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June 26, 2020

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Port Arthur Independent School District from Diamond Green Diesel LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Port Arthur Independent School District is notifying Diamond Green Diesel LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the Economic Impact Report.

The Applicant submitted the Application to the school district on June 21, 2020. The Board voted to accept the application on June 25, 2020. The application has been determined complete as of June 26, 2020. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

A copy of the application will be submitted to the Jefferson County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Jefferson County Appraisal District
Diamond Green Diesel LLC

DIAMOND GREEN DIESEL LLC
CHAPTER 313 APPLICATION TO PORT ARTHUR ISD





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TAB 1

Pages of the Application (Pages 1 – 10, Sections 1 – 16)

See Attached.

Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller, as indicated on page 9 of this application, separating each section of the documents in addition to an electronic copy. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, and has determined that all assertions of confidentiality are appropriate, the Comptroller will publish all submitted non-confidential application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller’s website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller’s rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller’s website to find out more about the program at comptroller.texas.gov/economy/local/ch313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

06/21/2020		
Date Application Received by District		
Dr. Mark	Porterie	
First Name	Last Name	
Superintendent		
Title		
Port Arthur Independent School District		
School District Name		
4801 8th Avenue		
Street Address		
4801 8th Avenue		
Mailing Address		
Port Arthur	Texas	77642
City	State	ZIP
409.989.6100	409.989.6229	
Phone Number	Fax Number	
	mporterie@paisd.org	
Mobile Number (optional)	Email Address	
2. Does the district authorize the consultant to provide and obtain information related to this application?		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Form for Section 1, Question 3. Fields include: Daniel T. (First Name), Partner (Title), Moak Casey & Associated, LLP (Firm Name), 512.485.7878 (Phone Number), Casey (Last Name), 512.485.7888 (Fax Number), dcasey@moakcasey.com (Email Address), June 26, 2020 (Date), and Yes/No checkboxes for application completion and copy identification.

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Form for Section 2, Question 1. Fields include: Martin (First Name), Attorney-in-Fact (Title), One Valero Way (Street Address), San Antonio (City), 210.345.2709 (Phone Number), Loeber (Last Name), Diamond Green Diesel LLC (Organization), Texas (State), 78249 (ZIP), marty.loeber@valero.com (Business Email Address), and Yes/No checkboxes for company official responsibility.

Form for Section 2, Question 2a. Fields include: First Name, Last Name, Title, Organization, Street Address, Mailing Address, City, State, ZIP, Phone Number, Fax Number, and Business Email Address.

Form for Section 2, Question 3. Field: Does the applicant authorize the consultant to provide and obtain information related to this application? with Yes/No checkboxes.

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Trey Novosad
 First Name Last Name
 Principal _____
 Title
 Ryan LLC _____
 Firm Name
 210.410.0376 _____
 Phone Number Fax Number
 trey.novosad@ryan.com _____
 Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? Yes No
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, include all transaction information below. Include proof of application fee paid to the school district in **Tab 2**. Any confidential banking information provided will not be publicly posted.

\$75,000 ACH Deposit
 Payment Amount Transaction Type
 Diamond Green Diesel LLC Port Arthur Independent School District
 Payor Payee
 06/22/2020 _____
 Date transaction was processed

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? Yes No N/A
 3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Diamond Green Diesel LLC
 2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32050702839
 3. Parent Company Name Diamond Green Diesel Holdings LLC
 4. Parent Company Tax ID 32054316610
 5. List the NAICS code 325199
 6. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No
 6a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
 2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? Yes No
 2a. If yes, attach in **Tab 3 a** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.

SECTION 5: Applicant Business Structure (continued)

2b. List the Texas Franchise Tax Reporting Entity Taxpayer Name
Diamond Green Diesel Holdings LLC

2c. List the Reporting Entity Taxpayer Number
32054316610

3. Is the applicant current on all tax payments due to the State of Texas? Yes No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? Yes No N/A

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
- (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051* Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

***Note:** Applicants requesting eligibility under this category should note that there are additional application and reporting data submission requirements.

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. If the project is an amendment or a reapplication please specify and provide details regarding the original project.
2. Check the project characteristics that apply to the proposed project:
- Land has no existing improvements
 - Land has existing improvements (complete Section 13)
 - Expansion of existing operation on the land (complete Section 13)
 - Relocation within Texas

SECTION 8: Limitation as Determining Factor

- 1. Does the applicant currently own the land on which the proposed project will occur? Yes No
- 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
- 3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
- 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? **See Tab 5 for additional information** Yes No
- 5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
- 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
- 7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
- 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
- 10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

- 1. Estimated school board ratification of final agreement 01/2021
- 2. Estimated commencement of construction 04/2021
- 3. Beginning of qualifying time period (MM/DD/YYYY) 01/01/2022
- 4. First year of limitation (MM/DD/YYYY) 01/01/2024
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
 - A. January 1 following the application date
 - B. January 1 following the end of QTP
 - C. January 1 following the commencement of commercial operations
- 5. Commencement of commercial operations 01/01/2024

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Jefferson County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Jefferson County Appraisal District
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

M&O (ISD): <u>Port Arthur ISD; 1.06835; 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Port Arthur ISD; 0.41254; 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Jefferson; 0.364977; 100%</u> <small>(Name, tax rate and percent of project)</small>	City: _____ <small>(Name, tax rate and percent of project)</small>
Hospital District: _____ <small>(Name, tax rate and percent of project)</small>	Water District: <u>Sabine-Neches Nav District; 0.092067; 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Drainage District #7; 0.311805; 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Port of Port Arthur; 0.199645; 100%</u> <small>(Name, tax rate and percent of project)</small>

SECTION 10: The Property (continued)

5. List all state and local incentives as an annual percentage. Include the estimated start and end year of the incentive:

County: Jefferson CH 312; 100%; 2022-2031
(Incentive type, percentage, start and end year)

City: _____
(Incentive type, percentage, start and end year)

Hospital District: _____
(Incentive type, percentage, start and end year)

Water District: Sabine-Neches Nav Dist CH 312; 100%; 2022-2031
(Incentive type, percentage, start and end year)

Other (describe): Drainage Dist #7 CH 312; 100%; 2022-2031
(Incentive type, percentage, start and end year)

Other (describe): Port of Port Arthur CH 312; 100%; 2022-2031
(Incentive type, percentage, start and end year)

6. Is the project located entirely within the ISD listed in Section 1? Yes No
- 6a. If no, attach in **Tab 6** maps of the entire project (depicting all other relevant school districts) and additional information on the project scope and size. Please note that only the qualified property within the ISD listed in Section 1 is eligible for the limitation from this application. Please verify that all information in **Tabs 7 and 8**, Section 11, 12 and 13, and map project boundaries pertain to only the property within the ISD listed in Section 1.
7. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
- 7a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Texas Tax Code 313.021(1) Qualified Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller’s website at comptroller.texas.gov/economy/local/ch313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000
2. What is the amount of appraised value limitation for which you are applying? 30,000,000

Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.

3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
- a. a specific and detailed description of the qualified investment you propose to make within the project boundary for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? Yes No

SECTION 12: Texas Tax Code 313.021(2) Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] The description must include:
- 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 8**);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (**Tab 8**);
 - 1c. a map or site plan of the proposed qualified property showing the location of the new buildings or new improvements inside the project area boundaries within a vicinity map that includes school district, county and RZ boundaries (**Tab 11**); and
 - 1d. Will any of the proposed qualified property be used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area? Yes No

Note: Property used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area cannot be considered qualified property and will not be eligible for a limitation. See TAC §9.1051(16).

SECTION 12: Texas Tax Code 313.021(2) Qualified Property (continued)

2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? Yes No
- 2a. If yes, attach complete documentation including:
- a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land, attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No
- 3a. If yes, attach the applicable supporting documentation:
- a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
- 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date.
- What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? 11/2020

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property within the project boundary**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property within the project boundary that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property within the project boundary in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
- a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property within the project boundary (that property described in response to question 1):\$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2):\$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property **cannot** become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the number of new qualifying jobs you are committing to create? 10
2. What is the number of new non-qualifying jobs you are estimating you will create? (See TAC 9.1051(14)) 15
3. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1) and TAC 9.1051(b)(1)? Yes No
 - 3a. If yes, attach evidence of industry standard in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
4. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22). **Note:** If a more recent quarter of information becomes available before the application is deemed complete, updated wage information will be required.
 - a. Non-qualified job wages
- average weekly wage for all jobs (all industries) in the county is 1,120.25
 - b. Qualifying job wage minimum option §313.021(5)(A)
-110% of the average weekly wage for manufacturing jobs in the county is 2,247.03
 - c. Qualifying job wage minimum option §313.021(5)(B)
-110% of the average weekly wage for manufacturing jobs in the region is 1,595.64
5. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)
6. What is the minimum required annual wage for each qualifying job based on the qualified property? 82,973.18
7. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 82,973.18
8. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
9. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 - 9a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
10. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 - 10a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, and C in **Tab 14**. **Note:** Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.



TAB 2

Proof of Payment of Application Fee

See Attached.

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of
Public Accounts)*



TAB 3

Documentation of Combined Group Membership Under Texas Tax Code 171.0001(7),
History of Tax Default, Delinquencies and/or Material Litigation *(if applicable)*

See Attached.

Texas Franchise Tax No Tax Due Report

Tcode 13255 Annual

The law requires No Tax Due Reports originally due on or after Jan. 1, 2017 to be filed electronically. Filing this paper report means you are requesting, and we are granting, a waiver from the electronic reporting requirement for this report year ONLY.

Taxpayer number	Report year	Due date
32054316610	2019	11/15/2019

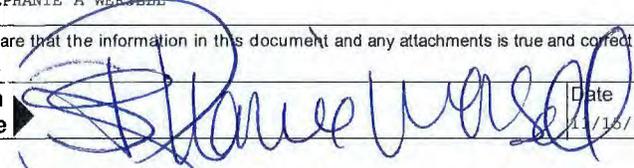
Taxpayer name DIAMOND GREEN DIESEL HOLDINGS LLC				Secretary of State file number or Comptroller file number 0070508980	
Mailing address P.O. BOX 696000 ATTN: CORP TAX					
City SAN ANTONIO	State TX	Country USA	ZIP code plus 4 78269-6000	Blacken box if the address has changed <input type="checkbox"/>	
Blacken box if this is a combined report <input checked="" type="checkbox"/>				NAICS code 325199	
Blacken box if Total Revenue is adjusted for Tiered Partnership Election, see instructions. (Note: Upper tiered partnerships do not qualify to use this form.) <input type="checkbox"/>					
Is this entity a corporation, limited liability company, professional association, limited partnership or financial institution? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					

If any of the statements below are true, you qualify to file this No Tax Due Report (Blacken all boxes that apply.):

- 1. This entity is a passive entity as defined in Texas Tax Code Sec. 171.0003. (See instructions.) (Passive income does NOT include rent) 1.
- 2. This entity's annualized total revenue is below the no tax due threshold. 2.
- 3. This entity has zero Texas Gross Receipts. 3.
- 4. This entity is a Real Estate Investment Trust (REIT) that meets the qualifications specified in Texas Tax Code Sec. 171.0002(c)(4). 4.
- 5. This entity is a new veteran-owned business as defined in Texas Tax Code Sec. 171.0005. (See instructions.) (Must have formed after Jan. 1, 2017, and must be pre-qualified.) 5.

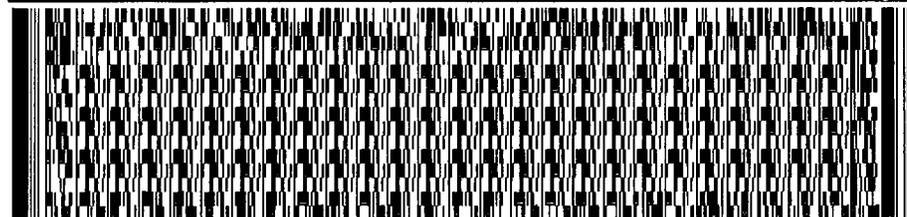
6a. Accounting year begin date	<input type="text" value="010118"/>	6b. Accounting year end date	<input type="text" value="123118"/>
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7. TOTAL REVENUE (Whole dollars only) 7. 678596199 .00

Print or type name STEPHANIE A WERSELL	Area code and phone number (210) 345-2000
I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.	Mail original to: Texas Comptroller of Public Accounts P.O. Box 149348 Austin, TX 78714-9348
Sign here  Date 11/15/2019	

Instructions for each report year are online at www.comptroller.texas.gov/taxes/franchise/forms/. If you have any questions, call 1-800-252-1381.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>
PM Date	<input type="text"/>



7004

Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

Reporting entity taxpayer number	Report year	Reporting entity taxpayer name
32054316610	2019	DIAMOND GREEN DIESEL HOLDINGS LLC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

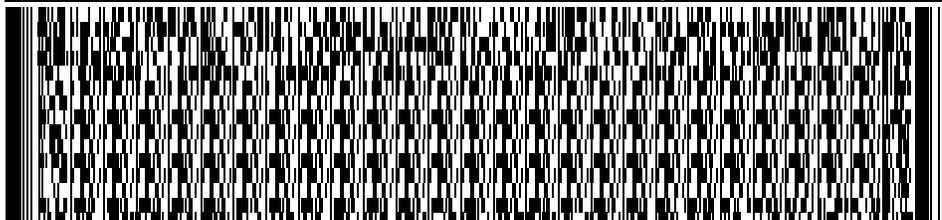
1. Legal name of affiliate DIAMOND GREEN DIESEL HOLDINGS LLC		2. Affiliate taxpayer number (if none, use FEI number) 32054316610		3. Affiliate NAICS code 551112	
4. Blacken box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Blacken box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010118		7. Affiliate reporting end date m m d d y y 123118	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00			9. Gross receipts everywhere (before eliminations) 0 .00		
10. Gross receipts in Texas (before eliminations) 0 .00			11. Cost of goods sold or compensation (before eliminations) 0 .00		

1. Legal name of affiliate DIAMOND GREEN DIESEL LLC		2. Affiliate taxpayer number (if none, use FEI number) 32050702839		3. Affiliate NAICS code 325199	
4. Blacken box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Blacken box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010118		7. Affiliate reporting end date m m d d y y 123118	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00			9. Gross receipts everywhere (before eliminations) 678596199 .00		
10. Gross receipts in Texas (before eliminations) 0 .00			11. Cost of goods sold or compensation (before eliminations) 594588899 .00		

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Blacken box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Blacken box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y		7. Affiliate reporting end date m m d d y y	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00			9. Gross receipts everywhere (before eliminations) 0 .00		
10. Gross receipts in Texas (before eliminations) 0 .00			11. Cost of goods sold or compensation (before eliminations) 0 .00		

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at www.comptroller.texas.gov/taxes/franchise/. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number

Report year

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

32050702839		2019	
Taxpayer name DIAMOND GREEN DIESEL LLC			<input type="checkbox"/> Blacken box if the mailing address has changed.
Mailing address P.O. BOX 696000 ATTN: CORP TAX			Secretary of State (SOS) file number or Comptroller file number
City SAN ANTONIO	State TX	ZIP code plus 4 78269-6000	0801767483

Blacken box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office ONE VALERO WAY SAN ANTONIO TX 78249
Principal place of business 14891 AIRPORT DR. NORCO LA 70079



You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! This report must be signed to satisfy franchise tax requirements.

3205070283919

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration
MARTIN J. PARRISH	PRESIDENT	<input type="checkbox"/> YES	m m d d y y
Mailing address ONE VALERO WAY	City SAN ANTONIO	State TX	ZIP Code 78249
JOHN F. STERLING	SECRETARY	<input type="checkbox"/> YES	m m d d y y
Mailing address ONE VALERO WAY	City SAN ANTONIO	State TX	ZIP Code 78249
CLAY BRYANT	COMMERCIAL M	<input type="checkbox"/> YES	m m d d y y
Mailing address ONE VALERO WAY	City SAN ANTONIO	State TX	ZIP Code 78249

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
DIAMOND GREEN DIESEL HOLDINGS LLC	DE	0070508980	100.000

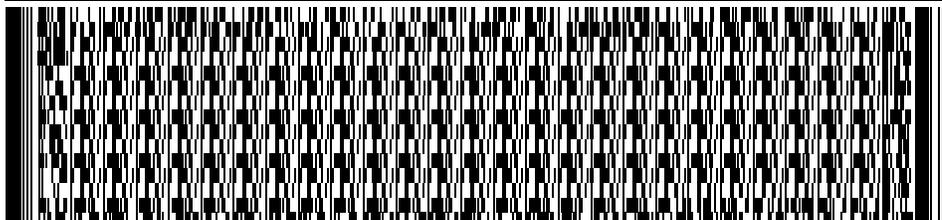
Registered agent and registered office currently on file (see instructions if you need to make changes)		You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.	
Agent: C T CORPORATION SYSTEM	Office: 1999 BRYAN ST. STE. 900	City DALLAS	State TX ZIP Code 75201

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title VP & TAX DIRECTOR	Date 11/15/2019	Area code and phone number 210-345-2000
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Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	PIR IND	<input type="checkbox"/>
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7004

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number

Report year

You have certain rights under Chapter 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at 1-800-252-1381.

32050702839		2019	
Taxpayer name DIAMOND GREEN DIESEL LLC			<input type="checkbox"/> Blacken box if the mailing address has changed.
Mailing address P.O. BOX 696000 ATTN: CORP TAX			Secretary of State (SOS) file number or Comptroller file number
City SAN ANTONIO	State TX	ZIP code plus 4 78269-6000	0801767483

Blacken box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office ONE VALERO WAY SAN ANTONIO TX 78249
Principal place of business 14891 AIRPORT DR. NORCO LA 70079

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! This report must be signed to satisfy franchise tax requirements.



3205070283919

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name GARY STECKEL	Title OPERATIONS M	Director <input type="checkbox"/> YES	Term expiration m m d d y y
Mailing address ONE VALERO WAY	City SAN ANTONIO	State TX	ZIP Code 78249
Name	Title	Director <input type="checkbox"/> YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director <input type="checkbox"/> YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
--	--------------------	-------------------------------	-------------------------

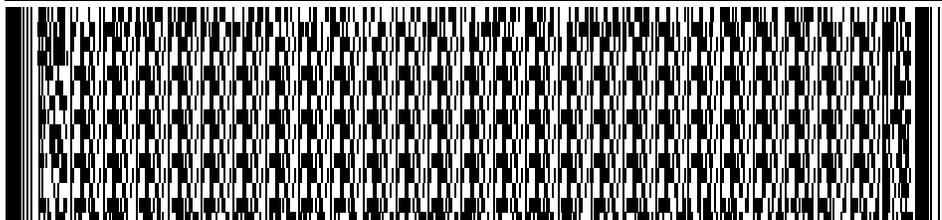
Registered agent and registered office currently on file (see instructions if you need to make changes)		You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.	
Agent: C T CORPORATION SYSTEM	Office: 1999 BRYAN ST. STE. 900	City DALLAS	State TX ZIP Code 75201

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title VP & TAX DIRECTOR	Date 11/15/2019	Area code and phone number 210-345-2000
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Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	PIR IND	<input type="checkbox"/>
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7004



TAB 4

Detailed Description of the Project

Proposed Project Description

Diamond Green Diesel, LLC ("DGD") is a joint venture between Valero Energy Corporation and Darling Ingredients Inc. and combines Darling's expertise with animal by-product processing with Valero's expertise with fuel manufacturing. DGD is considering building the first renewable diesel plant in Jefferson County, Texas on approximately 30 acres of land located in the southeastern part of the County. The proposed project development named Diamond Green Diesel Project, would integrate the design and construction of two 35,000 barrels per day production units of renewable diesel and co-products. The proposed project will be located adjacent to the Valero Port Arthur Refinery. The applicant is not requesting a value limitation for any of the shared equipment that may be used from the Port Arthur Refinery and the Diamond Green Diesel Project.

Feedstock & Logistics

DGD feedstocks will be provided by Darling Ingredients. Darling is a global leader in by-product processing and brings expertise of the overall market for the feedstocks and the technical pretreatment of the feedstocks. Feedstock composition and carbon intensity include recycled animal fats, inedible corn oil, used cooking oil, and soybean oil.

During the ecofining process, the combination of different types of feedstock will stream through pipelines by varying processes. Initially, feedstock will be blended in fat tanks prior to being pumped to the pretreatment unit. Thereafter, feedstock will be cycled to the deoxygenation reactor where impurities and water are separated. The product is then pumped through pipelines to the isomerization reactor. This phase involves reacting the feedstock with hydrogen under elevated temperatures and pressures in the presence of a catalyst. The next phase of this ecofining process is product separation of light fuels/propane, renewable naphtha, and renewable diesel. The renewable diesel is treated by a diesel stripper to remove any moisture. The light fuels/propane and renewable naphtha are separated through use of a naphtha fractionator and pumped into their appropriate rundown and shipping tanks. Hydrogen (H₂) is required and distributed during the deoxygenation, isomerization, and product separation phases. A third-party hydrogen supply arrangement is currently in progress to support this proposed project.

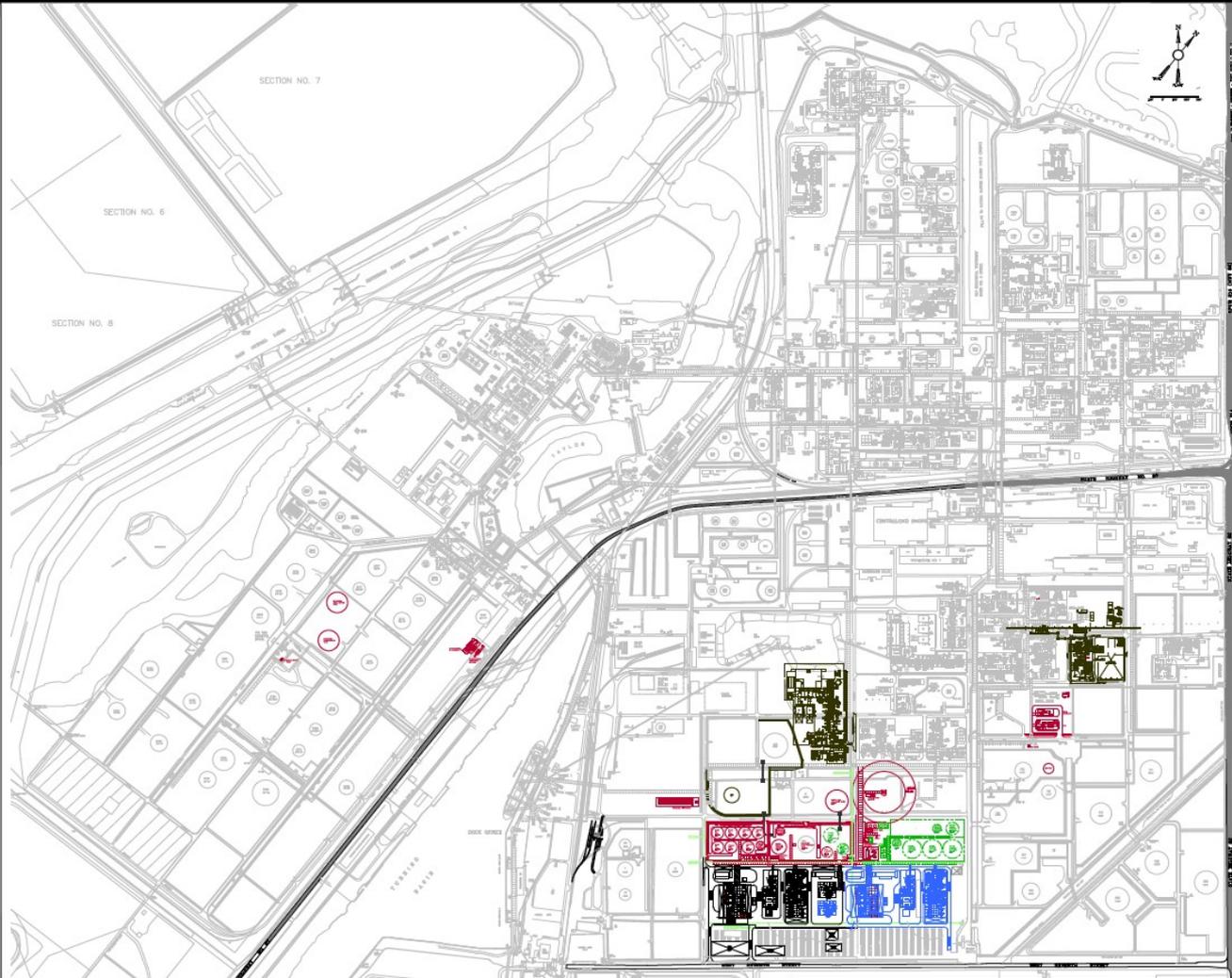
Utilities & Outgoing Logistics

The Diamond Green Diesel Project utilities will include water and wastewater treatment, amine regeneration, fire protection, electricity and steam. Outgoing logistics will require water access for moving renewable diesel to California, Europe, and future markets. The refined products will be housed in their corresponding and required tanks. Products will depart the facility by rail, truck or barge. The rail systems will be onsite or through use of nearby terminals connected by underground heated pipes. Rail racks, truck racks and marine loading equipment will be installed to facilitate product shipment.

