. All of it achieved with the BEST REFINERY SAFETY performance in company history.



Looking to the future, we embrace the **CALL FOR INNOVATION** and development of alternative fuels and other energy sources. In fact, our new wind farm outside of Dumas, Texas is now operational, and we expect the remaining turbines to be installed this year. We have also taken a major step **ENTERING THE ETHANOL BUSINESS** with our recent purchase of seven world-scale plants. However, we continue to believe that sound science and economics should drive public policy decisions on investment in alternative fuels, as we face a **HIGHLY COMPETITIVE** economic world. Lawmakers and their constituents must recognize the vast benefits our company and our industry provide to this country in our production of low-cost, **HIGH-QUALITY** transportation fuels and petrochemical feedstocks.

**CONSIDER** the following:

- Refiners in the United States compete every day against production from abroad. We have **INVESTED BILLIONS** in capital in the United States in order to comply with state and federal environmental rules and regulations—capital that our foreign competition typically does not have to spend. Because refining is a **GLOBAL BUSINESS**, thousands of jobs in the refining industry can and will go elsewhere if the shifting regulatory framework makes it impossible for American refiners to be competitive in the global marketplace.
- The United States imports about 10 million barrels of crude oil and 3 million barrels of refined products every day. It also exports refined products, taking advantage of freight efficiencies. The majority of gasoline, jet fuel and diesel fuel that Americans use, however, is still produced domestically. We can continue to **COMPETE** on a global level only if we do not let rhetoric about dependence on foreign oil turn into dependence on foreign refined products.
- The refining industry continues to address CO<sub>2</sub> emissions, and Valero refineries continue to become more **ENERGY-EFFICIENT**. Whether you support CO<sub>2</sub> regulations or not, the **POTENTIAL IMPACT** on people and industry from many of the current proposed regulations is far-reaching and dramatic. Careful and thoughtful legislation is imperative to **PRESERVE AMERICA'S POSITION** as the leader in the industrial sector. We believe this nation can attack the

challenges of climate change with positive incentives for business rather than with policies that would further weaken the economy and move jobs overseas.

- American manufacturing **JOBS ARE DISAPPEARING** along with the economic vitality that those jobs create. Hard-working Americans are the backbone of this company, and the thousands of jobs Valero provides throughout our operations help keep the **AMERICAN DREAM** alive. Our employees enjoy good salaries, health benefits, company-matched savings plans, retirement plans, educational assistance, disaster-relief assistance, development training, a safety culture, and much more. The **EXCELLENT JOBS** created by manufacturing companies like Valero give people the ability to have a productive and satisfying career.
- Valero is a strong supporter of **COMMUNITY INVOLVEMENT** and volunteerism. We are well-known for our generous employees—their gifts of time, talents and financial resources improve thousands of lives every year. Our employees demonstrate their generosity in our company-wide United Way campaign, which exceeded \$12 **MILLION** this year. The Valero Energy Foundation, our charitable arm, is active in every community where we do business. Combined with sponsorships from our charitable events, the foundation distributed \$21.5 million to **WORTHY CHARITIES**.

Valero is an American company that works hard for all of its stakeholders with sound business principles, planning and products that improve consumers' lives. The jobs we provide, the taxes we pay, and the **IMPACT WE HAVE** on the neighborhoods and communities around our facilities show the truly positive role we have in our society.

That is our commitment to you.



**Bill Klesse**

CEO, President & Chairman of the Board





# Stockholder Information

## ANNUAL MEETING

Valero's annual meeting of stockholders is scheduled to be held at 10 a.m., Thursday, April 30, 2009, at Valero's corporate headquarters located at One Valero Way in San Antonio, Texas. Valero's 2008 Annual Report on Form 10-K and the proxy statement for the 2009 Annual Meeting of Stockholders can be accessed by [clicking here](#).

## VALERO ENERGY CORPORATION COMMON STOCK

Valero's common stock is listed for trading on the New York Stock Exchange under the ticker symbol "VLO."