Diamond Green Diesel Major Equipment List

- Pretreatment Units
- Heat Exchangers
- Hydrodeoxygenation Reactors
- Isomerization Reactors
- Water Treatment Units
- Wastewater Treatment Units
- Renewable Naphtha Rundown Tanks
- Renewable Naphtha Shipping Tanks
- Renewable Diesel Shipping Tanks
- Renewable Diesel Rundown Tanks
- Flares
- Amine Treating Units
- Sour Water Tanks
- Piping
- Truck Racks
- Flex Fat Tanks
- Water Surge Tanks
- Blended Fat Tanks
- Diesel Strippers
- Pumps/HEX Skids
- PS-10 Building
- Air Compressor/Dryer Skids
- Renewable LPG Storage
- Slop Storage Tanks
- Cooling Tower and Pumps
- Sumps
- Sour Water Flash Drums
- Diesel Product Pumps
- Gas/Oil Tank
- Sour Water Stripper and Deaerator
- Sour Water Pumps
- Fire protection
- Valves
- Distributed Control System “DCS” (Computer Control)

Shared equipment will be noted on the maps provided. Please see the attached plot plan for additional details.



REV	DESCRIPTION	DATE	BY	CHECK	APP
A	ISSUED FOR CLIENT REVIEW	2/25/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER
B	ISSUED FOR CLIENT REVIEW	3/13/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER
C	ISSUED FOR CLIENT REVIEW	4/3/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER

BURNS MEDONNELL

date 4/3/2020
designed J. HAMBLETON

PRELIMINARY PLOT PLAN
OVERALL PLANT
VALERO PORT ARTHUR REFINERY

project	121203
contract	
	121203_SK_P_001_Overall

TAB 5

Documentation to Assist in Determining if Limitation is a Determining Factor

1. Does the applicant currently own land on which the proposed project will occur?

NO.

The applicant, Diamond Green Diesel LLC (“DGD”), is a 50/50 joint venture between subsidiaries of Valero Energy Corporation (“Valero”) and Darling Ingredients Inc. (“Darling”). The land upon which the proposed project would occur is owned by The Premcor Refining Group Inc., an indirect subsidiary of Valero Energy Corporation. If the proposed project occurs, DGD will lease the land.

2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

YES.

As with any project development and investigation activity, there are consulting, engineering services, access, and non-disclosure agreements to assist in scoping and evaluating the proposed project. There are no major commercial agreements, contracts, or letters of intent related to the proposed project.

3. Does the applicant have current business activities at the location where the proposed project will occur?

NO.

DGD current business activities are based in St Charles Parish, Louisiana, where its existing renewable diesel plant is located.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

The answer to this question is technically NO. We would like to qualify our response to this question by pointing out that Valero and Darling have made public statements concerning the proposed investment and they are included in this application. Please see Tab 18 for additional information.

5. Has the applicant received any local or state permits for activities on the proposed project site?

NO.

6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?

NO.



7. Is the applicant evaluating other locations not in Texas for the proposed project?

YES.

DGD owns North America's largest renewable diesel plant in St. Charles, Louisiana. DGD is evaluating building the first renewable diesel plant in Texas that is adjacent to Valero's Port Arthur Refinery.

The proposed project requires an adjacent refinery with sufficient space, rail logistics for feed, and water access. Port Arthur, Texas and St. Charles, Louisiana are suitable sites.

DGD's ability to finance competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.

The Appraised Value Limitation from Port Arthur ISD is a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. Louisiana offers a 10-year property tax exemption applicable to **all** taxing jurisdictions for new projects of this size and magnitude. DGD's facilities in St. Charles, Louisiana consists of two major investments, DGD 1 and DGD 2. DGD 1 was supported by a 10-year, 100% tax exemption, and DGD 2 was supported by a 10-year, 80% tax exemption. The Appraised Value Limitation would remove a significant financial disadvantage when internally competing for capital versus a project in Louisiana.

The value limitation is a determining factor for several reasons, including but not limited to the following:

- a. Texas has significantly higher property tax rates when compared to Louisiana. Including the City of Port Arthur, who would likely require an IDA for this project, the combined 2019 tax rate for this site in Jefferson County is over 3%, compared to just under 1.8% for all of the taxing jurisdictions in St Charles Parish, Louisiana. In addition, unlike Texas which taxes construction work in progress, new capital additions are not taxed in Louisiana until they are completed and operational.
- b. This project is competing for internal capital with projects that are being considered in other low-property tax rate states. In addition, the COVID-19 pandemic has placed additional stresses on capital allocation decisions.
- c. St Charles, Louisiana already has DGD I and II renewable diesel units in operation. This facility provides an existing workforce with in-depth working knowledge of the Diamond Green Diesel manufacturing process gained from operating a similar system.
- d. St Charles, Louisiana offers easier permitting and lower installation costs due to existing utility infrastructure.
- e. Louisiana offers 10-year Industrial Tax Exemptions and other Job Training incentive programs.



- f. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.

The proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in Port Arthur ISD. DGD's values a strong partnership with local government interested in expanding growth and job opportunities in Jefferson County, Texas. The applicant would like to pursue project development activities in Port Arthur to bring the first renewable diesel plant to Texas. This will enable Texas to become a leader in production of the next generation of liquid transportation fuels.

8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

NO.

9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?

YES.

10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

YES.

See response to Question 7.



TAB 6

Description of how project is located in more than one district, including list percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (*if applicable*)

<u>Taxing Entity</u>	<u>Percentage</u>	<u>2019 Tax Rate</u>
Jefferson County	(100%)	0.364977
Port Arthur Independent School District	(100%)	1.480890
Jefferson County Drainage District #7	(100%)	0.311805
Port of Port Arthur	(100%)	0.199645
Sabine-Neches Navigation District	(100%)	0.092067



TAB 7

Description of Qualified Investment

Proposed Project Description

Diamond Green Diesel, LLC ("DGD") is a joint venture between Valero Energy Corporation and Darling Ingredients Inc. and combines Darling's expertise with animal by-product processing with Valero's expertise with fuel manufacturing. DGD is considering building the first renewable diesel plant in Jefferson County, Texas on approximately 30 acres of land located in the southeastern part of the County. The proposed project development named Diamond Green Diesel Project, would integrate the design and construction of two 35,000 barrels per day production units of renewable diesel and co-products. The proposed project will be located adjacent to the Valero Port Arthur Refinery. The applicant is not requesting a value limitation for any of the shared equipment that may be used from the Port Arthur Refinery and the Diamond Green Diesel Project.

Feedstock & Logistics

DGD feedstocks will be provided by Darling Ingredients. Darling is a global leader in by-product processing and brings expertise of the overall market for the feedstocks and the technical pretreatment of the feedstocks. Feedstock composition and carbon intensity include recycled animal fats, inedible corn oil, used cooking oil, and soybean oil.

During the ecofining process, the combination of different types of feedstock will stream through pipelines by varying processes. Initially, feedstock will be blended in fat tanks prior to being pumped to the pretreatment unit. Thereafter, feedstock will be cycled to the deoxygenation reactor where impurities and water are separated. The product is then pumped through pipelines to the isomerization reactor. This phase involves reacting the feedstock with hydrogen under elevated temperatures and pressures in the presence of a catalyst. The next phase of this ecofining process is product separation of light fuels/propane, renewable naphtha, and renewable diesel. The renewable diesel is treated by a diesel stripper to remove any moisture. The light fuels/propane and renewable naphtha are separated through use of a naphtha fractionator and pumped into their appropriate rundown and shipping tanks. Hydrogen (H₂) is required and distributed during the deoxygenation, isomerization, and product separation phases. A third-party hydrogen supply arrangement is currently in progress to support this proposed project.

Utilities & Outgoing Logistics

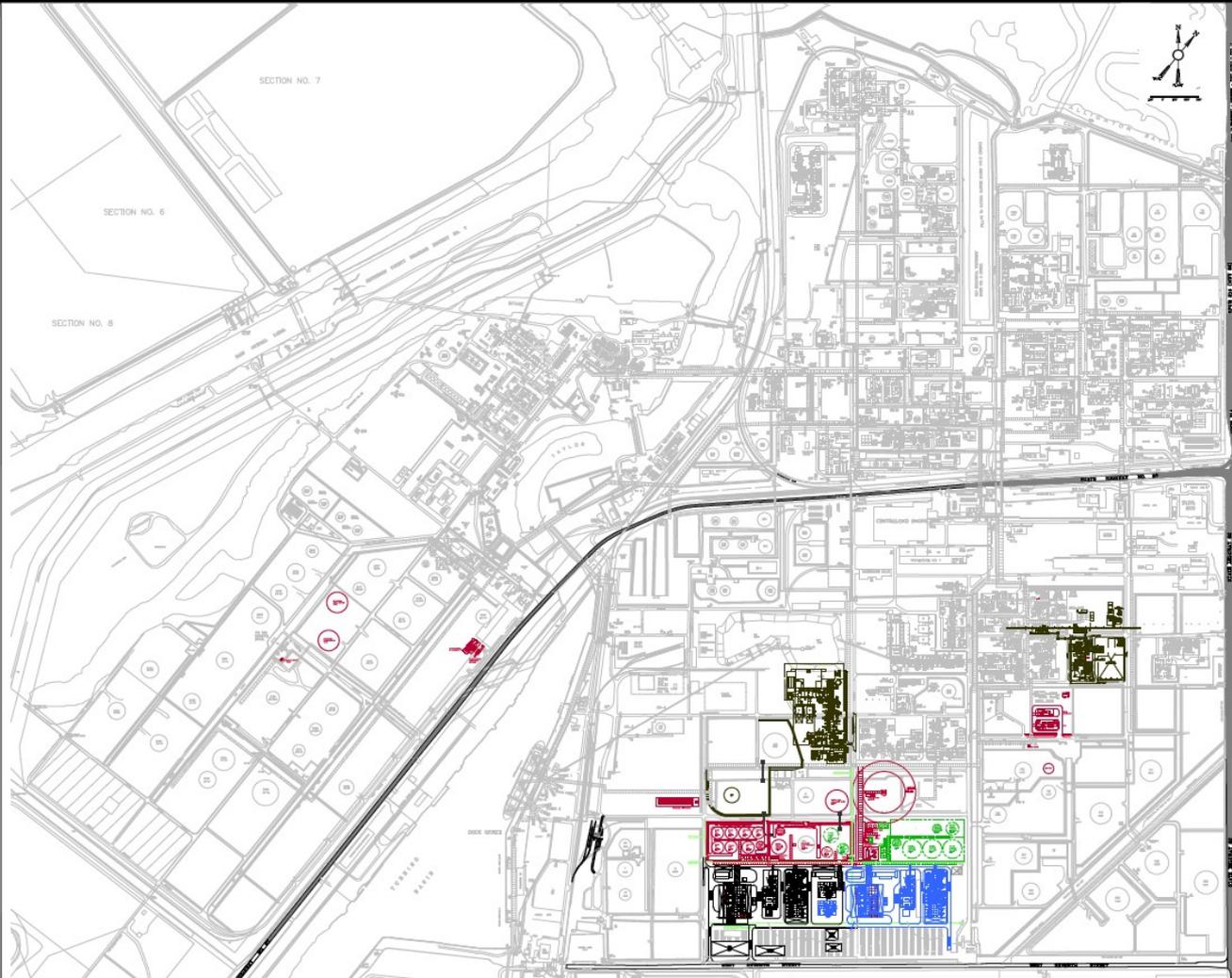
The Diamond Green Diesel Project utilities will include water and wastewater treatment, amine regeneration, fire protection, electricity and steam. Outgoing logistics will require water access for moving renewable diesel to California, Europe, and future markets. The refined products will be housed in their corresponding and required tanks. Products will depart the facility by rail, truck or barge. The rail systems will be onsite or through use of nearby terminals connected by underground heated pipes. Rail racks, truck racks and marine loading equipment will be installed to facilitate product shipment.



Diamond Green Diesel Qualified Investment

- Pretreatment Units
- Heat Exchangers
- Hydrodeoxygenation Reactors
- Isomerization Reactors
- Water Treatment Units
- Wastewater Treatment Units
- Renewable Naphtha Rundown Tanks
- Renewable Naphtha Shipping Tanks
- Renewable Diesel Shipping Tanks
- Renewable Diesel Rundown Tanks
- Flares
- Amine Treating Units
- Sour Water Tanks
- Piping
- Truck Racks
- Flex Fat Tanks
- Water Surge Tanks
- Blended Fat Tanks
- Diesel Strippers
- Pumps/HEX Skids
- PS-10 Building
- Air Compressor/Dryer Skids
- Renewable LPG Storage
- Slop Storage Tanks
- Cooling Tower and Pumps
- Sumps
- Sour Water Flash Drums
- Diesel Product Pumps
- Gas/Oil Tank
- Sour Water Stripper and Deaerator
- Sour Water Pumps
- Fire protection
- Valves
- Distributed Control System "DCS" (Computer Control)

Shared equipment will be noted on the maps provided. Please see the attached plot plan for additional details.



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C	ISSUED FOR CLIENT REVIEW	4/3/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER


 date 4/3/2020
 designed J. HAMBLETON

PRELIMINARY PLOT PLAN
 OVERALL PLANT
 VALERO PORT ARTHUR REFINERY

project	121203
contract	
	121203_SK_P_001_Overall



TAB 8

Description of Qualified Property

Proposed Project Description

Diamond Green Diesel, LLC ("DGD") is a joint venture between Valero Energy Corporation and Darling Ingredients Inc. and combines Darling's expertise with animal by-product processing with Valero's expertise with fuel manufacturing. DGD is considering building the first renewable diesel plant in Jefferson County, Texas on approximately 30 acres of land located in the southeastern part of the County. The proposed project development named Diamond Green Diesel Project, would integrate the design and construction of two 35,000 barrels per day production units of renewable diesel and co-products. The proposed project will be located adjacent to the Valero Port Arthur Refinery. The applicant is not requesting a value limitation for any of the shared equipment that may be used from the Port Arthur Refinery and the Diamond Green Diesel Project.

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Utilities & Outgoing Logistics

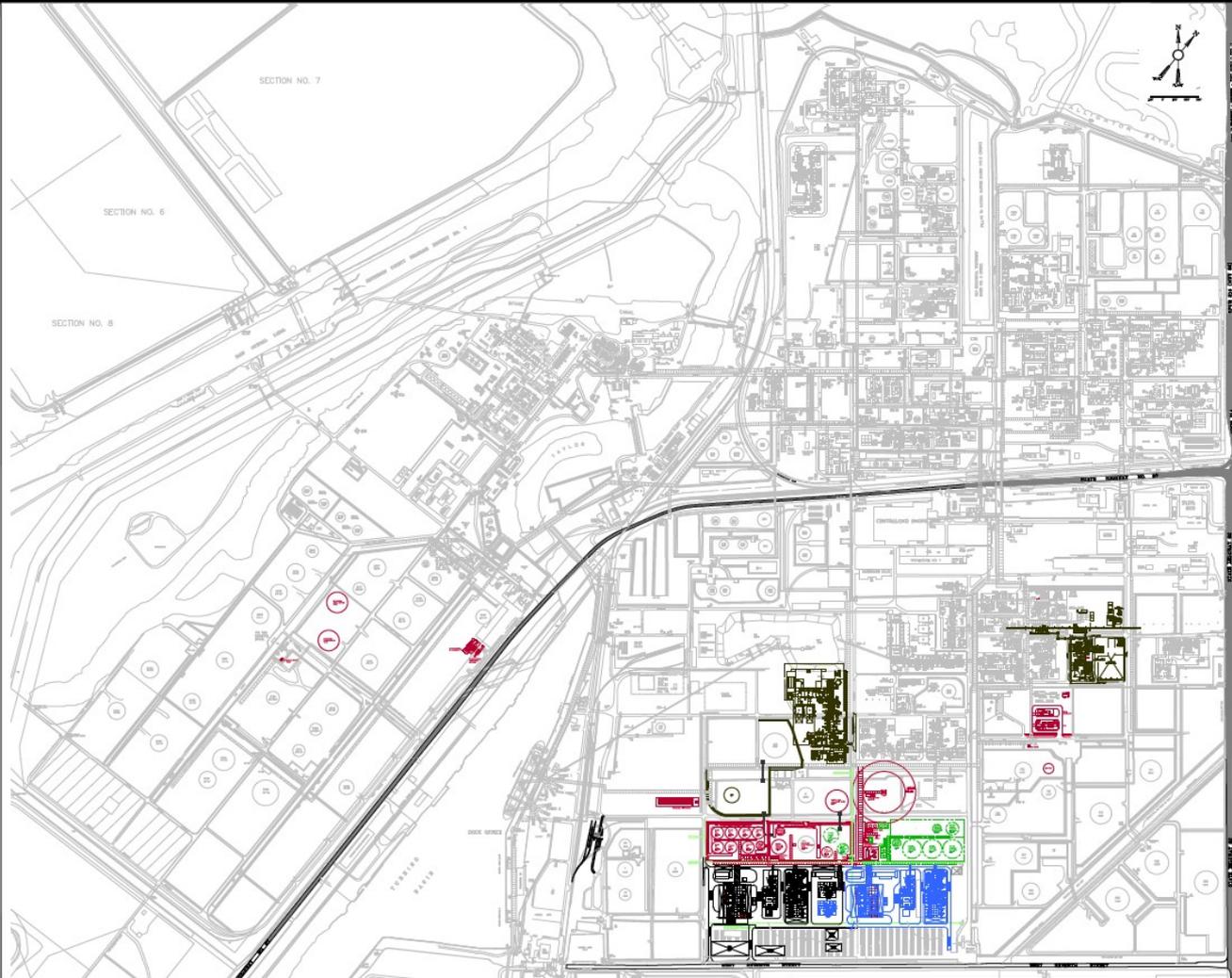
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Diamond Green Diesel Qualified Property

- Pretreatment Units
- Heat Exchangers
- Hydrodeoxygenation Reactors
- Isomerization Reactors
- Water Treatment Units
- Wastewater Treatment Units
- Renewable Naphtha Rundown Tanks
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- Renewable Diesel Shipping Tanks
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- Sour Water Tanks
- Piping
- Truck Racks
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- Water Surge Tanks
- Blended Fat Tanks
- Diesel Strippers
- Pumps/HEX Skids
- PS-10 Building
- Air Compressor/Dryer Skids
- Renewable LPG Storage
- Slop Storage Tanks
- Cooling Tower and Pumps
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- Sour Water Flash Drums
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BURNS MEDONNELL

date 4/3/2020
designed J. HAMBLETON

PRELIMINARY PLOT PLAN
OVERALL PLANT
VALERO PORT ARTHUR REFINERY

project	121203
contract	
	121203_SK_P_001_Overall



TAB 9

Description of Land

Additional documentation will be included at a later date.



TAB 10

Description of all property not eligible to become qualified property *(if applicable)*

Existing Improvements & Equipment / Non-Qualified Property

- Storage Tank – to be refurbished and used, property will not be included as qualified property or investment and is not a part of this application
- Building – to be demolished
- Caliche Parking Lot – to be demolished

Within the reinvestment zone, there is existing property owned by Premcor Refining Group Inc. as identified by the following Jefferson County Appraisal District accounts:

- 144843
- 144849
- 144858
- 144862
- 144864
- 144866
- 144869
- 144870

All existing improvements referenced by the JCAD Property ID Numbers are excluded from this application.

TAB 11

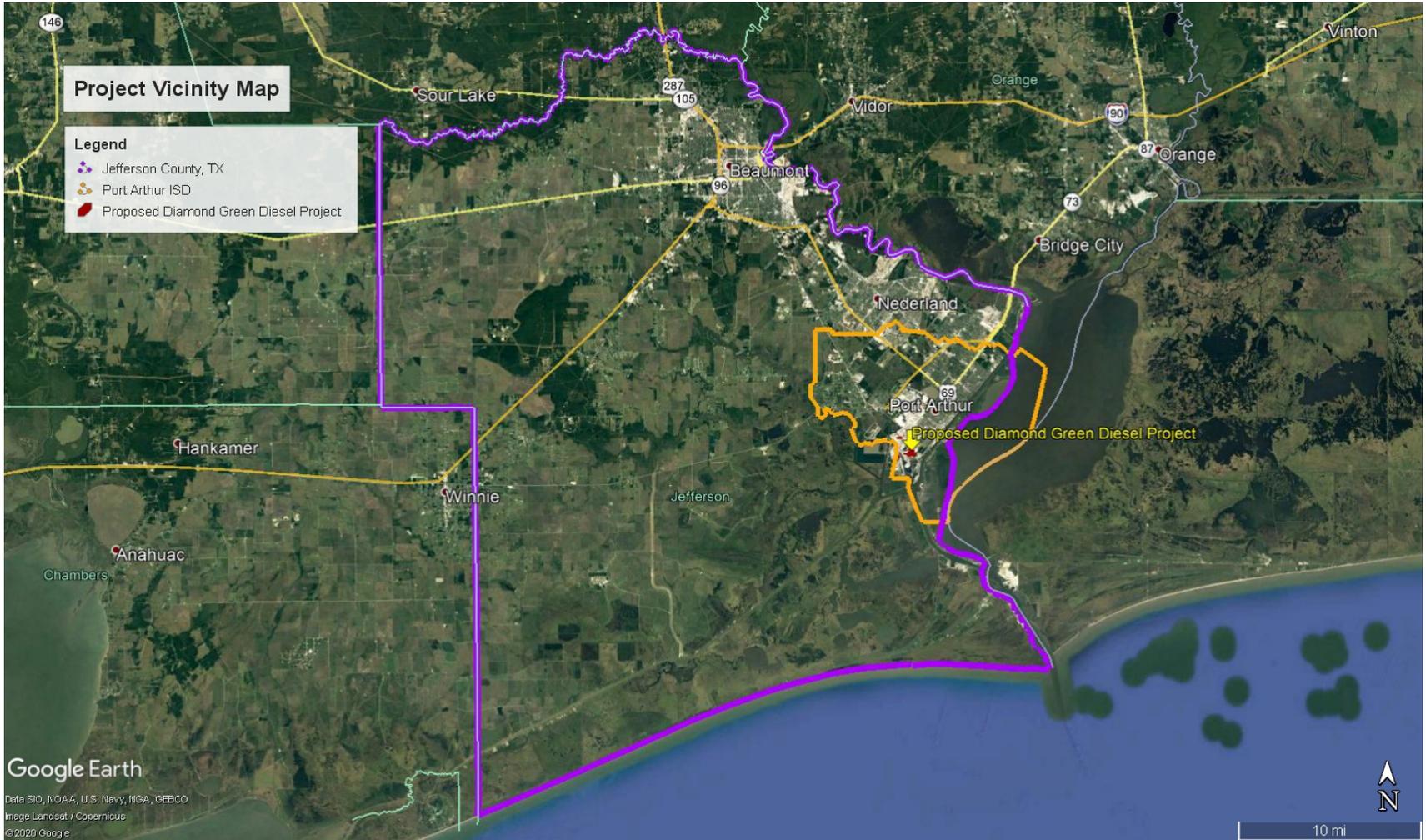
Maps of Project

Maps that clearly show:

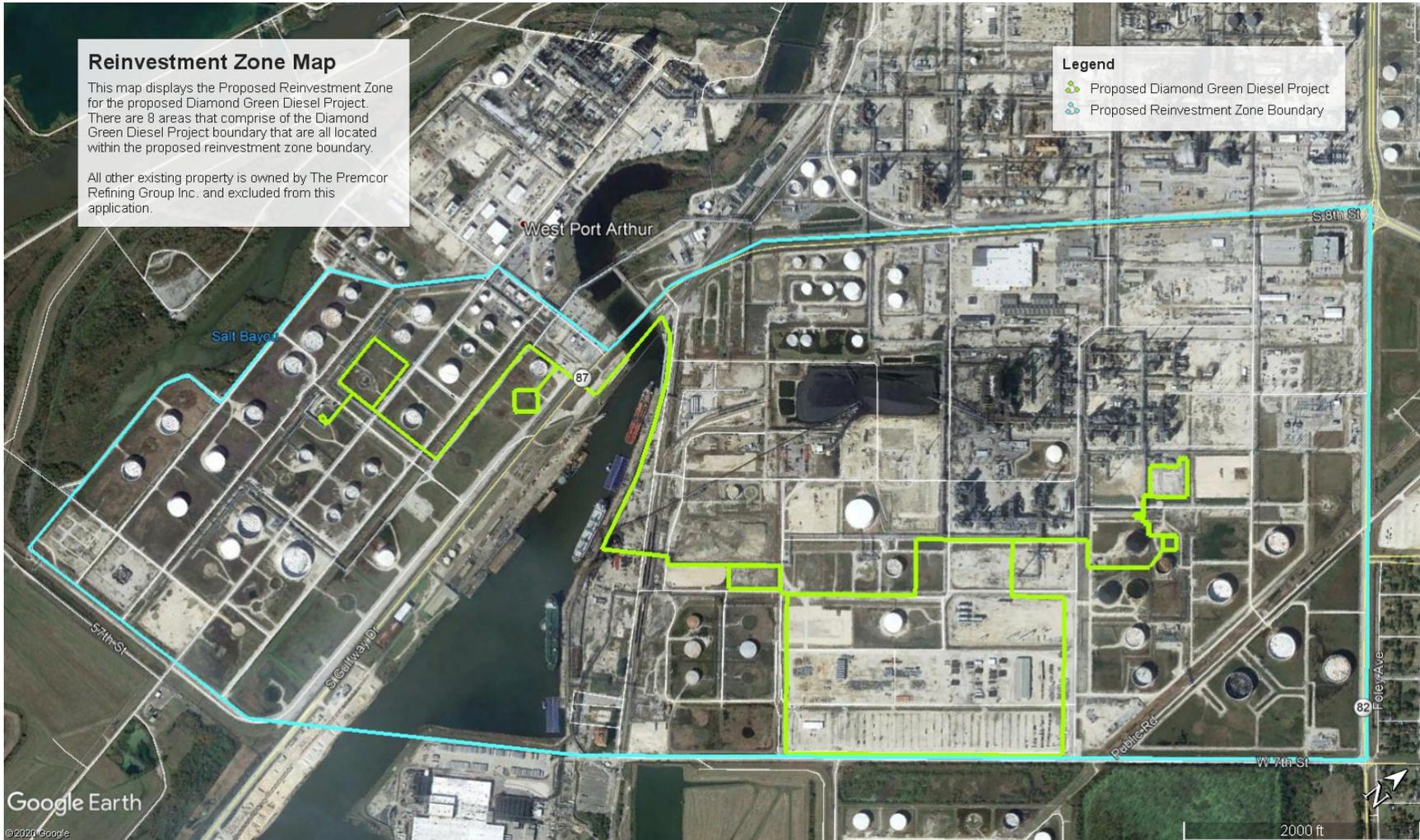
- a) Project boundary and project vicinity, including county and school district boundaries
 - See attached Project Vicinity Map
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period
 - See attached Qualified Investment / Qualified Property Maps
- c) Qualified property including location of new buildings or new improvements
 - See attached Qualified Investment / Qualified Property Maps
- d) Any existing property within the project area
 - See attached Qualified Investment / Qualified Property Maps
- e) Any facilities owned or operated by the applicant having interconnections to the proposed project
 - See attached Qualified Investment / Qualified Property Maps
- f) Location of project, and related nearby projects within vicinity map
 - See attached Qualified Investment / Qualified Property Maps
- g) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size
 - See attached Reinvestment Zone Map

To provide the best detailed view of the proposed project, there are 4 maps that illustrate the Qualified Investment / Qualified Property.

DIAMOND GREEN DIESEL LLC
CHAPTER 313 APPLICATION TO PORT ARTHUR ISD



DIAMOND GREEN DIESEL LLC
CHAPTER 313 APPLICATION TO PORT ARTHUR ISD



Reinvestment Zone Map
This map displays the Proposed Reinvestment Zone for the proposed Diamond Green Diesel Project. There are 8 areas that comprise of the Diamond Green Diesel Project boundary that are all located within the proposed reinvestment zone boundary.

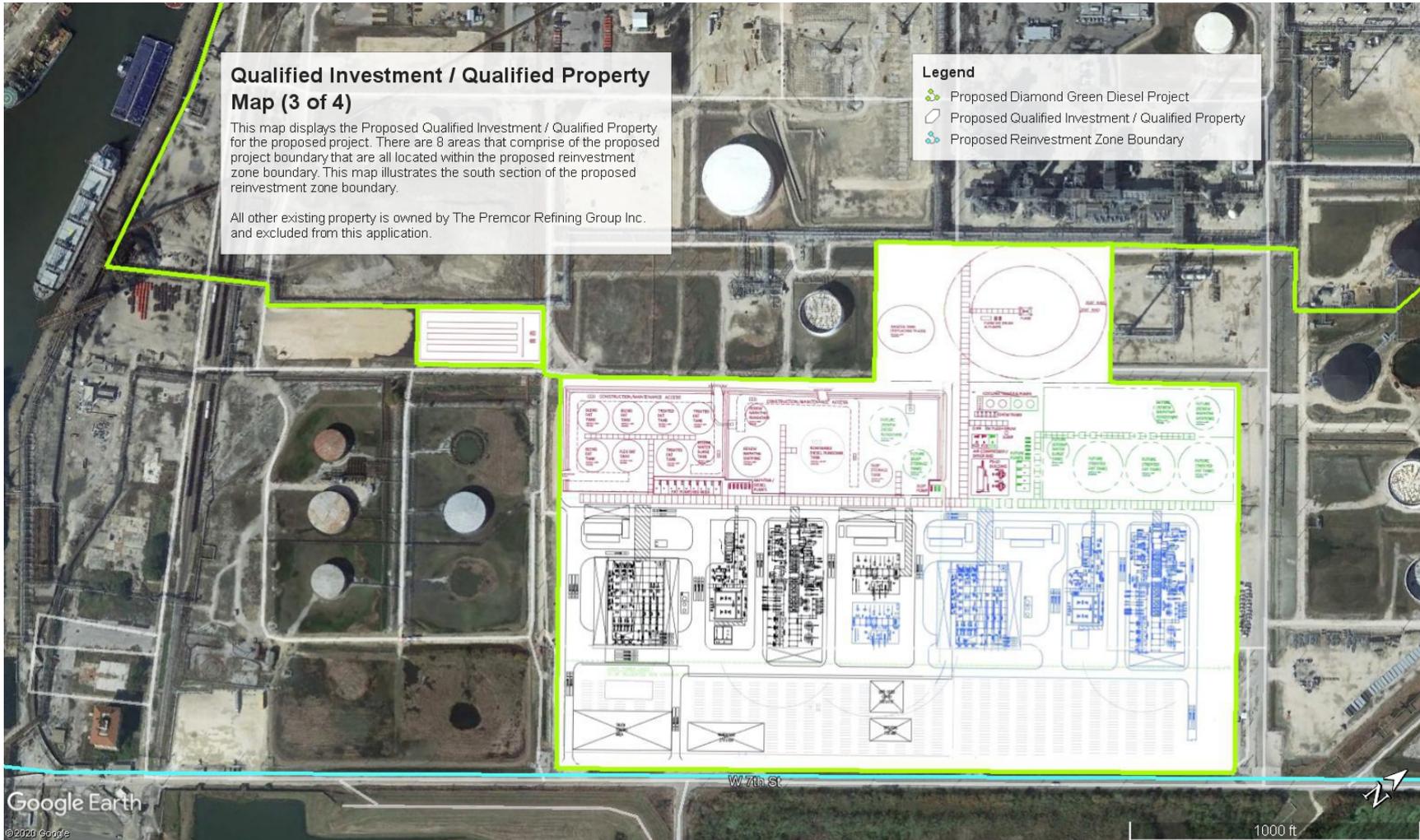
All other existing property is owned by The Premcor Refining Group Inc. and excluded from this application.

Legend
Proposed Diamond Green Diesel Project
Proposed Reinvestment Zone Boundary

DIAMOND GREEN DIESEL LLC
CHAPTER 313 APPLICATION TO PORT ARTHUR ISD



DIAMOND GREEN DIESEL LLC
CHAPTER 313 APPLICATION TO PORT ARTHUR ISD



**Qualified Investment / Qualified Property
Map (3 of 4)**

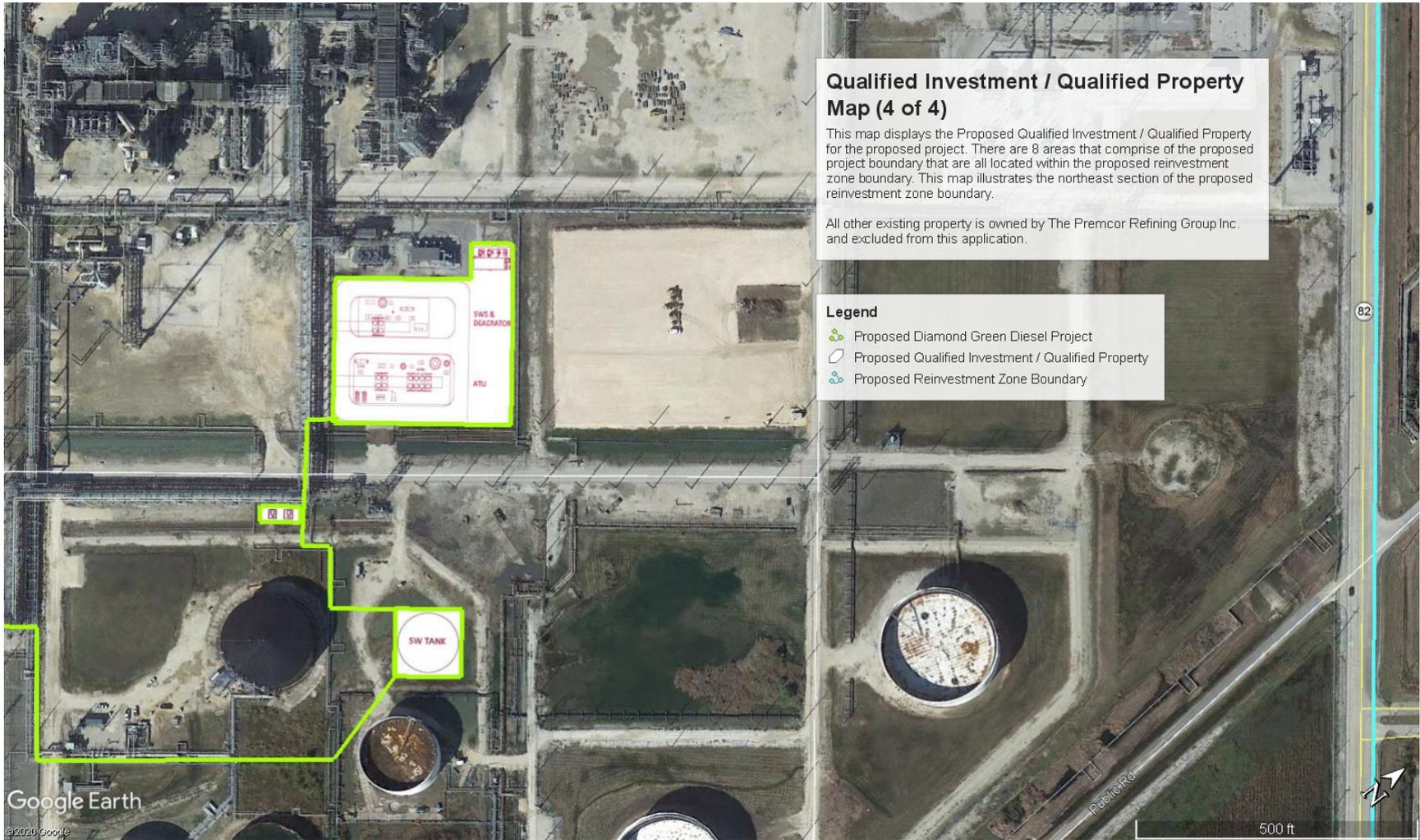
This map displays the Proposed Qualified Investment / Qualified Property for the proposed project. There are 8 areas that comprise of the proposed project boundary that are all located within the proposed reinvestment zone boundary. This map illustrates the south section of the proposed reinvestment zone boundary.

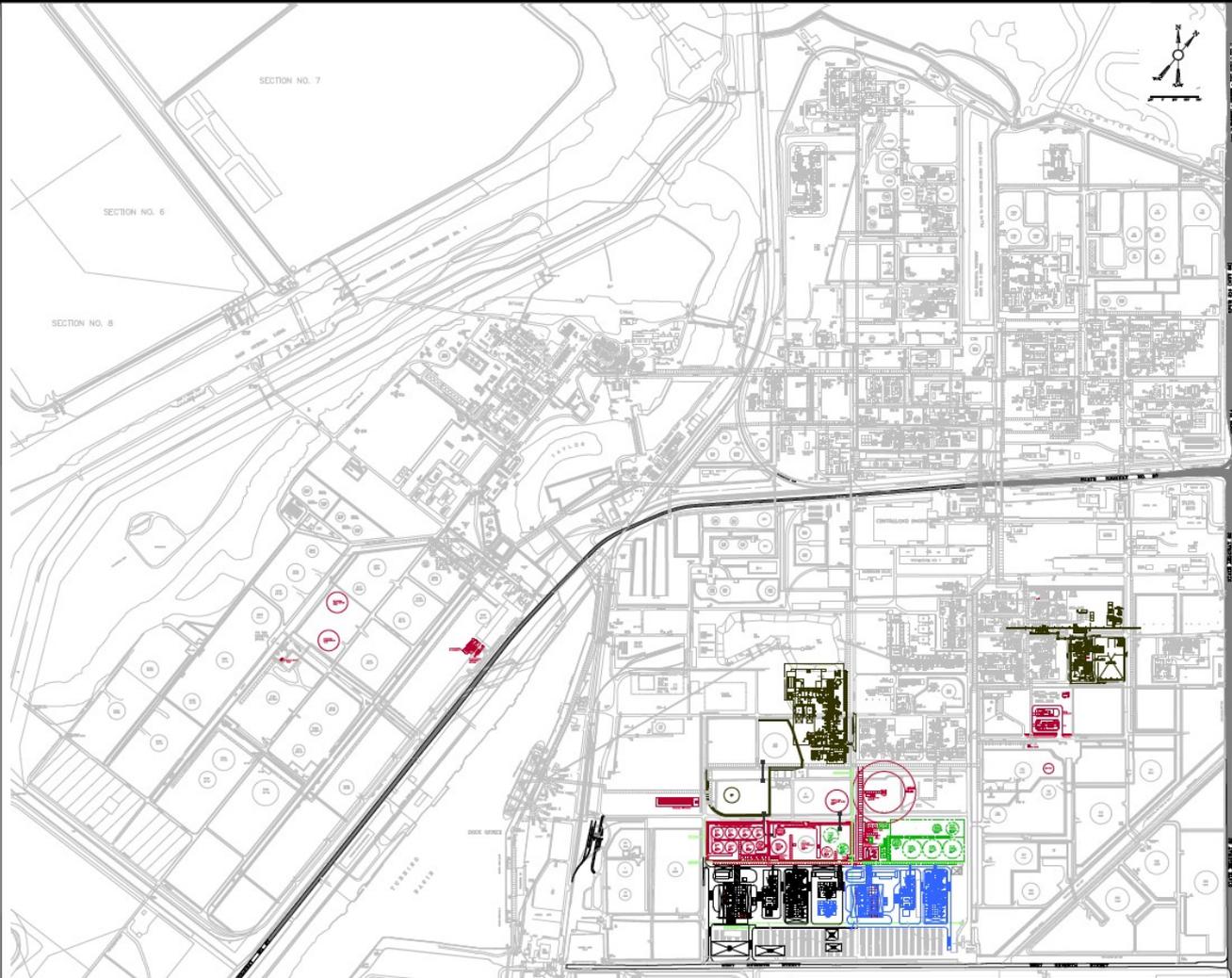
All other existing property is owned by The Premcor Refining Group Inc. and excluded from this application.

Legend

- Proposed Diamond Green Diesel Project
- Proposed Qualified Investment / Qualified Property
- Proposed Reinvestment Zone Boundary

DIAMOND GREEN DIESEL LLC
CHAPTER 313 APPLICATION TO PORT ARTHUR ISD





REV	DESCRIPTION	DATE	BY	CHECK	APP
A	ISSUED FOR CLIENT REVIEW	2/25/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER
B	ISSUED FOR CLIENT REVIEW	3/13/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER
C	ISSUED FOR CLIENT REVIEW	4/3/2020	J. HAMBLETON	M. FLOOD	D. GALLAGHER


 date 4/3/2020
 designed J. HAMBLETON

PRELIMINARY PLOT PLAN
 OVERALL PLANT
 VALERO PORT ARTHUR REFINERY

project	121203
contract	
	121203_SK_P_001_Overall



TAB 12

Request for Waiver of Job Creation Requirement and Supporting Information (*if applicable*)

Not applicable to this project.

TAB 13

Calculation of Non-Qualifying Wage Target and Two Possible Qualifying Job Wage Requirements
with TWC Documentation

- a) Jefferson County average weekly wage for all jobs (All Industries)
 - a. See attached Wage Calculation Chart inclusive of data from the first, second, third, and fourth quarter of 2019.
- b) Jefferson County average weekly wage for all jobs (Manufacturing)
 - a. See attached Wage Calculation Chart inclusive of data from the first, second, third, and fourth quarter of 2019.
- c) Council of Government Regional Wage Calculation and Documentation
 - a. See attached 2019 Manufacturing Average Wages by Council of Government Region Wages for All Occupations.



**Jefferson County
Chapter 313 Wage Calculation – All Jobs, All Industries**

Year	Quarter	Average Weekly Wages	Annualized
2019	First	\$1,185	\$61,620
2019	Second	\$1,061	\$55,172
2019	Third	\$1,085	\$56,420
2019	Fourth	\$1,150	\$59,800
Average		\$1,120.25	\$58,253

**Jefferson County
Chapter 313 Wage Calculation – Manufacturing Jobs**

Year	Quarter	Average Weekly Wages	Annualized
2019	First	\$2,418	\$125,736
2019	Second	\$1,879	\$97,708
2019	Third	\$1,902	\$98,904
2019	Fourth	\$1,972	\$102,544
Average		\$2,042.75	\$106,223

X	110%	110%
\$2,247.03		\$116,845.30

**Chapter 313 Wage Calculation – Regional Wage Rate
(South East Texas Regional Planning Commission)**

Year	Average Weekly Wages	Annualized
2019	\$1,450.58	\$75,430.16
X	110%	
\$1,595.64		\$82,973.18

See attached TWC Documentation

Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

<u>Year</u>	<u>Period</u>	<u>Area</u>	<u>Ownership</u>	<u>Industry Code</u>	<u>Industry</u>	<u>Average Weekly Wage</u>
2019	01	Jefferson	Total All	10	Total, All Industries	1,185
2019	02	Jefferson	Total All	10	Total, All Industries	1,061
2019	03	Jefferson	Total All	10	Total, All Industries	1,085
2019	04	Jefferson	Total All	10	Total, All Industries	1,150

Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

<u>Year</u>	<u>Period</u>	<u>Area</u>	<u>Ownership</u>	<u>Industry Code</u>	<u>Industry</u>	<u>Level</u>	<u>Average Weekly Wage</u>
2019	01	Jefferson	Total All	31-33	Manufacturing	2	2,418
2019	02	Jefferson	Total All	31-33	Manufacturing	2	1,879
2019	03	Jefferson	Total All	31-33	Manufacturing	2	1,902
2019	04	Jefferson	Total All	31-33	Manufacturing	2	1,972

**2018 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Texas		\$27.04	\$56,240
Alamo Area Council of Governments	18	\$22.80	\$47,428
Ark-Tex Council of Governments	5	\$18.73	\$38,962
Brazos Valley Council of Governments	13	\$18.16	\$37,783
Capital Area Council of Governments	12	\$32.36	\$67,318
Central Texas Council of Governments	23	\$19.60	\$40,771
Coastal Bend Council of Governments	20	\$28.52	\$59,318
Concho Valley Council of Governments	10	\$21.09	\$43,874
Deep East Texas Council of Governments	14	\$18.28	\$38,021
East Texas Council of Governments	6	\$21.45	\$44,616
Golden Crescent Regional Planning Commission	17	\$28.56	\$59,412
Heart of Texas Council of Governments	11	\$22.71	\$47,245
Houston-Galveston Area Council	16	\$29.76	\$61,909
Lower Rio Grande Valley Development Council	21	\$17.21	\$35,804
Middle Rio Grande Development Council	24	\$20.48	\$42,604
NORTEX Regional Planning Commission	3	\$25.14	\$52,284
North Central Texas Council of Governments	4	\$27.93	\$58,094
Panhandle Regional Planning Commission	1	\$24.19	\$50,314
Permian Basin Regional Planning Commission	9	\$25.90	\$53,882
Rio Grande Council of Governments	8	\$18.51	\$38,493
South East Texas Regional Planning Commission	15	\$36.26	\$75,430
South Plains Association of Governments	2	\$20.04	\$41,691
South Texas Development Council	19	\$17.83	\$37,088
Texoma Council of Governments	22	\$21.73	\$45,198
West Central Texas Council of Governments	7	\$21.84	\$45,431

See Note Below

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.