## TRANSFER AGENT AND REGISTRAR

Computershare Investor Services has been appointed transfer agent, registrar and dividend disbursing agent for Valero's common stock. Inquiries with respect to stock accounts and dividends and all requests to transfer certificates should be addressed to:

Computershare Investor Services  
250 Royall Street  
Canton, MA 02021  
(888) 470-2938  
(312) 360-5261  
[www.computershare.com/contactus](http://www.computershare.com/contactus)

## DIVIDEND WITHHOLDING

Under federal income tax law, you are subject to certain penalties, as well as withholding with respect to your dividend payments, if you have not provided Valero with your correct social security number or other taxpayer identification number. For this reason, any security holder who has not provided a taxpayer identification number should obtain a Form W-9 (Payer's Request for Taxpayer Identification Number). To request a Form W-9, please contact Valero's transfer agent and registrar at the address shown above.

## Forward-Looking Statements

Certain information provided in this report includes or is based upon estimates, predictions, projections and other "forward-looking statements" (as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) that involve various risks and uncertainties. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect Valero's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Certain risks and uncertainties that may affect Valero are detailed from time to time in its SEC reports, including Valero's most recent Annual Report on Form 10-K. The financial and other information provided in this summary annual report should be read in conjunction with Valero Energy Corporation's complete Consolidated Financial Statements (including the notes) and Management's Discussion and Analysis of Financial Condition and Results of Operations. This and other information about Valero is contained in Valero's Notice of the 2009 Annual Meeting of Stockholders Proxy Statement and Form 10-K for the year ended December 31, 2008. This document is provided to all stockholders of record as of March 2, 2009. In addition, persons may request, without charge, a Form 10-K by writing or calling Valero's Investor Relations Department. Valero's 2008 Annual Report on Form 10-K and the Proxy Statement also may be accessed at [www.valero.com](http://www.valero.com).



## BOARD OF DIRECTORS

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**William R. Klesse**  
CEO, President and Chairman  
of the Board of Valero Energy  
Corporation



**Bob Marbut**  
CEO of Argyle Security, Inc.;  
former director of Ultramar  
Diamond Shamrock Corporation



**W.E. "Bill" Bradford**  
Retired Chairman of Halliburton  
Company; former director of  
Ultramar Diamond Shamrock  
Corporation



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



**Dr. Ronald K. Calgaard**  
Chairman of the Ray Ellison  
Grandchildren Trust in San  
Antonio, Texas; former  
President of Trinity University  
in San Antonio



**Robert A. Profusek**  
A partner and head of the  
Mergers & Acquisitions practice  
of the Jones Day law firm



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



**Dr. Susan Kaufman Purcell**  
Director of the Center for  
Hemispheric Policy at the  
University of Miami



**Irl F. Engelhardt**  
Chairman and Executive Advisor  
of Patriot Coal Corporation;  
former Chairman and CEO of  
Peabody Energy Corporation



**Stephen M. Waters**  
Managing partner of Compass  
Advisers, LLP; Chief Executive  
of Compass Partners European  
Equity Fund



**Ruben M. Escobedo**  
Retired owner of Ruben  
Escobedo & Company, CPAs,  
in San Antonio, Texas

## Contact Information

**VALERO CORPORATE HEADQUARTERS**  
One Valero Way  
San Antonio, TX 78249-1616  
(210) 345-2000

### INVESTOR INQUIRIES

For investor inquiries, please contact:  
Investor Relations Department  
P.O. Box 696000  
San Antonio, TX 78269-6000  
(800) 531-7911 or (210) 345-2198  
(210) 345-2103 (fax)  
[investorrelations@valero.com](mailto:investorrelations@valero.com)

### WEB SITE

[www.valero.com](http://www.valero.com)

### MEDIA INQUIRIES

For media inquiries, please contact:  
Media Relations Department  
P.O. Box 696000  
San Antonio, TX 78269-6000  
(800) 531-7911 or (210) 345-2928  
(210) 345-2103 (fax)  
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