Data published: July 2019

Data published annually, next update will be July 31, 2020

Annual wage figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas Occupational Employment Statistics (OES) data, and is not to be compared to BLS estimates.

Data intended only for use in implementing Chapter 313, Tax Code.

Note: \$75,430.16 x 110% = \$82,973.18



TAB 14

Schedules A1, A2, B, and C completed and signed Economic Impact *(if applicable)*

See Attached.

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date **21-Jun-20**
 Applicant Name **Diamond Green Diesel LLC**
 ISD Name **Port Arthur**

Form 50-296A
 Revised February 2020

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property				[The only other investment made before filing complete application with district that may become Qualified Property is land.]
Investment made after filing complete application with district, but before final board approval of application	--	2021-2022	2021					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				50,000,000	-	-	-	50,000,000
Complete tax years of qualifying time period	QTP1	2022-2023	2022	250,000,000	-	-	-	250,000,000
	QTP2	2023-2024	2023	690,000,000	10,000,000	-	-	700,000,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				990,000,000	10,000,000	-	-	1,000,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				1,000,000,000				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date **21-Jun-20**
 Applicant Name **Diamond Green Diesel LLC**
 ISD Name **Port Arthur**

Form 50-296A
 Revised February 2020

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]		Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1			990,000,000	10,000,000	-	-	1,000,000,000
	0	2021-2022	2021	50,000,000					50,000,000
	0	2022-2023	2022	250,000,000	-	-	-		250,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2023-2024	2023	690,000,000	10,000,000	-	-		700,000,000
Value limitation period***	1	2024-2025	2024	350,000,000	-	-	-		350,000,000
	2	2025-2026	2025	650,000,000					650,000,000
	3	2026-2027	2026	-					-
	4	2027-2028	2027	-					-
	5	2028-2029	2028	-					-
	6	2029-2030	2029	-					-
	7	2030-2031	2030	-					-
	8	2031-2032	2031	-					-
	9	2032-2033	2032	-					-
	10	2033-2034	2033	-					-
Total Investment made through limitation				1,990,000,000	10,000,000	-	-		2,000,000,000
Continue to maintain viable presence	11	2034-2035	2034						-
	12	2035-2036	2035						-
	13	2036-2037	2036						-
	14	2037-2038	2037						-
	15	2038-2039	2038						-
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2039-2040	2039						-
	17	2040-2041	2040						-
	18	2041-2042	2041						-
	19	2042-2043	2042						-
	20	2043-2044	2043						-
	21	2044-2045	2044						-
	22	2045-2046	2045						-
	23	2046-2047	2046						-
	24	2047-2048	2047						-
	25	2048-2049	2048						-

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row**.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date **21-Jun-20**
 Applicant Name **Diamond Green Diesel LLC**
 ISD Name **Port Arthur**

Form 50-296A
 Revised February 2020

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	-	-	-	-	-	-
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	-	-	25,000,000	25,000,000	25,000,000	25,000,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2023-2024	2023	-	-	150,000,000	150,000,000	150,000,000	125,000,000
Value Limitation Period	1	2024-2025	2024	-	9,000,000	891,000,000	810,000,000	810,000,000	30,000,000
	2	2025-2026	2025	-	8,100,000	1,021,450,000	926,595,000	926,595,000	30,000,000
	3	2026-2027	2026	-	7,290,000	1,704,128,000	1,540,276,000	1,540,276,000	30,000,000
	4	2027-2028	2027	-	6,561,000	1,618,922,000	1,462,935,000	1,462,935,000	30,000,000
	5	2028-2029	2028	-	5,905,000	1,537,976,000	1,389,493,000	1,389,493,000	30,000,000
	6	2029-2030	2029	-	5,315,000	1,461,077,000	1,319,753,000	1,319,753,000	30,000,000
	7	2030-2031	2030	-	4,784,000	1,388,023,000	1,253,526,000	1,253,526,000	30,000,000
	8	2031-2032	2031	-	4,306,000	1,318,622,000	1,190,635,000	1,190,635,000	30,000,000
	9	2032-2033	2032	-	3,875,000	1,252,691,000	1,130,909,000	1,130,909,000	30,000,000
	10	2033-2034	2033	-	3,488,000	1,190,056,000	1,074,190,000	1,074,190,000	30,000,000
Continue to maintain viable presence	11	2034-2035	2034	-	3,314,000	1,142,454,000	1,031,191,000	1,031,191,000	1,031,191,000
	12	2035-2036	2035	-	3,148,000	1,096,756,000	989,914,000	989,914,000	989,914,000
	13	2036-2037	2036	-	2,991,000	1,052,886,000	950,289,000	950,289,000	950,289,000
	14	2037-2038	2037	-	2,841,000	1,010,771,000	912,251,000	912,251,000	912,251,000
	15	2038-2039	2038	-	2,699,000	970,340,000	875,735,000	875,735,000	875,735,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2039-2040	2039	-	2,564,000	931,526,000	840,681,000	840,681,000	840,681,000
	17	2040-2041	2040	-	2,436,000	894,265,000	807,031,000	807,031,000	807,031,000
	18	2041-2042	2041	-	2,314,000	858,494,000	774,727,000	774,727,000	774,727,000
	19	2042-2043	2042	-	2,198,000	824,154,000	743,717,000	743,717,000	743,717,000
	20	2043-2044	2043	-	2,088,000	791,188,000	713,948,000	713,948,000	713,948,000
	21	2044-2045	2044	-	1,984,000	759,540,000	685,372,000	685,372,000	685,372,000
	22	2045-2046	2045	-	1,885,000	729,158,000	657,939,000	657,939,000	657,939,000
	23	2046-2047	2046	-	1,791,000	699,992,000	631,605,000	631,605,000	631,605,000
	24	2047-2048	2047	-	1,701,000	671,992,000	606,324,000	606,324,000	606,324,000
	25	2048-2049	2048	-	1,616,000	645,112,000	582,055,000	582,055,000	582,055,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
 Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date **21-Jun-20**
 Applicant Name **Diamond Green Diesel LLC**
 ISD Name **Port Arthur**

Form 50-296A
 Revised February 2020

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A Number of Construction FTE's	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	0	0	0	0	
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	200 FTE	\$75,000	0	0	
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2023-2024	2023	400 FTE	\$75,000	0	0	
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2024-2025	2024	200 FTE	\$75,000	15	10	\$82,973
	2	2025-2026	2025	400 FTE	\$75,000	15	10	\$82,973
	3	2026-2027	2026			15	10	\$82,973
	4	2027-2028	2027			15	10	\$82,973
	5	2028-2029	2028			15	10	\$82,973
	6	2029-2030	2029			15	10	\$82,973
	7	2030-2031	2030			15	10	\$82,973
	8	2031-2032	2031			15	10	\$82,973
	9	2032-2033	2032			15	10	\$82,973
	10	2033-2034	2033			15	10	\$82,973
Years Following Value Limitation Period	11 through 25	2033 - 2048	2033 - 2047			15	10	\$82,973

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
 Only include jobs on the project site in this school district.



TAB 15

Economic Impact Analysis, other payments made in the state or other economic information
(if applicable)

Not applicable to this project.



TAB 16

Description of Reinvestment or Enterprise Zone

Description including:

- a) Evidence that the area qualifies as an enterprise zone as defined by the Governor's office
- b) Legal description of reinvestment zone
- c) Order, resolution or ordinance establishing the reinvestment zone
- d) Guidelines and criteria for creating the zone

See attached

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

RESOLUTION CREATING DIAMOND GREEN REINVESTMENT ZONE NO. 1

WHEREAS, Section 312.0025 of the Texas Tax Code permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of this state in which the school district is located; and,

WHEREAS, the Port Arthur Independent School District (the “District”) desires to encourage the development of primary employment and to attract major investment in the District and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and,

WHEREAS, the District published notice of a public hearing regarding the possible designation of the area described in the attached **Exhibit A** as a reinvestment zone for the purposes of Chapter 313 of the Texas Tax Code; and,

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the school district in Jefferson County, Texas as shown on the map attached as **Exhibit B**; and,

WHEREAS, the District has given written notice of the proposed action and the Public Hearing to all political subdivisions and taxing authorities having jurisdiction over the property proposed to be designated as the reinvestment zone, described in the attached **Exhibits A & B**; and,

WHEREAS, all interested members of the public were given an opportunity to make comments at the public hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PORT ARTHUR INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Port Arthur Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of *DIAMOND GREEN REINVESTMENT ZONE NO. 1* has been called, held and conducted, and that notices of such hearing have been published and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of *DIAMOND GREEN REINVESTMENT ZONE NO. 1* be and, by the adoption of this Resolution, are declared and certified to be the area as described in the description attached hereto as “**Exhibit A**”; and,
- (c) That the map attached hereto as “**Exhibit B**” is declared to be and, by the adoption of this Resolution, is certified to accurately depict and show the boundaries of *DIAMOND GREEN REINVESTMENT ZONE NO. 1* which is described in **Exhibit A**; and further certifies that the property described in **Exhibit A** is inside the boundaries shown on **Exhibit B**; and,
- (d) That creation of *DIAMOND GREEN REINVESTMENT ZONE NO. 1* with boundaries as described in **Exhibit A** and **Exhibit B** will result in benefits to the Port Arthur Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the *DIAMOND GREEN REINVESTMENT ZONE NO. 1* described in **Exhibit A** and **Exhibit B** meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Port Arthur Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Port Arthur Independent School District hereby creates a reinvestment zone under the provisions of Texas Tax Code §312.0025, encompassing the area described by the descriptions in **Exhibit A** and **Exhibit B**, and such reinvestment zone is hereby designated and shall hereafter be referred to as *DIAMOND GREEN REINVESTMENT ZONE NO. 1*.

SECTION 4. That the existence of the *DIAMOND GREEN REINVESTMENT ZONE NO. 1* shall first take effect upon, XXXX XXth, 2020, the date of the adoption of this Resolution by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such adoption.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this

Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Port Arthur Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Jefferson County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this XX day of XXXX, 2020.

**PORT ARTHUR INDEPENDENT SCHOOL
DISTRICT**

By: _____
President
Board of Trustees

ATTEST: _____
Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF DIAMOND GREEN REINVESTMENT ZONE NO. 1

DIAMOND GREEN REINVESTMENT ZONE NO. 1

EXHIBIT B

SURVEY MAPS OF DIAMOND GREEN REINVESTMENT ZONE NO. 1



TAB 17

Signature and Certification page signed and dated by Authorized School District Representative and Authorized Company Representative (*applicant*)

See Attached.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17.

NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here Dr. Mark Porterie
Print Name (Authorized School District Representative)

Superintendent
Title

sign here [Signature]
Signature (Authorized School District Representative)

June 25, 2020
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

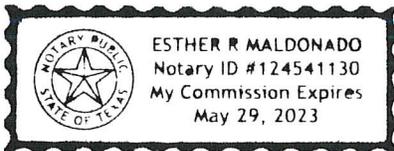
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Martin Loeber
Print Name (Authorized Company Representative (Applicant))

Attorney-in-Fact
Title

sign here [Signature]
Signature (Authorized Company Representative (Applicant))

June 22, 2020
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

22 day of June, 2020
Esther R Maldonado
Notary Public in and for the State of Texas

My Commission expires: May 29, 2023

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.



TAB 18

Additional Applicant and Proposed Project Information

- Diamond Green Diesel Evaluating New Plant in Port Arthur, TX to Expand Production up to 1.1 Billion Gallons Annually
- Investor Presentation June 2020
- Valero Energy Reports First Quarter 2020 Results
- Valero Energy Reports 2019 Fourth Quarter and Full Year Results
- Valero Energy Reports Third Quarter 2019 Results



Diamond Green Diesel Evaluating New Plant in Port Arthur, Texas to Expand Production up to 1.1 Billion Gallons Annually

SAN ANTONIO, September 9, 2019 – Valero Energy Corporation (NYSE: VLO, “Valero”) and Darling Ingredients Inc. (NYSE: DAR, “Darling”) are addressing the growing demand for renewable diesel in global, low-carbon markets by initiating an advanced engineering and development cost review for a new plant in Port Arthur, Texas. The proposed facility under review would be designed to produce 400 million gallons of renewable diesel annually as well as 40 million gallons of renewable naphtha. The new plant would be owned and operated by Diamond Green Diesel Holdings LLC (“DGD”), the 50/50 joint venture between Valero and Darling.

The proposed Port Arthur plant, the first renewable diesel facility in Texas, would be in a location to leverage Valero’s existing refinery and optimize logistics management. The production from this new plant would increase DGD’s annual renewable diesel production to approximately 1.1 billion gallons with nearly 100 million gallons of renewable naphtha production. The final investment decision on the project is expected in 2021, subject to further engineering, obtaining necessary permits, and approval by the boards of Valero and Darling. If the decision is made to move forward, new plant construction could begin in 2021, with expected operations commencing in 2024.

“We expect low-carbon fuel mandates across the globe to continue to drive demand growth for renewable fuels,” said Joe Gorder, Valero Chairman, President and Chief Executive Officer. “This project would meaningfully expand our renewable diesel segment, which continues to generate strong results, and demonstrates our commitment to environmentally responsible operations.”

DGD’s future total annual capacity of 1.1 billion gallons of renewable diesel and nearly 100 million gallons of renewable naphtha includes production from DGD’s Louisiana plant, which is currently being expanded to produce 675 million gallons of renewable diesel and 60 million gallons of naphtha. The Louisiana expansion is targeted for completion at the end of 2021.

About Valero

Valero Energy Corporation, through its subsidiaries (collectively, “Valero”), is an international manufacturer and marketer of transportation fuels and petrochemical products. Valero is a Fortune 50 company based in San Antonio, Texas, and it operates 15 petroleum refineries with a combined throughput capacity of approximately 3.1 million barrels per day and 14 ethanol plants with a combined production capacity of 1.73 billion gallons per year. The petroleum refineries are located in the United States (U.S.), Canada and the United Kingdom (U.K.), and the ethanol plants are located in the Mid-Continent region of the U.S. Valero also is a joint venture partner in Diamond Green Diesel, which operates a renewable diesel plant in Norco, Louisiana. Diamond Green Diesel is North America’s largest biomass-based diesel plant. Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero’s brand names. Please visit www.valero.com for more information.

About Darling

Darling Ingredients Inc. is a global developer and producer of sustainable natural ingredients from edible and inedible bio-nutrients, creating a wide range of ingredients and specialty solutions for customers in the pharmaceutical, food, pet food, feed, technical, fuel, bioenergy, and fertilizer industries. With operations on five continents, the Company collects and transforms all aspects of animal by-product streams into useable and specialty ingredients, such as gelatin, edible fats, feed-grade fats, animal proteins and meals, plasma, pet food ingredients, organic fertilizers, yellow grease, fuel feedstocks, green energy, natural casings and hides. The Company also recovers and converts recycled oils (used cooking oil and animal fats) into valuable feed and fuel ingredients and collects and processes residual bakery products into feed ingredients. In addition, the Company provides environmental services, such as grease trap collection and disposal services to food service establishments. The Company sells its products domestically and internationally and operates within three industry segments: Feed Ingredients, Food Ingredients and Fuel Ingredients. For additional information, visit the Company's website at <http://www.darlingi.com>.

Valero Contacts

Investors:

Homer Bhullar, Vice President – Investor Relations, 210-345-1982

Gautam Srivastava, Manager – Investor Relations, 210-345-3992

Tom Mahrer, Manager – Investor Relations, 210-345-1953

Media:

Lillian Riojas, Executive Director – Media Relations and Communications, 210-345-5002

Darling Ingredients Contact

Melissa A. Gaither, Vice President – IR and Global Communications, 972-281-4478

Safe-Harbor Statement

Statements contained in this release that state the company's or management's expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "believe," "expect," "should," "would," "intend," "target," "will," "plans," and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of the company's control, such as delays in construction timing and other factors. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission and on Valero's website at www.valero.com.



Investor Presentation

June 2020

Disclaimers

This presentation contains forward-looking statements made by Valero Energy Corporation (“VLO” or “Valero”) within the meaning of federal securities laws. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other forward-looking information. You can identify forward-looking statements by words such as “believe,” “estimate,” “expect,” “forecast,” “could,” “may,” “will,” “targeting,” “illustrative” or other similar expressions that convey the uncertainty of future events or outcomes. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict including, but not limited to, the effect, impact, potential duration or other implications of the COVID-19 pandemic. These statements are often based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of Valero. Although Valero believes that the assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Valero can not give assurance that it will achieve or accomplish its expectations, beliefs or intentions. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements contained in Valero’s filings with the Securities and Exchange Commission, including Valero’s annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports available on Valero’s website at www.valero.com. These risks could cause the actual results of Valero to differ materially from those contained in any forward-looking statement. Results for any period ending in the first half of 2020, or for any period ending prior to January 1, 2020, are not necessarily indicative of the results that may be expected for the year ending December 31, 2020.

This presentation includes non-GAAP financial measures. Our reconciliations of GAAP financial measures to non-GAAP financial measures are located at the end of this presentation. These non-GAAP financial measures should not be considered as an alternative to GAAP financial measures.

Who We Are (NYSE: VLO)



Refining

- Premier assets and lowest cost producer
- 15 refineries, 3.2 million barrels per day (BPD) of high-complexity capacity
- Logistics assets, including approximately 3,100 miles of active pipelines, 130 million barrels of storage and over 50 docks
- Fuels marketing and distribution through bulk and wholesale channels



Renewable Diesel

- Advantaged feedstock and operating costs
- World's 2nd largest renewable diesel producer
 - Operator and 50% owner of Diamond Green Diesel (DGD) joint venture
 - 275 million gallons per year production capacity
- Expanding to 675 million gallons of annual production capacity
- Renewable diesel placed into premium low carbon markets



Ethanol

- Premier plants and low cost operations
- 14 plants with 1.73 billion gallons per year of ethanol production capacity
- Plants convert corn into ethanol and distillers grains
- Existing logistics assets well-positioned to support export growth

The largest global independent refiner and the largest renewable fuels producer in North America.

Strong Presence in Advantaged U.S. Gulf Coast and Mid-Continent



See slide 31 for capacities.

Majority of refineries designated as VPP Star Sites by OSHA, recognizing exemplary occupational safety and health programs.

Demonstrated Strategy for Value Creation

Demonstrated commitment to stockholders:

- Disciplined capital allocation with solid free cash flow and returns to stockholders
- Delivered on our target payout ratio of 40% to 50% every year under current management

Visibility to earnings growth:

- Steady pipeline of high return projects focused on operating cost control, market expansion and margin improvement
- 25% after-tax IRR hurdle rate for projects

Proven history of operations excellence:

- Safe, reliable, environmentally responsible operations have driven higher profitability and lower volatility through multiple commodity cycles
- The lowest cash operating costs among peer group

Texas City Refinery.

Disciplined Capital Management is a Constant in Our Strategy

1

Maintain Strong Balance Sheet

- Maintain investment grade credit rating
- Target 20% to 30% debt-to-cap ratio⁽¹⁾

2

Non-Discretionary

Sustaining Capex

- Target approximately \$1.5 billion annually
- Key to safe and reliable operations

Dividend

- Commitment to stockholders
- Targeting a sustainable and growing dividend, with a payout that is at the high end of our peer group⁽²⁾

3

Discretionary

Growth Capex

- 25% after-tax IRR hurdle rate for projects
- Focused on operating cost control, market expansion and margin improvement

Acquisitions

- Evaluate versus alternative uses of cash

Cash Returns

- Targeting an annual payout ratio⁽³⁾ between 40% and 50% of adjusted net cash provided by operating activities
- Stock buyback program consists of ratable and opportunistic purchases

⁽¹⁾ Targeted debt-to-cap ratio based on total debt reduced by balance sheet cash.

⁽²⁾ Peer group includes PSX, MPC, HFC, and PBF.

⁽³⁾ Payout ratio is the sum of dividends and stock buybacks divided by adjusted net cash provided by operating activities. Adjusted net cash provided by operating activities excludes changes in working capital and 50% of DGD's operating cash flow (excluding the change in its working capital) attributable to our joint venture partner.

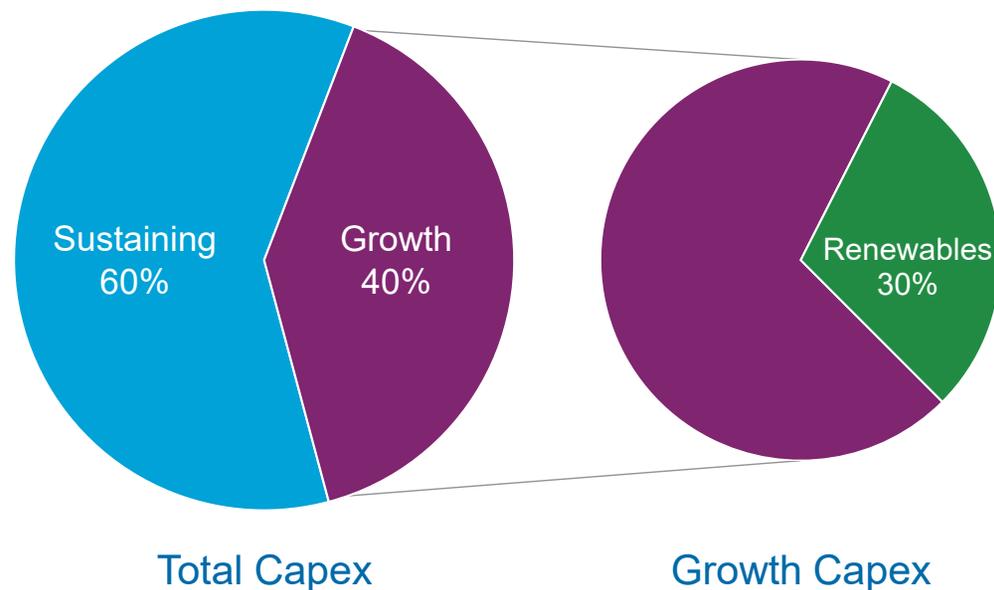
Demonstrated Discipline in Capital Allocation

Capital Allocation
(\$ billion)

■ Dividend ■ Sustaining ■ Growth ■ Buybacks



Estimated Total Capex
\$2.1 Billion for 2020



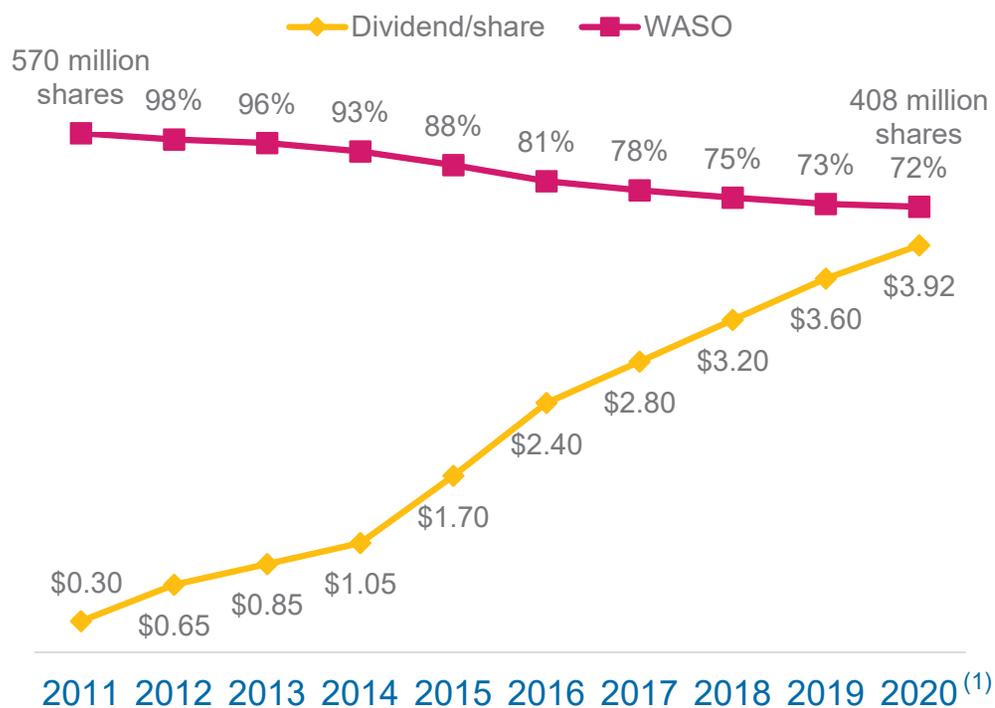
Non-discretionary

Steady investments to maintain asset base and enhance margin capability of portfolio.

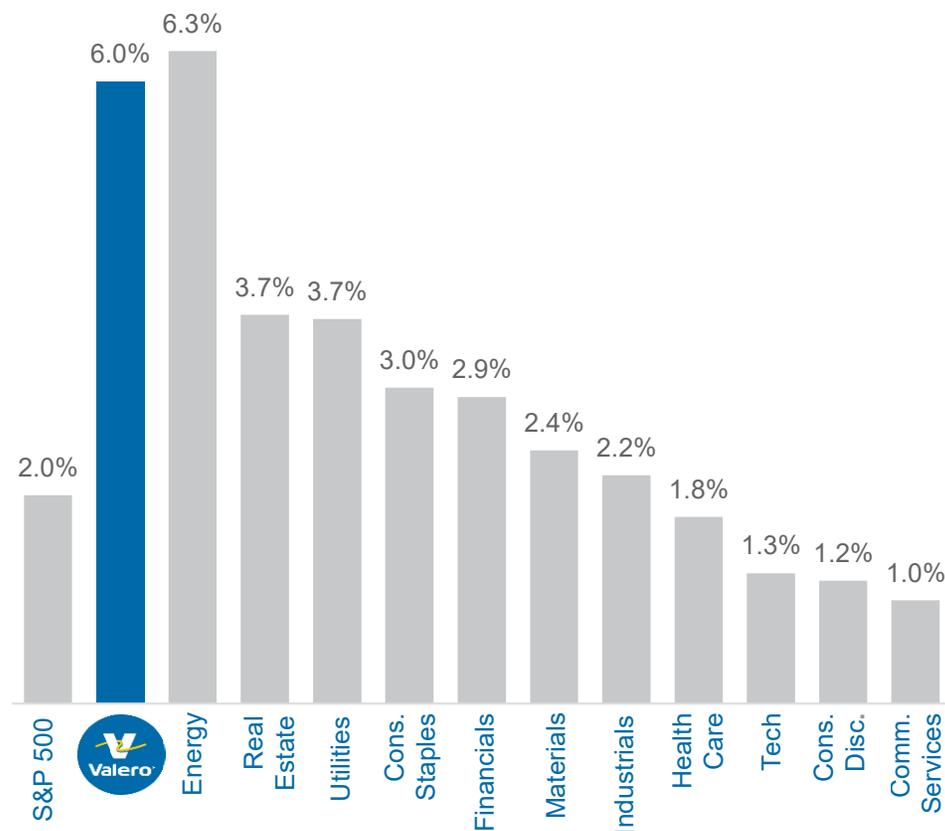
Sustaining capex includes costs for turnarounds and catalysts and regulatory compliance. Growth capex includes joint-venture investments but excludes acquisitions. Sustaining and growth capex excludes 50% of DGD's sustaining and growth capex attributable to our joint venture partner.

Delivering on our Commitment of Cash Returns to Stockholders

Annual Dividend Per Share and Weighted Average Shares Outstanding as a Percentage Relative to 2011



Annual Dividend Yield⁽²⁾



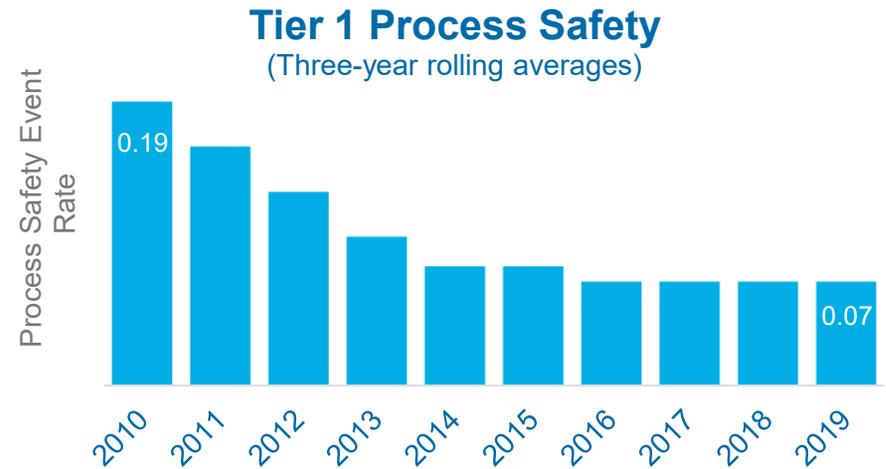
⁽¹⁾ 2020 weighted average shares outstanding through March 31, 2020. Dividend per share annualized based on most recent quarterly dividend.

Source: Bloomberg as of May 22, 2020.

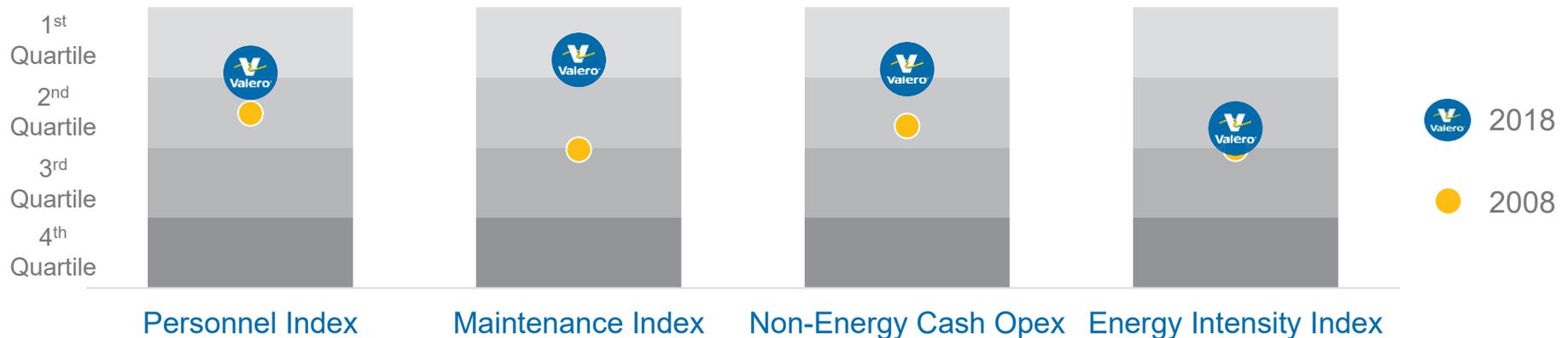
⁽²⁾ Dividend yield for sectors reflects the Index Yield of the respective SPDR exchange-traded fund (ETF).

Delivering cash returns through sustainable annual dividend growth and discretionary buybacks.

Safety and Reliability are Imperative for Profitability



Improvement Versus Industry Benchmarks Leads to Greater Margin Capture, Lower Operating Expenses and Better Efficiency



Investments in reliability have contributed to operations excellence. In 2019, we delivered our best year ever on employee safety performance and had the lowest number of environmental events in company history.

See slide 21 for notes regarding this slide.

Increased Refinery Availability Has Driven Valero to be the Lowest Cost Producer

Improvement in Mechanical Availability Versus Industry Benchmarks



Refining Cash Operating Expenses Per Barrel of Throughput (Excludes Turnaround and D&A Expenses)



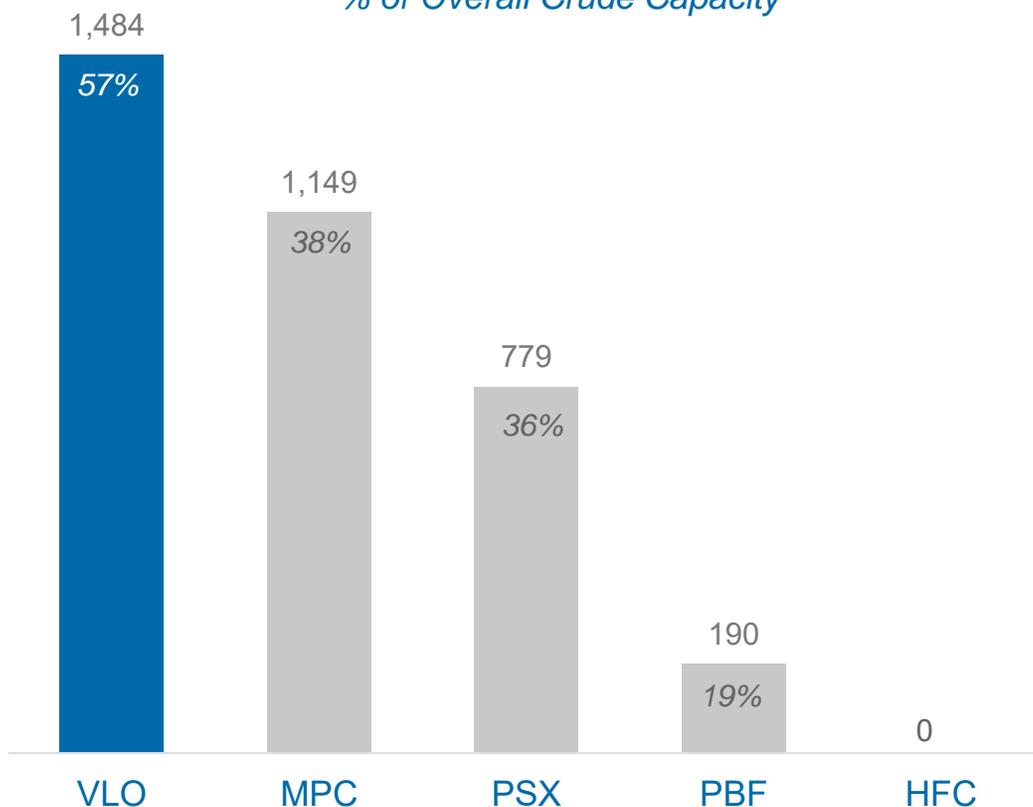
See slide 21 for notes regarding this slide.

⁽¹⁾ 2020 refining cash operating expenses per barrel of throughput through March 31. Peer group includes PSX, MPC, HFC, and PBF.

Advantaged Crude Supply in the U.S. Gulf Coast

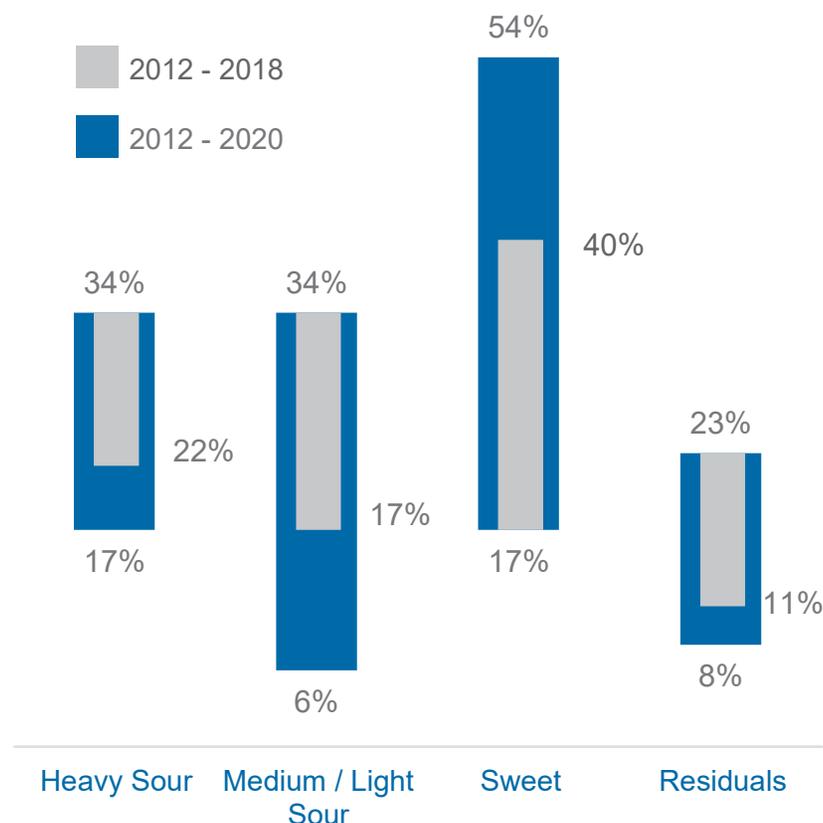
Gulf Coast Refining Capacity⁽¹⁾

Thousand Barrels per Day (MBPD)
% of Overall Crude Capacity



Valero Gulf Coast Feedstock Ranges⁽²⁾

2012 - 2018
2012 - 2020

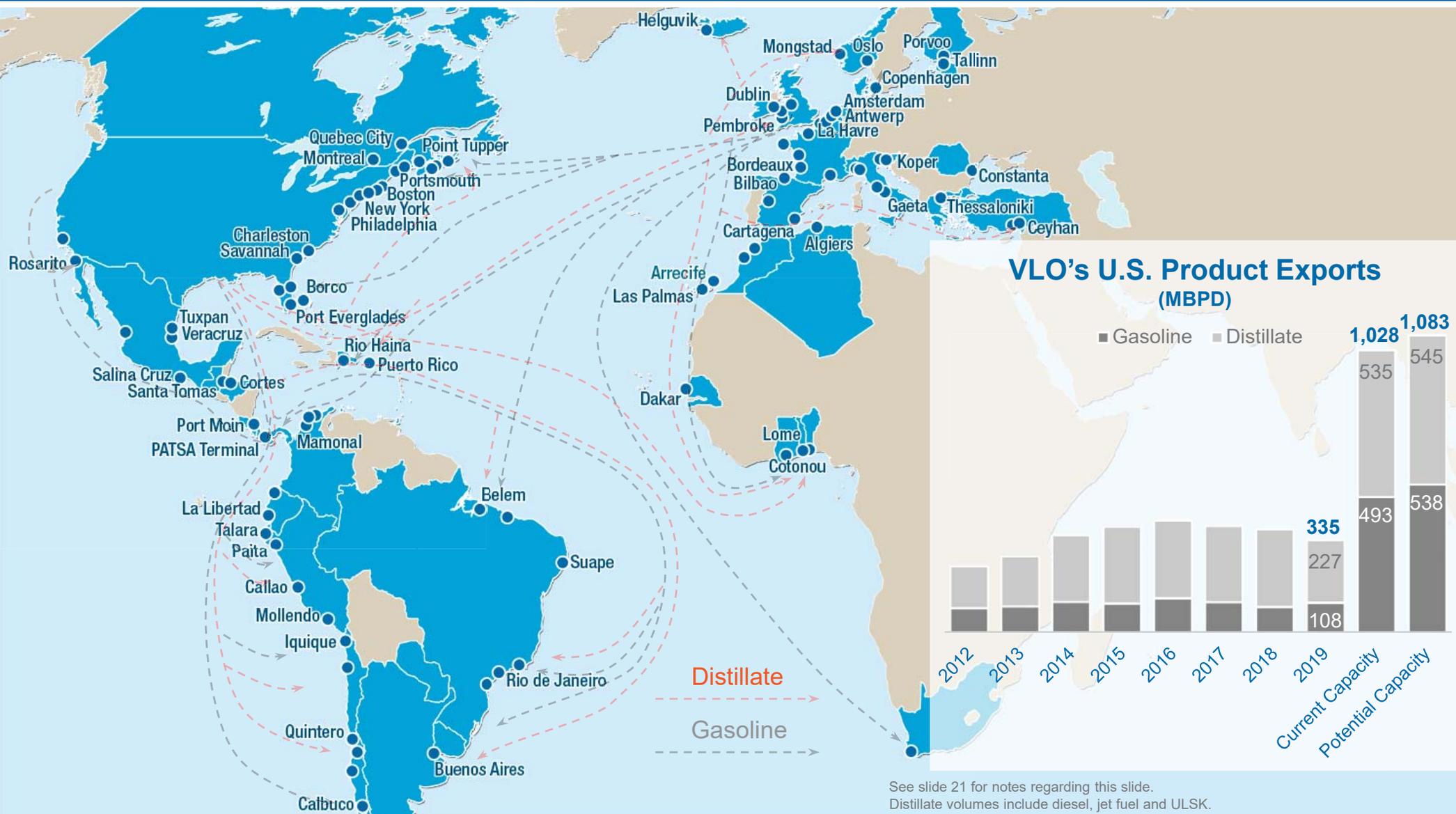


Valero's refineries have operational flexibility to process a wide range of feedstocks and access to a deep pool of skilled labor in the U.S. Gulf Coast.

⁽¹⁾ CDU capacity from EIA data and company presentations. See slide 31 for Valero's capacity and Nelson complexity by refinery.

⁽²⁾ 2020 feedstock ranges through March 31. Ranges represent average quarterly minimums and maximums of each feedstock category as a % of total feedstock. Ranges for monthly averages are wider.

Our Portfolio Facilitates Global Optimization of Product Exports



See slide 21 for notes regarding this slide.
Distillate volumes include diesel, jet fuel and ULSK.

Visibility to Growth with a Steady Pipeline of High Return Projects

- Target approximately \$1 billion annually on growth investments
- Approximately \$350 MM of incremental EBITDA in 2019 from completed projects
 - Diamond Green Diesel expansion, Houston alkylation unit, Sunrise Pipeline and other optimization projects
- Pasadena terminal project completed in 1Q20, \$410 MM cost⁽¹⁾
- Projects in execution phase (by expected completion date)
 - St. Charles alkylation unit (4Q20), \$400 MM cost
 - Pembroke cogeneration unit (2021), \$170 MM cost
 - Diamond pipeline expansion (2021), \$100 MM cost⁽¹⁾
 - Diamond Green Diesel train II (2021), \$550 MM cost⁽¹⁾⁽²⁾
 - Port Arthur coker (2023), \$975 MM cost
- Other projects in development phases
 - Renewable fuels business growth
 - Product supply chain expansion in Latin America
 - Product value upgrade and octane enhancement
 - Logistics for feedstock and product flexibility

Illustrative Annual EBITDA Contribution from Projects (\$1.2 - \$1.5 billion)

■ Projects in Execution ■ Projects in Development



⁽¹⁾ Represents Valero's share of total project cost.

⁽²⁾ Timing of project subject to COVID-19 related delays.

See slide 21 for notes regarding this slide. EBITDA estimates are illustrative. Excludes potential M&A.

Investing to Improve Margins and Light Product Yields

Port Arthur Delayed Coker Unit.



Port Arthur Coker

- \$975 MM anticipated cost for 55 MBPD delayed coker and sulfur recovery unit, with expected startup in 2023
- Creates two independent CDU-VDU-coker trains, which should improve turnaround efficiency and reduce maintenance-related lost margin opportunity
- Design enables full utilization of existing CDU capacity, reduces VGO purchases, and increases heavy sour crude and resid processing capability and light products yield
- Estimated \$420 MM annual EBITDA contribution at 2018 average prices (\$325 MM at mid-cycle prices)

Incremental Volumes (MBPD)

Feeds

Crude	102
Resid	21
VGO	(47)

Products

Naphtha	3
Gasoline	15
Diesel	43
LPG	4

Investing to Increase Premium Renewable Fuels Production

World's 2nd Largest Renewable Diesel Producer



Diamond Green Diesel Train 1.

Diamond Green Diesel Expansion

- Independent parallel renewable diesel plant and renewable naphtha finishing facility adjacent to existing St. Charles plant is expected to be completed in 2021
 - Expected to increase annual renewable diesel production capacity by 400 million gallons per year and enables recovery of renewable naphtha
 - Combined total production capacity is expected to be 675 million gallons per year after successful completion
- Valero's \$550 million portion of the expansion is expected to be funded from cash generated by DGD's operations
- Valero's 50% share of estimated annual EBITDA contribution is approximately \$250 MM at \$1.26/gallon historical average EBITDA⁽¹⁾
 - Margins expected to be supported by increasing renewable fuel mandates and carbon pricing
- DGD is in the process of an advanced engineering review for a potential new 400 million gallons per year renewable diesel plant in Port Arthur, Texas which, if approved, would be operational in 2024

⁽¹⁾ Historical average EBITDA includes the Blenders Tax Credit. Projected pro forma EBITDA estimate of \$1.26/gallon excludes the Blenders Tax Credit.

Ethanol

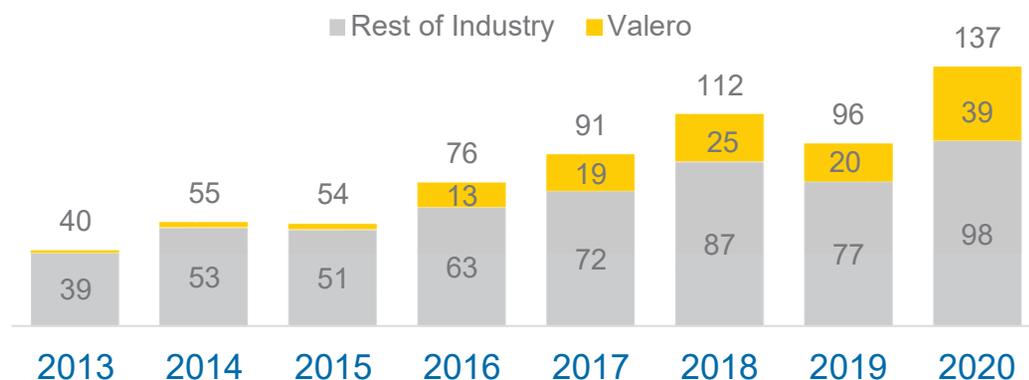
Ethanol plant in Aurora, South Dakota.



Operations

- 14 plants with 1.73 billion gallons annual production capacity
 - Dry mill production process, where corn is ground into flour and mixed with water before fermentation
 - Efficient plants with scale, located in corn belt
 - Operational best practices transferred from refining
- Cost advantaged versus the industry

U.S. Fuel Ethanol Exports (MBPD)



Source: U.S. Energy Information Agency (EIA) through February 2020.

Outlook

- Domestically, ethanol is expected to remain in the U.S. gasoline pool
 - Expect to see incremental demand as a result of fuel efficiency standards and year-round E-15 sales
- Ultimately, global renewable fuel mandates should drive export growth
 - U.S. corn-based ethanol is the most economic choice for export into global markets
 - Existing logistics assets well-positioned to support export growth

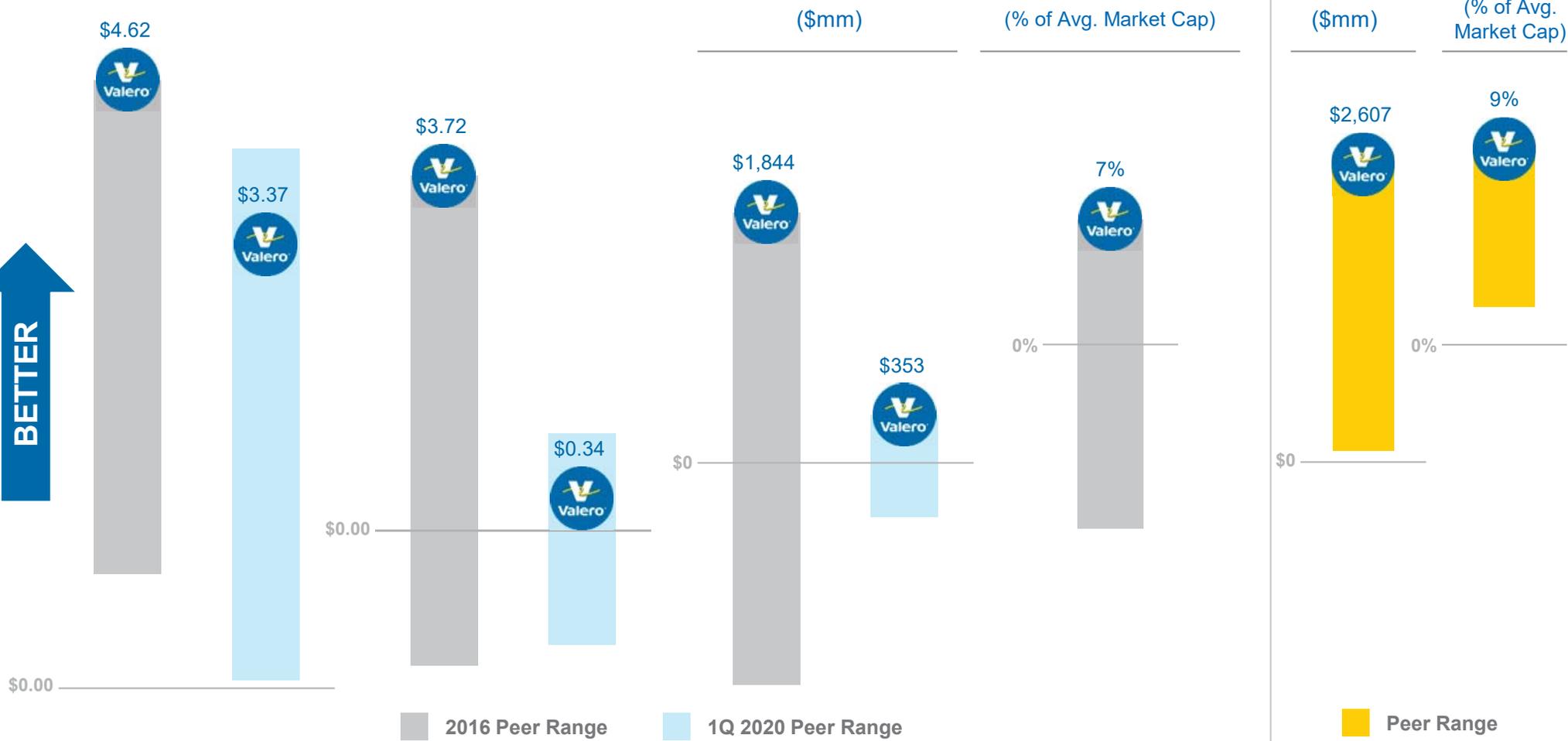
Delivered Solid Earnings and Free Cash Flow Even in a Low Margin Environment

Refining EBITDA Per Barrel of Throughput

Adjusted Earnings Per Share

Free Cash Flow (FCF)

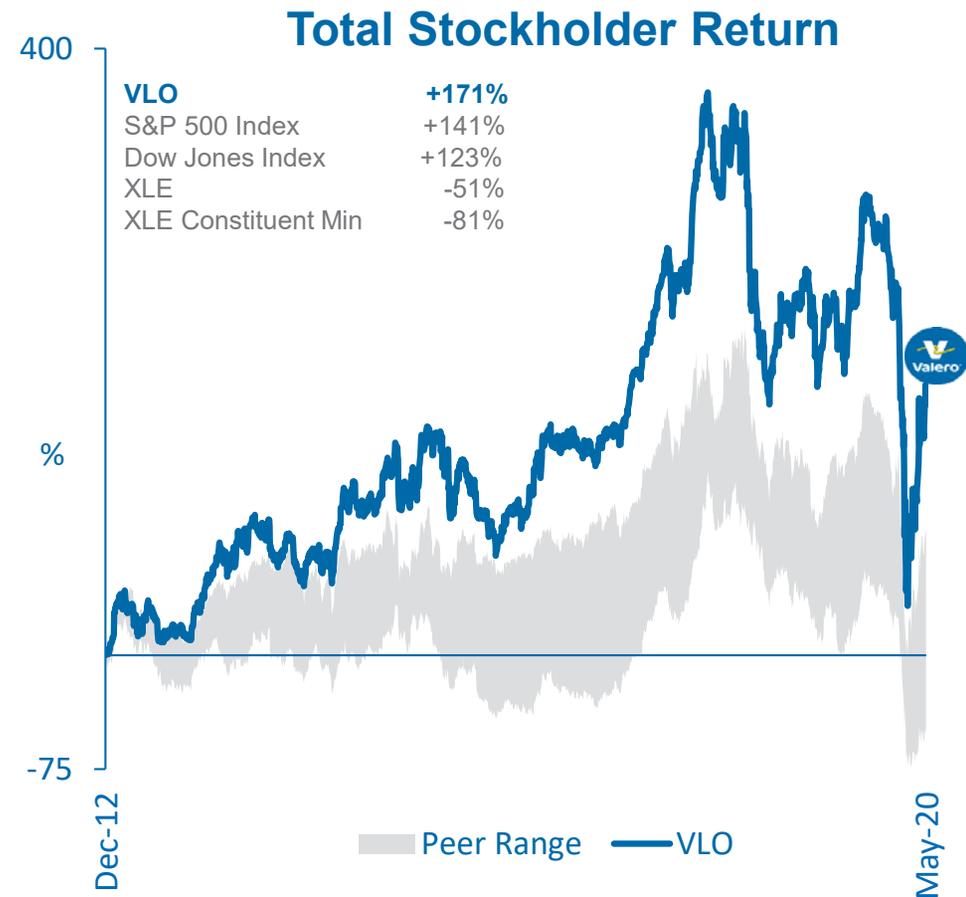
Average Free Cash Flow



2016 & 1Q 2020

2012 to 2019

Demonstrated Lower Volatility in Earnings and Free Cash Flow

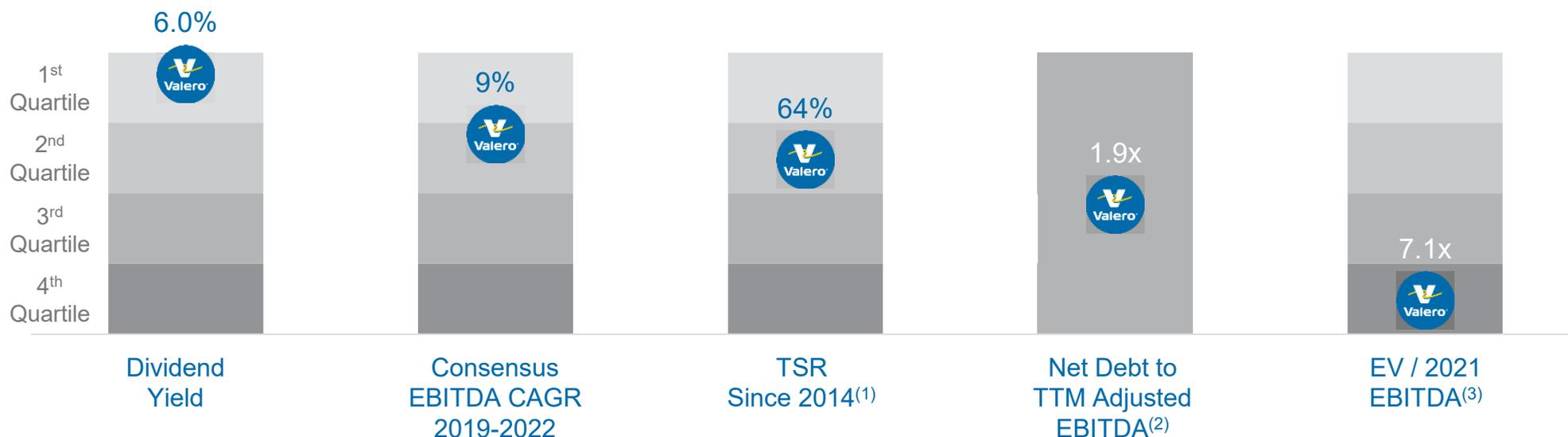


Valero has demonstrated lower volatility in earnings and free cash flow than refining and diversified peers, while delivering higher total stockholder return.

See slide 21 for notes regarding this slide. Peer group includes PSX, MPC, HFC, and PBF.
 Source: Bloomberg and company reports.
 See slides 34 – 38 for non-GAAP disclosures.

We Believe Valero is a Compelling Investment

VLO Versus S&P 500 Constituents



- **Premier asset portfolio and operations**

- **Managed risks**

- Proven operations excellence with the lowest cash operating costs among peer group⁽⁴⁾
- Strong financial position
- Demonstrated lower volatility in earnings and free cash flow than refining and diversified peers, while delivering higher total stockholder return.

- **Disciplined growth strategy**

- Invest in high return projects focused on operating cost control, market expansion and margin improvement
 - 25% after-tax IRR hurdle rate for projects
 - Generate solid cash flow across margin cycles
- **Delivered on our target payout ratio of 40% to 50% every year under current management**
 - Sustainable annual dividend growth
 - Discretionary buybacks

Source: Bloomberg as of May 22, 2020. ⁽¹⁾ TSR from December 31, 2014 through May 22, 2020 includes stock price appreciation and dividends paid. ⁽²⁾ Net debt to adjusted EBITDA for 12 months ended March 31, 2020. ⁽³⁾ EV / EBITDA based on 2021 consensus estimates. See slides 34 – 38 for non-GAAP disclosures. ⁽⁴⁾ Peer group includes PSX, MPC, HFC, and PBF.

Appendix Contents

Topic	Slide
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Notes

Slide 9

Contractor total recordable incident rate from U.S. Bureau of Labor Statistics. Tier 1 three-year rolling averages of process safety events per 200,000 work hours. Tier 1 defined within API Recommended Practice 754. Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero.

Slide 10

Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero. Valero's refining operations typically consume approximately 920,000 MMBtu/day of natural gas, of which 63% is operating expense and the balance is cost of goods sold.

Slide 12

Valero's actual U.S. gasoline and distillate export volumes and current and potential future gasoline and distillate export capacities are shown in the chart. Current capacity includes the recently completed Pasadena terminal. Potential future gasoline and distillate export capacities are based upon expansion opportunities identified at the St. Charles (gasoline and distillate) refinery. Map shows destinations for products exported from Valero's refineries in the U.S., Canada and the U.K.

Slide 13

Amounts shown represent targeted EBITDA growth. We are unable to provide a reconciliation of such forward-looking targets because certain information needed to make a reasonable forward-looking estimate is difficult to estimate and dependent on future events, which are uncertain or outside of our control, including with respect to unknown financing terms, project timing and costs, and other potential variables. Accordingly, a reconciliation is not available without unreasonable effort.

Slide 17

Refining EBITDA per barrel of throughput is defined as refining margin less operating expenses (excluding depreciation and amortization expenses) divided by total throughput volumes. VLO defines refining margin as refining operating income excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, lower cost or market inventory valuation adjustment, and asset impairment loss. Earnings per share are adjusted to exclude special or nonrecurring items further described on slide 35. Free cash flow is defined as net cash provided by operating activities less capital expenditures, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. Average free cash flow reflects 2012 through the most recent annual filing. Average free cash flow for PBF reflects years 2013 to 2019 due to its December 2012 IPO.

Slide 18

Volatility expressed as coefficient of variance, or the standard deviation divided by the mean, of the respective metric on a quarterly basis from the first quarter of 2012 through the most recent filing. EBITDA is defined as net income plus income tax, net interest and depreciation and amortization. Total Stockholder Return (TSR) from December 31, 2012 through May 22, 2020. TSR includes stock price appreciation and dividends paid.

VLO Guidance

2Q20⁽¹⁾

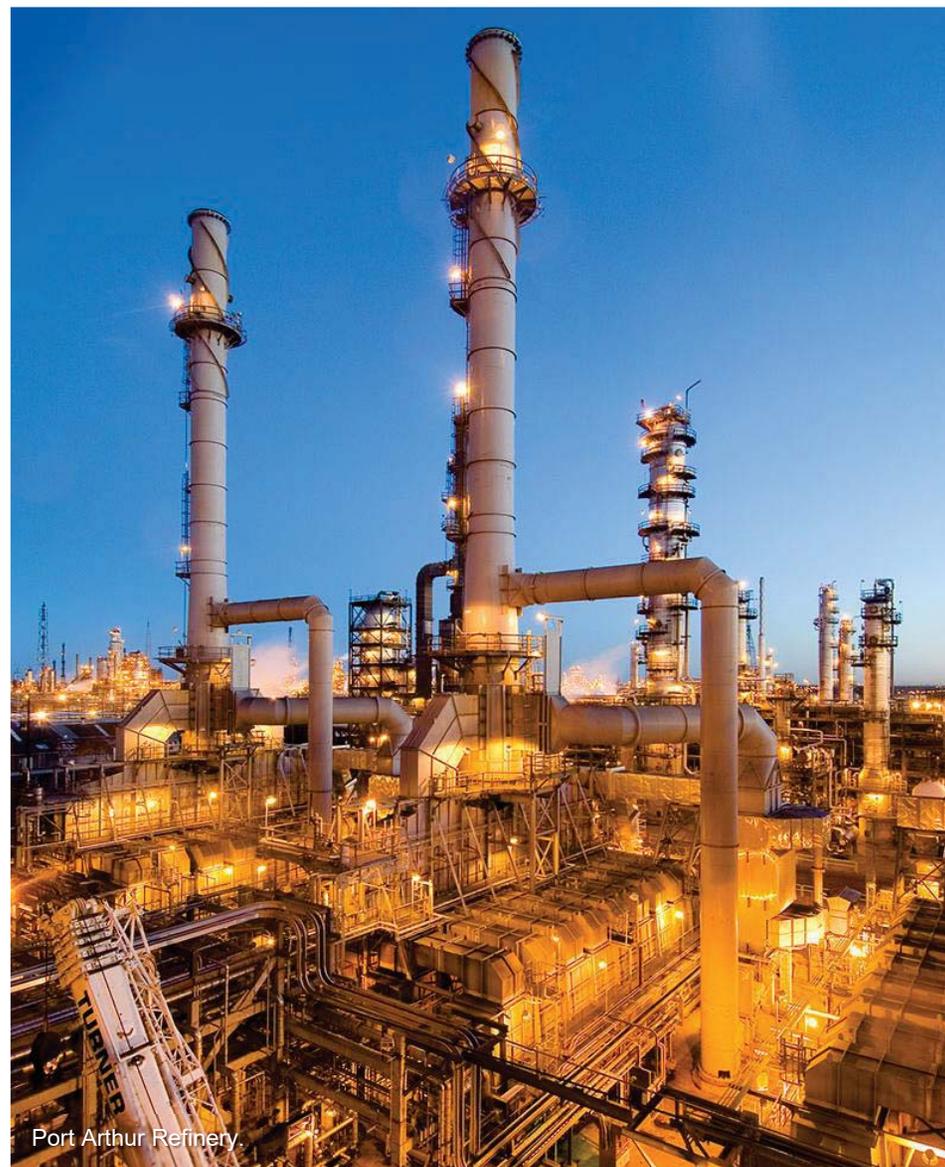
• Throughput (MBPD)	
– U.S. Gulf Coast	1,325 to 1,375
– U.S. Mid-Continent	315 to 335
– North Atlantic	315 to 335
– U.S. West Coast	215 to 235
• Refining cash operating expense per barrel of throughput	\$4.50
• Ethanol	
– Production (millions of gallons per day)	2.0
– Operating expense per gallon of production	\$0.49
• Cash opex	\$0.37
• Non-cash opex	\$0.12
• Depreciation and amortization expense (\$MM)	\$580
• Net interest expense (\$MM)	\$145

2020⁽¹⁾

• Renewable Diesel	
– Sales volume (thousands of gallons per day)	750
– Operating expense per gallon of production	\$0.50
• Cash opex	\$0.30
• Non-cash opex	\$0.20
• Payout ratio ⁽²⁾ of adjusted net cash provided by operating activities	40 to 50%
• General and administrative expense (\$MM)	\$825
• RINs expense (\$MM)	\$300 to \$400
• Capital expenditures (\$MM)	\$2,100
– Sustaining	60%
– Growth	40%

⁽¹⁾ Unless otherwise stated, guidance as provided on the 1Q20 earnings call and is included here for informational purposes only.

⁽²⁾ Payout ratio is the sum of dividends and stock buybacks divided by adjusted net cash provided by operating activities. Adjusted net cash provided by operating activities excludes changes in working capital and 50% of DGD's operating cash flow (excluding the change in its working capital) attributable to our joint venture partner.



Port Arthur Refinery

Environmental, Social and Governance (ESG)



Environmental

- Largest renewable fuels producer in North America
- Significant investment in renewable fuels of \$2.7 billion⁽¹⁾
- 2019 was Valero's best year ever for:
 - Refinery employee safety
 - Lowest environmental events
 - Lowest energy consumption
 - Lowest greenhouse gas emissions per barrel of throughput
 - Lowest air emissions intensity
- Robust environmental management systems



Social

- Safe, healthy and rewarding work environment
 - As part of COVID-19 response, expanded family leave and health benefits
- Focus on diversity, inclusion and professional development
- Recognized as one of World's Best Employers, America's Best Large Employers and Best Employers for Women by Forbes magazine
- Record charitable donations in 2019 surpassed \$64 million
- Employees serve on over 450 nonprofit and civic boards and volunteered 150,000 hours in 2019



Governance

- Independent and diverse Board of Directors
 - 5 of 11 members represent diversity of race or gender
- Robust governance, regulatory compliance and high ethical standards
- Alignment of executive pay to company performance
- Board Committee provides oversight of climate-related risks
- Committed to ESG engagement
- All-employee bonus program includes a strategic component using operational, financial and ESG initiatives

⁽¹⁾ Total investment includes \$1.7 billion in ethanol since 2009 and Valero's renewable diesel investment estimated at \$1 billion.

Logistics Investments to Improve Feedstock Flexibility, Cost and Crude Quality

Competitive Supply in the Mid-Continent

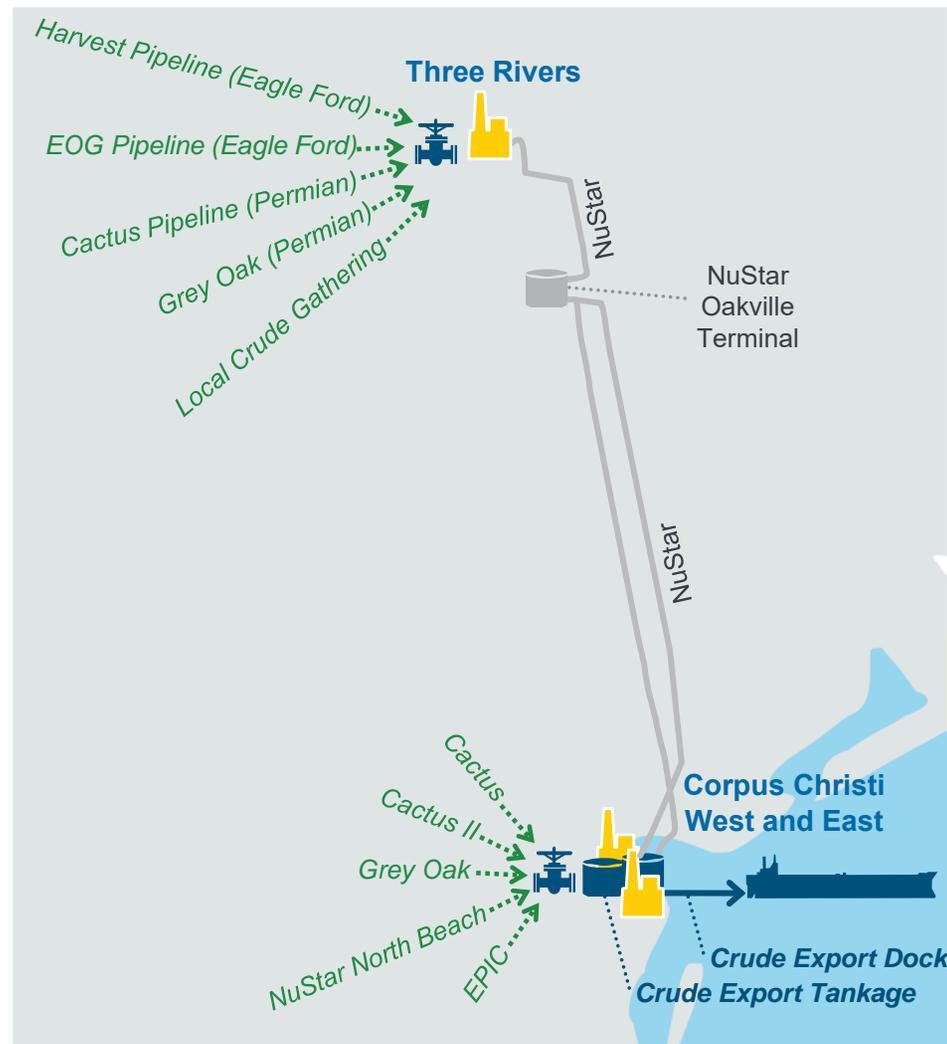


Crude Supply Flexibility for Quebec



Blue lines and terminals represent Valero ownership interest.

Taking Advantage of Permian Production with Investments in Corpus Christi



Valero Logistics Assets



Pipelines⁽¹⁾

- Approximately 3,100 miles of active pipelines
- Central Texas Pipeline started up in September 2019
- Sunrise Pipeline expansion in Permian started up in November 2018



Racks, Terminals and Storage⁽¹⁾

- Approximately 130 million barrels of active shell capacity for crude oil and products
- Over 200 truck rack bays
- Pasadena terminal completed in the first quarter of 2020



Rail

- Approximately 5,200 railcars
- Expected to serve long-term needs of ethanol, asphalt, aromatics, and other products



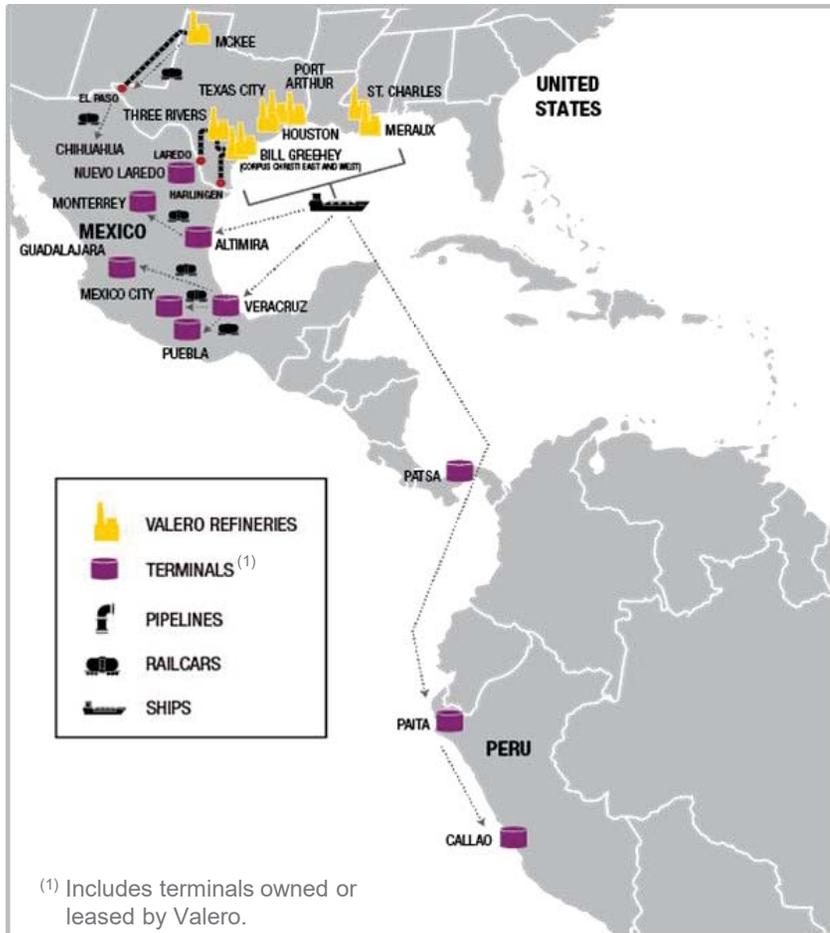
Marine⁽¹⁾

- Over 50 docks
- Two Panamax class vessels (joint venture)

⁽¹⁾ Includes assets that have other joint venture or minority interests. Does not include ethanol assets.

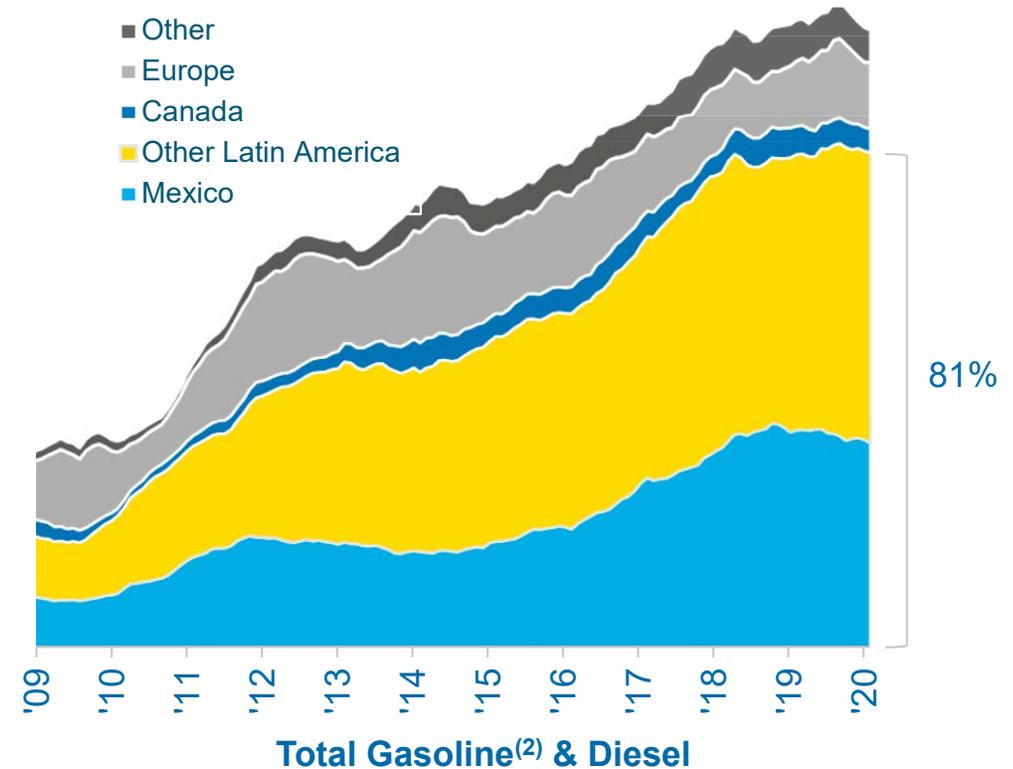
Investing to Grow Product Placement into Higher Netback Markets

Advantaged Refineries and Logistics



U.S. Product Exports

12 Month Moving Average (MBPD)



Source: DOE Petroleum Supply Monthly data through February 2020.

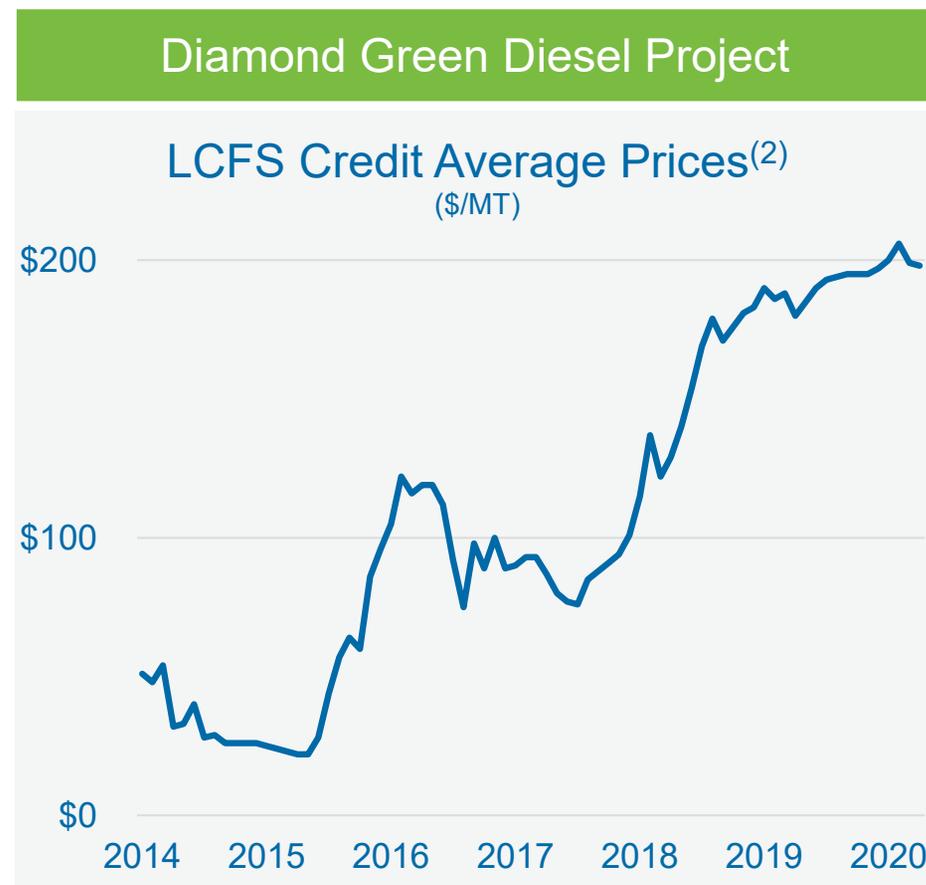
⁽²⁾ Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE and other oxygenates).

Expansion of supply chain to high demand growth markets provides a reliable product outlet and improves margin capture.

Project Price Set Assumptions

Port Arthur Coker Project	
Driver (\$/bbl)	2018 Average ⁽¹⁾
ICE Brent	71.56
ICE Brent – WCS Houston	9.41
HSVGO – ICE Brent	6.03
3.5%S Fuel Oil – ICE Brent	(10.39)
USGC CBOB – ICE Brent	4.85
USGC ULSD – ICE Brent	14.05
Naphtha – ICE Brent	(1.38)
LPG – ICE Brent	(34.77)

⁽¹⁾ Source: 2018 average prices from ICE, Argus, Platts, and OPIS.



At \$200 per ton carbon price, the carbon value of a 25 CI renewable diesel fuel in California is \$1.76 per gallon.

⁽²⁾ Source: Monthly average prices from California Air Resources Board as of April 2020.

Investing to Improve Margins

Houston and St. Charles Alkylation Units

- Octane demand expected to grow due to Tier 3 sulfur regulations and CAFE standards
- Abundant, low cost North American NGL supply provides advantage for Gulf Coast capacity additions
- Both units upgrade low value isobutane and amylenes into high value alkylate
 - High octane, low vapor pressure component enables the blending of incremental butane and low octane naphtha
- 13 MBPD capacity at Houston refinery (\$300 MM cost) started up in June 2019
- 17 MBPD capacity at St. Charles refinery (\$400 MM cost) expected to start up in 4Q20



Investing to Improve Access to North American Crude and Refinery Operating Cost Structure



Diamond and Sunrise Pipelines

- Diamond 200 MBPD capacity connecting Memphis to Cushing (\$460 MM cost⁽¹⁾), and Sunrise 100 MBPD undivided interest connecting Midland to Wichita Falls (\$135 MM cost⁽¹⁾)
- 200 MBPD expansion and extension of Diamond (\$100 MM cost⁽¹⁾) expected to be completed in 2021
- Provides additional Mid-Continent crude access to our McKee, Ardmore and Memphis refineries
- Improves crude oil supply flexibility, efficiency and blend quality

⁽¹⁾Project cost for Valero's 50% share of Diamond and 20% undivided interest in Sunrise.



Cogeneration Plants

- Wilmington facility (\$110 MM cost) started up in November 2017
- Pembroke plant (£130 MM or \$170 MM cost) scheduled to be completed in 2021
- Expect to reduce costs and improve supply reliability for power and steam

Investing to Improve Margins, Product Export Capability and Biofuels Blending



Extending Product Supply Chain in Central Texas and the U.S. Gulf Coast

- Central Texas pipelines and terminals to supply high-growth refined products market
 - Started up in September 2019
 - Approximately 205 miles of pipe⁽¹⁾, 960 thousand barrels of total storage capacity, and a truck rack
- Pasadena refined products terminal joint venture with Magellan Midstream Partners, L.P.
 - Completed in the first quarter of 2020 at a cost of approximately \$410 MM
 - 5 MM barrels of storage capacity with butane blending, two ship docks and a three-bay truck rack
- Projects expected to improve product margins, reduce secondary costs, provide opportunity for third-party revenues, and increase capability for biofuels blending

⁽¹⁾ Valero owns ~70 mile pipeline from Hearne to Williamson County and 40% undivided interest in 135 mile pipeline from Houston to Hearne.

Our Refining Capacity and Nelson Complexity

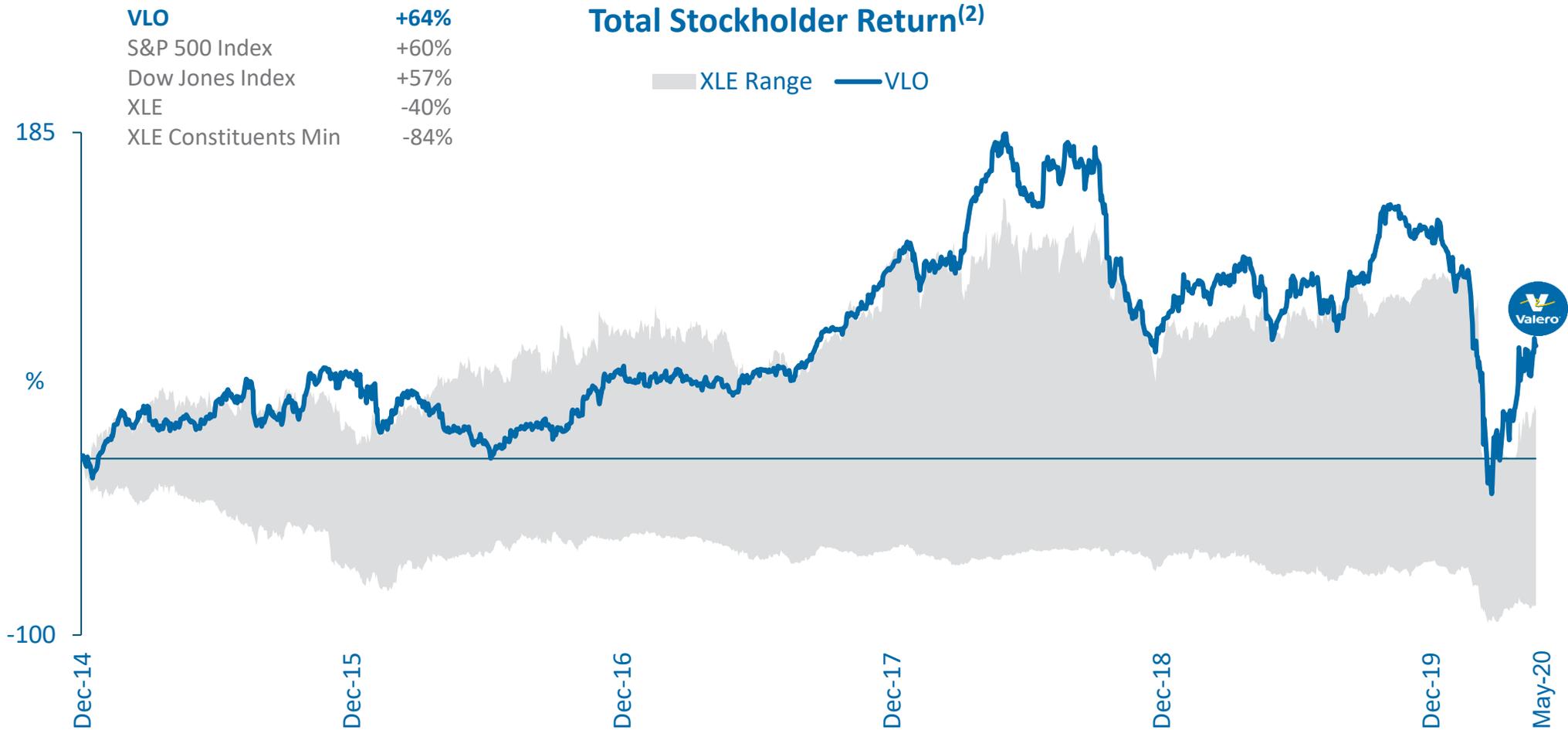
Refinery	Capacities (MBPD) ⁽¹⁾		Nelson Complexity Index
	Throughput	Crude	
Corpus Christi ⁽²⁾	370	290	14.4
Houston	255	205	8.0
Meraux	135	125	9.7
Port Arthur	395	335	12.7
St. Charles	340	215	16.1
Texas City	260	225	11.1
Three Rivers	100	89	13.2
U.S. Gulf Coast	1,855	1,484	12.4⁽³⁾
Ardmore	90	86	12.1
McKee	200	195	8.3
Memphis	195	180	7.9
U.S. Mid-Continent	485	461	8.9⁽³⁾
Pembroke	270	210	10.1
Quebec City	235	230	7.7
North Atlantic	505	440	8.8⁽³⁾
Benicia	170	145	16.1
Wilmington	135	85	15.8
U.S. West Coast	305	230	16.0⁽³⁾
Total	3,150	2,615	11.5⁽³⁾

⁽¹⁾ Capacities and Nelson complexity indices as of December 31, 2019.

⁽²⁾ Represents the combined capacities of two refineries—Corpus Christi East and Corpus Christi West.

⁽³⁾ Weighted average.

Outperformed the Dow Jones Index, the S&P 500 Index and all Companies in the XLE Index⁽¹⁾ on TSR Since 2014



History of energy sector and broader market outperformance under current leadership team.

⁽¹⁾ XLE includes refining peers PSX, MPC, HFC, and 23 other energy companies such as XOM, CVX, SLB, COP, EOG, OXY, and KMI.

⁽²⁾ TSR from December 31, 2014 through May 22, 2020. TSR includes stock price appreciation and dividends paid.

Now vs. Then – A Shift In Refining Valuation

In the Past

INDUSTRY/MACRO

- Majority of the U.S. refining capacity operated by large integrated oil companies
- Range bound industry wide EV/EBITDA multiple +/- 4.5x
- Peer group fragmented with smaller scale, less efficient refiners
- U.S. importing crude and products to meet domestic shortage
- Stock prices driven by seasonal refining trading cycles
- Higher interest rates (10-yr Treasury ~5%)

VALERO

- Marginal operations (+/- 85% utilization)
 - Third quartile operating performance impacted by M&A integration
 - Disadvantaged East Coast and Caribbean operations
- Less disciplined M&A and capital project execution
 - Frequent acquisitions
 - Focused on volume growth
 - Approximately \$3.5 billion annual capex
- Volatile cash flow profile and lower stockholder returns
 - 1% to 2% dividend yield (\$0.32/share annually)
 - Approximately \$5 billion of liquidity
 - >570 million shares outstanding
- Volatile stock price

New Paradigm

INDUSTRY/MACRO

- Majority of the U.S. refining capacity operated by independent refiners
- EV/EBITDA multiple expansion and dispersion by company
- Peer group of larger scale, efficient and complex refiners
- Abundant supply of domestic crude oil and natural gas providing feedstock advantage
- U.S. exporting products to higher growth markets
- Lower interest rates (10-yr Treasury <1%)

VALERO

- Premier operations (+/- 95% utilization)
 - First quartile operating performance amid stable, upgraded portfolio with the lowest cash operating expense
 - Advantaged operations and scale
- Disciplined capital investment and growth strategy
 - Rigorous M&A targeting and screening process
 - 25% after-tax IRR hurdle rate for projects focused on market expansion, margin enhancement and operating cost reduction
 - Approximately \$2.5 billion annual capex
- Distinctive free cash flow and higher stockholder returns
 - Annualized dividend of \$3.92/share
 - Over \$6 billion of liquidity as of March 31, 2020
 - Approximately 408 million shares outstanding as of April 2020
- Higher lows and less volatility in stock price with support from dividend and long-only investors

Non-GAAP Disclosures

Adjusted EBITDA and Net Debt-to-Adjusted EBITDA

VLO defines EBITDA as net income before income tax expense, interest and debt expense, net of capitalized interest, and depreciation and amortization expense. VLO defines net debt-to-adjusted EBITDA as the ratio of total debt, net of cash, divided by adjusted EBITDA, which is defined as EBITDA further adjusted for deferred turnaround and catalyst cost expenditures, blender's tax credit and loss on early redemption of debt. VLO believes that the presentation of adjusted EBITDA provides useful information to investors to assess our ongoing financial performance because, when reconciled to net income, it provides improved comparability between periods through the exclusion of certain items that VLO believes are not indicative of our core operating performance and that may obscure our underlying business results and trends. VLO believes that the presentation of net debt-to-adjusted EBITDA provides useful information to investors to assess VLO's ability to incur and service debt. The GAAP measures most directly comparable to adjusted EBITDA are net income and net cash provided by operating activities. Adjusted EBITDA should not be considered an alternative to net income or net cash provided by operating activities presented in accordance with GAAP. Adjusted EBITDA has important limitations as an analytical tool because it excludes some, but not all, items that affect net income or net cash provided by operating activities. Adjusted EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because adjusted EBITDA may be defined differently by other companies in our industry, VLO's definition of adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Refining EBITDA Per Barrel of Throughput

VLO defines refining EBITDA per barrel of throughput as refining margin less operating expenses (excluding depreciation and amortization expenses) divided by total throughput volumes. VLO defines refining margin as refining operating income excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, lower cost or market inventory valuation adjustment, asset impairment loss, and other operating expenses. VLO believes refining EBITDA provides useful information to investors to assess our ongoing financial performance because, when reconciled to refining operating income, it provides improved comparability between periods through the exclusion of certain items that VLO believes are not indicative of our core operating performance and that may obscure our underlying business results and trends. The GAAP measure most directly comparable to refining EBITDA is refining operating income. Refining EBITDA should not be considered an alternative to refining operating income presented in accordance with GAAP. Refining EBITDA has important limitations as an analytical tool because it excludes some, but not all, items that affect refining operating income. Refining EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because refining EBITDA may be defined differently by other companies in our industry, VLO's definition of refining EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility. Refining results for the year ended December 31, 2016 have not been restated to include the operations of VLP segment and to exclude the results of the renewable diesel segment. Effective January 1, 2019 we revised the refining segment to align with certain changes in how our chief operating decision maker manages and allocates resources to our business.

Non-GAAP Disclosures (continued)

Adjusted Earnings Per Common Share – assuming dilution

VLO defines adjusted earnings per common share – assuming dilution as earnings per common share – assuming dilution excluding the lower of cost or market inventory valuation adjustment and its related income tax effect, asset impairment losses and the income tax benefit from the Aruba disposition. VLO believes this measure is useful to assess our ongoing financial performance because, when reconciled to earnings per common share – assuming dilution, it provides improved comparability between periods through the exclusion of certain items that VLO believes are not indicative of our core operating performance and that their exclusion results in an important measure of our ongoing financial performance to better assess our underlying business results and trends. The GAAP measures most directly comparable to adjusted earnings per common share – assuming dilution are earnings per common share – assuming dilution. Adjusted earnings per common share – assuming dilution should not be considered an alternative to earnings per common share – assuming dilution presented in accordance with GAAP. Adjusted earnings per common share – assuming dilution has important limitations as an analytical tool because it excludes some, but not all, items that affect earnings per common share – assuming dilution. Adjusted earnings per common share – assuming dilution should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because adjusted earnings per common share – assuming dilution may be defined differently by other companies in our industry, VLO's definition of adjusted earnings per common share – assuming dilution may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Free Cash Flow

VLO defines free cash flow as net cash provided by operating activities less capital expenditures, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. VLO believes that the presentation of free cash flow provides useful information to investors in assessing our ability to cover ongoing costs and our ability to generate cash returns to stockholders. The GAAP measures most directly comparable to free cash flow are net cash provided by operating activities and net cash used in investing activities. Free cash flow should not be considered an alternative to net cash provided by operating activities or net cash used in investing activities presented in accordance with GAAP. Free cash flow has important limitations as an analytical tool because it excludes some, but not all, items that affect net cash provided by operating activities or net cash used in investing activities. Free cash flow should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because free cash flow may be defined differently by other companies in our industry, VLO's definition of free cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Non-GAAP Disclosures: Adjusted EBITDA and Net Debt-to-Adjusted EBITDA

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA AND NET DEBT-TO-ADJUSTED EBITDA (Unaudited, in Millions, Except Ratio Amount)

	Three Months Ended March 31, 2019	Year Ended December 31, 2019	Three Months Ended March 31, 2020
Net income	\$ 167	\$ 2,784	\$ (1,754)
Less: Deferred turnaround and catalyst cost expenditures	219	780	313
Less: Blender's tax credit	(77)	158	–
Plus: LCM inventory adjustment	–	–	2,542
Plus: Loss on early redemption of debt	–	22	–
Plus: Depreciation and amortization expense	551	2,255	582
Plus: Interest and debt expense, net of capitalized interest	112	454	125
Plus: Income tax expense	51	702	(616)
Adjusted EBITDA	\$ 739	\$ 5,279	\$ 566
TTM adjusted EBITDA = \$5,279 + \$566 - \$739			\$ 5,106
			March 31, 2020
Debt and finance lease obligations, less current portion			\$ 10,574
Current portion of debt and finance lease obligations			886
Cash and cash equivalents			(1,515)
Total debt net of cash			\$ 9,945
Net Debt-to-Adjusted EBITDA = \$9,945 / \$5,106:			1.9x

Non-GAAP Disclosures: Refining EBITDA Per Barrel of Throughput

RECONCILIATION OF REFINING EBITDA PER BARREL OF THROUGHPUT (Unaudited, in Millions, Except Per Barrel Amount)

	Year Ended December 31, 2016	Three Months Ended March 31, 2020
Refining operating income	\$ 3,730	\$ (2,087)
Plus: Operating expenses (excluding depreciation and amortization expense reflected below)	3,740	995
Plus: Depreciation and amortization expense	1,734	536
Plus: Lower of cost or market inventory valuation adjustment	(697)	2,414
Plus: Asset impairment loss	56	—
Plus: Other operating expenses	—	2
Refining margin	\$ 8,563	\$ 1,860
Less: Operating expenses (excluding depreciation and amortization expense)	3,740	995
Refining EBITDA	\$ 4,823	\$ 865
Total throughput volumes (thousand barrels per day)	2,855	2,824
Refining EBITDA per barrel of throughput	\$ 4.62	\$ 3.37

Non-GAAP Disclosures: Adjusted Earnings Per Share and Free Cash Flow

RECONCILIATION OF EARNINGS PER COMMON SHARE – ASSUMING DILUTION, TO ADJUSTED EARNINGS PER COMMON SHARE – ASSUMING DILUTION (Unaudited)

	Year Ended December 31, 2016	Three Months Ended March 31, 2020
Earnings per common share – assuming dilution	\$ 4.94	\$ (4.54)
Exclude adjustments:	–	–
Lower of cost or market inventory valuation adjustment, net of taxes	1.25	4.88
Asset impairment loss	(0.12)	–
Income tax benefit on Aruba Disposition	0.09	–
Total adjustments	1.22	4.88
Adjusted earnings per common share – assuming dilution	\$ 3.72	\$ 0.34

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES UNDER GAAP TO FREE CASH FLOW (Unaudited, in Millions)

	Year Ended December 31,									Three Months Ended March 31
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Net cash provided by operating activities	\$ 5,270	\$ 5,564	\$ 4,241	\$ 5,611	\$ 4,820	\$ 5,482	\$ 4,371	\$ 5,531	\$ (49)	
Less: Capital expenditures	2,931	2,121	2,153	1,618	1,278	1,353	1,628	1,769	373	
Less: Deferred turnaround and catalyst cost expenditures	479	634	649	673	718	523	915	780	313	
Less: Investments in joint ventures	57	76	14	141	4	406	181	164	19	
Less: Changes in current assets and current liabilities	(302)	922	(1,810)	(1,306)	976	1,289	(1,297)	294	(1,107)	
Free cash flow	\$ 2,105	\$ 1,811	\$ 3,235	\$ 4,485	\$ 1,844	\$ 1,911	\$ 2,944	\$ 2,524	\$ 353	

Total free cash flow, 2012 – 2019
Number of years
Average free cash flow, 2012 – 2019

\$20,859
8
\$2,607

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Valero Energy Reports First Quarter 2020 Results

- Reported net loss attributable to Valero stockholders of \$1.9 billion, or \$4.54 per share.
- Reported adjusted net income attributable to Valero stockholders of \$140 million, or \$0.34 per share.
- Returned \$548 million in cash to stockholders through dividends and stock buybacks during the quarter and declared a quarterly common stock dividend of \$0.98 per share on April 24.
- Deferred approximately \$100 million in tax payments due in the first quarter of 2020 and deferring approximately \$400 million in capital projects for 2020.
- Entered into a new 364-day \$875 million revolving credit facility on April 13, which remains undrawn, and issued \$850 million of 2.70% and \$650 million of 2.85% senior notes on April 16.

SAN ANTONIO, April 29, 2020 – Valero Energy Corporation (NYSE: VLO, “Valero”) today reported a net loss attributable to Valero stockholders of \$1.9 billion, or \$4.54 per share, for the first quarter of 2020 compared to net income of \$141 million, or \$0.34 per share, for the first quarter of 2019. Excluding the adjustments shown in the accompanying earnings release tables, adjusted net income attributable to Valero stockholders was \$140 million, or \$0.34 per share, for the first quarter of 2020 and \$181 million, or \$0.43 per share, for the first quarter of 2019. First quarter 2020 adjusted results exclude an after-tax lower of cost or market, or LCM, inventory valuation adjustment of approximately \$2.0 billion.

“It’s been a very challenging start to the year with significant impacts to families, communities and businesses world-wide brought on by the COVID-19 pandemic,” said Joe Gorder, Valero Chairman and Chief Executive Officer. “Valero entered this economic downturn in a position of strength, and our team has been thorough, decisive and swift in our operational, financial and community support response.”

Refining

The refining segment reported a \$2.1 billion operating loss for the first quarter of 2020 compared to \$479 million of operating income for the first quarter of 2019. First quarter 2020 adjusted operating income, excluding the LCM inventory valuation adjustment, was \$329 million. Refinery throughput volumes averaged 2.8 million barrels per day in the first quarter of 2020, which is in line with the first quarter of 2019.

Renewable Diesel

The renewable diesel segment reported \$198 million of operating income for the first quarter of 2020 compared to \$49 million for the first quarter of 2019. After adjusting for the retroactive blender's tax credit, renewable diesel operating income was \$121 million for the first quarter of 2019. Renewable diesel sales volumes averaged 867 thousand gallons per day in the first quarter of 2020, an increase of 77 thousand gallons per day versus the first quarter of 2019.

Ethanol

The ethanol segment reported a \$197 million operating loss for the first quarter of 2020, compared to \$3 million of operating income for the first quarter of 2019. The first quarter 2020 adjusted operating loss, excluding the LCM inventory valuation adjustment, was \$69 million. The decrease in operating income was attributed primarily to lower ethanol prices and higher corn prices. Ethanol production volumes averaged 4.1 million gallons per day in the first quarter of 2020, which is in line with the first quarter of 2019.

Corporate and Other

General and administrative expenses were \$177 million in the first quarter of 2020 compared to \$209 million in the first quarter of 2019. The effective tax rate for the first quarter of 2020 was 26 percent, which was impacted by an expected U.S. federal tax net operating loss that can be carried back to years prior to the December 2017 enactment of tax reform in the U.S.

Investing and Financing Activities

Capital investments totaled \$705 million in the first quarter of 2020, of which \$468 million was for sustaining the business, including costs for turnarounds, catalysts and regulatory compliance.

Excluding our partner's 50 percent share of Diamond Green Diesel's (DGD) capital investments, Valero's capital investments were approximately \$666 million.

Valero returned \$548 million, or 57 percent of adjusted net cash provided by operating activities, to stockholders in the first quarter of 2020, of which \$401 million was paid as dividends and \$147 million was for the purchase of approximately 2.1 million shares of common stock.

Net cash used in operating activities was \$49 million in the first quarter of 2020. Included in this amount is a \$1.1 billion unfavorable impact from working capital, as well as our joint venture partner's share of DGD's net cash provided by operating activities, excluding changes in its working capital. Excluding these items, adjusted net cash provided by operating activities was \$954 million.

Valero continues to target a total payout ratio between 40 and 50 percent of adjusted net cash provided by operating activities for 2020. Valero defines total payout ratio as the sum of dividends and stock buybacks divided by net cash provided by operating activities adjusted for changes in working capital and DGD's net cash provided by operating activities, excluding changes in its working capital, attributable to our joint venture partner's ownership interest in DGD.

Liquidity and Financial Position

Valero ended the first quarter of 2020 with \$11.5 billion of total debt and finance lease obligations and \$1.5 billion of cash and cash equivalents. The debt to capitalization ratio, net of cash and cash equivalents, was 34% as of March 31, 2020.

Valero entered into a new 364-day \$875 million revolving credit facility on April 13, which remains undrawn, and issued \$1.5 billion of debt on April 16 composed of \$850 million of 2.70% and \$650 million of 2.85% senior notes due 2023 and 2025, respectively.

Strategic Update

Valero expects to invest approximately \$2.1 billion of capital in 2020, a reduction of \$400 million from our prior guidance. The \$2.1 billion includes capital expenditures for turnarounds, catalysts, and joint venture investments.

The Pasadena terminal project, which expands our product logistics portfolio, increases our capacity for biofuels blending and enhances export flexibility was completed in the first quarter of 2020. The new St. Charles Alkylation Unit remains on track to be completed in 2020, and the Diamond Pipeline expansion should be completed in 2021. The DGD plant expansion should also be completed in 2021, subject to COVID-19 related delays. The Port Arthur Coker and the Pembroke Cogen Unit projects have been slowed, pushing out mechanical completion by 6 to 9 months.

As previously announced, Valero and its joint venture partner in DGD continue to make progress on the advanced engineering and development cost review for a potential new renewable diesel plant at Valero's Port Arthur, Texas facility. If the project is approved, operations are expected to commence in 2024, increasing DGD production capacity to over 1.1 billion gallons annually.

“While a tremendous amount of uncertainty remains in the near term, our operational and financial flexibility allow us to navigate through today's challenging macro environment,” said Gorder. “Our advantaged footprint and flexibility to process a wide range of feedstocks, coupled with a relentless focus on operational excellence and a demonstrated commitment to stockholders, positions our assets well as our country and the world return to a more normal way of life.”

Conference Call

Valero's senior management will hold a conference call at 10 a.m. ET today to discuss this earnings release and to provide an update on operations and strategy.

About Valero

Valero Energy Corporation, through its subsidiaries (collectively, “Valero”), is an international manufacturer and marketer of transportation fuels and petrochemical products. Valero is a Fortune 50 company based in San Antonio, Texas, and it operates 15 petroleum refineries with a combined throughput capacity of approximately 3.2 million barrels per day and 14 ethanol plants with a combined production capacity of approximately 1.73 billion gallons per year. The petroleum refineries are located in the United States (U.S.), Canada and the United Kingdom (U.K.), and the ethanol plants are located in the Mid-Continent region of the U.S. Valero also is a joint venture partner in Diamond Green Diesel, which operates a renewable diesel plant in Norco, Louisiana. Diamond Green Diesel is North America’s largest biomass-based diesel plant. Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero’s brand names. Please visit www.valero.com for more information.

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Safe-Harbor Statement

Statements contained in this release that state the company’s or management’s expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words “believe,” “expect,” “should,” “estimates,” “intend,” “target,” “will,” “plans,” and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of the company’s control, such as delays in construction timing

and other factors, including but not limited to the impacts of COVID-19. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission and available on Valero's website at www.valero.com.

COVID-19 Disclosure

The global pandemic has significantly reduced global economic activity and resulted in airlines dramatically cutting back on flights and a decrease in motor vehicle use at a time when seasonal driving patterns typically result in an increase of consumer demand for gasoline. As a result, there has also been a decline in the demand for, and thus also the market prices of, crude oil and certain of our products, particularly our refined petroleum products and most notably gasoline and jet fuel. Many uncertainties remain with respect to COVID-19, including its resulting economic effects and any future recovery, and we are unable to predict the ultimate economic impacts from COVID-19 and how quickly national economies can recover once the pandemic subsides. However, the adverse impact of the economic effects on us has been and will likely continue to be significant. We believe we have proactively addressed many of the known impacts of COVID-19 to the extent possible and will strive to continue to do so, but there can be no guarantee that these measures will be fully effective. For more information, see our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 13, 2020.

Use of Non-GAAP Financial Information

This earnings release and the accompanying earnings release tables include references to financial measures that are not defined under U.S. generally accepted accounting principles (GAAP). These non-GAAP measures include adjusted net income attributable to Valero stockholders, adjusted earnings per common share – assuming dilution, refining margin, renewable diesel margin, ethanol margin, adjusted refining operating income, adjusted renewable diesel operating income, adjusted ethanol operating income, and adjusted net cash provided by operating activities. These non-GAAP financial measures have been included to help facilitate the comparison of operating results between periods. See the accompanying earnings release tables for a reconciliation of non-GAAP

measures to their most directly comparable U.S. GAAP measures. Note (e) to the earnings release tables provides reasons for the use of these non-GAAP financial measures.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS
(millions of dollars, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Statement of income data		
Revenues	\$ 22,102	\$ 24,263
Cost of sales:		
Cost of materials and other (a)	19,952	21,978
Lower of cost or market (LCM) inventory valuation adjustment (b)	2,542	—
Operating expenses (excluding depreciation and amortization expense reflected below)	1,124	1,215
Depreciation and amortization expense	569	537
Total cost of sales	24,187	23,730
Other operating expenses	2	2
General and administrative expenses (excluding depreciation and amortization expense reflected below)	177	209
Depreciation and amortization expense	13	14
Operating income (loss)	(2,277)	308
Other income, net	32	22
Interest and debt expense, net of capitalized interest	(125)	(112)
Income (loss) before income tax expense (benefit)	(2,370)	218
Income tax expense (benefit)	(616)	51
Net income (loss)	(1,754)	167
Less: Net income attributable to noncontrolling interests (a)	97	26
Net income (loss) attributable to Valero Energy Corporation stockholders	<u>\$ (1,851)</u>	<u>\$ 141</u>
Earnings (loss) per common share	\$ (4.54)	\$ 0.34
Weighted-average common shares outstanding (in millions)	408	416
Earnings (loss) per common share – assuming dilution	\$ (4.54)	\$ 0.34
Weighted-average common shares outstanding – assuming dilution (in millions) (c)	408	418

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS BY SEGMENT
(millions of dollars)
(unaudited)

	<u>Refining</u>	<u>Renewable Diesel</u>	<u>Ethanol</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Three months ended March 31, 2020					
Revenues:					
Revenues from external customers	\$ 20,985	\$ 306	\$ 811	\$ —	\$ 22,102
Intersegment revenues	2	53	64	(119)	—
Total revenues	<u>20,987</u>	<u>359</u>	<u>875</u>	<u>(119)</u>	<u>22,102</u>
Cost of sales:					
Cost of materials and other (a)	19,127	130	813	(118)	19,952
LCM inventory valuation adjustment (b)	2,414	—	128	—	2,542
Operating expenses (excluding depreciation and amortization expense reflected below)	995	20	109	—	1,124
Depreciation and amortization expense	536	11	22	—	569
Total cost of sales	<u>23,072</u>	<u>161</u>	<u>1,072</u>	<u>(118)</u>	<u>24,187</u>
Other operating expenses	2	—	—	—	2
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	177	177
Depreciation and amortization expense	—	—	—	13	13
Operating income (loss) by segment	<u>\$ (2,087)</u>	<u>\$ 198</u>	<u>\$ (197)</u>	<u>\$ (191)</u>	<u>\$ (2,277)</u>
Three months ended March 31, 2019					
Revenues:					
Revenues from external customers	\$ 23,218	\$ 252	\$ 793	\$ —	\$ 24,263
Intersegment revenues	2	51	52	(105)	—
Total revenues	<u>23,220</u>	<u>303</u>	<u>845</u>	<u>(105)</u>	<u>24,263</u>
Cost of sales:					
Cost of materials and other	21,165	224	694	(105)	21,978
Operating expenses (excluding depreciation and amortization expense reflected below)	1,071	19	125	—	1,215
Depreciation and amortization expense	503	11	23	—	537
Total cost of sales	<u>22,739</u>	<u>254</u>	<u>842</u>	<u>(105)</u>	<u>23,730</u>
Other operating expenses	2	—	—	—	2
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	209	209
Depreciation and amortization expense	—	—	—	14	14
Operating income by segment	<u>\$ 479</u>	<u>\$ 49</u>	<u>\$ 3</u>	<u>\$ (223)</u>	<u>\$ 308</u>

See Operating Highlights by Segment beginning on Table Page 7.
See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (e)
(millions of dollars, except per share amounts)
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Reconciliation of net income (loss) attributable to Valero Energy Corporation stockholders to adjusted net income attributable to Valero Energy Corporation stockholders		
Net income (loss) attributable to Valero Energy Corporation stockholders	\$ (1,851)	\$ 141
Adjustments:		
LCM inventory valuation adjustment (b)	2,542	—
Income tax benefit related to the LCM inventory valuation adjustment	(551)	—
LCM inventory valuation adjustment, net of taxes	1,991	—
2019 blender's tax credit attributable to Valero Energy Corporation stockholders (a)	—	41
Income tax expense related to 2019 blender's tax credit	—	(1)
2019 blender's tax credit attributable to Valero Energy Corporation stockholders, net of taxes	—	40
Total adjustments	1,991	40
Adjusted net income attributable to Valero Energy Corporation stockholders	<u>\$ 140</u>	<u>\$ 181</u>
Reconciliation of earnings (loss) per common share – assuming dilution to adjusted earnings per common share – assuming dilution		
Earnings (loss) per common share – assuming dilution (c)	\$ (4.54)	\$ 0.34
Adjustments:		
LCM inventory valuation adjustment (b)	4.88	—
2019 blender's tax credit attributable to Valero Energy Corporation stockholders (a)	—	0.09
Total adjustments	4.88	0.09
Adjusted earnings per common share – assuming dilution (d)	<u>\$ 0.34</u>	<u>\$ 0.43</u>

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (e)
(millions of dollars)
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Reconciliation of operating income (loss) by segment to segment margin, and reconciliation of operating income (loss) by segment to adjusted operating income (loss) by segment		
Refining segment		
Refining operating income (loss)	\$ (2,087)	\$ 479
Adjustments:		
2019 blender's tax credit (a)	—	5
LCM inventory valuation adjustment (b)	2,414	—
Operating expenses (excluding depreciation and amortization expense reflected below)	995	1,071
Depreciation and amortization expense	536	503
Other operating expenses	2	2
Refining margin	<u>\$ 1,860</u>	<u>\$ 2,060</u>
Refining operating income (loss)	\$ (2,087)	\$ 479
Adjustments:		
2019 blender's tax credit (a)	—	5
LCM inventory valuation adjustment (b)	2,414	—
Other operating expenses	2	2
Adjusted refining operating income	<u>\$ 329</u>	<u>\$ 486</u>
Renewable diesel segment		
Renewable diesel operating income	\$ 198	\$ 49
Adjustments:		
2019 blender's tax credit (a)	—	72
Operating expenses (excluding depreciation and amortization expense reflected below)	20	19
Depreciation and amortization expense	11	11
Renewable diesel margin	<u>\$ 229</u>	<u>\$ 151</u>
Renewable diesel operating income	\$ 198	\$ 49
Adjustment: 2019 blender's tax credit (a)	—	72
Adjusted renewable diesel operating income	<u>\$ 198</u>	<u>\$ 121</u>
Ethanol segment		
Ethanol operating income (loss)	\$ (197)	\$ 3
Adjustments:		
LCM inventory valuation adjustment (b)	128	—
Operating expenses (excluding depreciation and amortization expense reflected below)	109	125
Depreciation and amortization expense	22	23
Ethanol margin	<u>\$ 62</u>	<u>\$ 151</u>
Ethanol operating income (loss)	\$ (197)	\$ 3
Adjustment: LCM inventory valuation adjustment (b)	128	—
Adjusted ethanol operating income (loss)	<u>\$ (69)</u>	<u>\$ 3</u>

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (e)
(millions of dollars)
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Reconciliation of refining segment operating income (loss) to refining margin (by region), and reconciliation of refining segment operating income (loss) to adjusted refining segment operating income (loss) (by region) (f)		
U.S. Gulf Coast region		
Refining operating income (loss)	\$ (942)	\$ 118
Adjustments:		
2019 blender's tax credit (a)	—	3
LCM inventory valuation adjustment (b)	1,113	—
Operating expenses (excluding depreciation and amortization expense reflected below)	558	599
Depreciation and amortization expense	334	310
Other operating expenses	—	1
Refining margin	<u>\$ 1,063</u>	<u>\$ 1,031</u>
Refining operating income (loss)	\$ (942)	\$ 118
Adjustments:		
2019 blender's tax credit (a)	—	3
LCM inventory valuation adjustment (b)	1,113	—
Other operating expenses	—	1
Adjusted refining operating income	<u>\$ 171</u>	<u>\$ 122</u>
U.S. Mid-Continent region		
Refining operating income (loss)	\$ (220)	\$ 236
Adjustments:		
2019 blender's tax credit (a)	—	1
LCM inventory valuation adjustment (b)	283	—
Operating expenses (excluding depreciation and amortization expense reflected below)	164	166
Depreciation and amortization expense	83	75
Refining margin	<u>\$ 310</u>	<u>\$ 478</u>
Refining operating income (loss)	\$ (220)	\$ 236
Adjustments:		
2019 blender's tax credit (a)	—	1
LCM inventory valuation adjustment (b)	283	—
Adjusted refining operating income	<u>\$ 63</u>	<u>\$ 237</u>

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (e)
(millions of dollars)
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Reconciliation of refining segment operating income (loss) to refining margin (by region), and reconciliation of refining segment operating income (loss) to adjusted refining segment operating income (loss) (by region) (f) (continued)		
North Atlantic region		
Refining operating income (loss)	\$ (714)	\$ 176
Adjustments:		
LCM inventory valuation adjustment (b)	874	—
Operating expenses (excluding depreciation and amortization expense reflected below)	141	147
Depreciation and amortization expense	53	53
Other operating expenses	2	—
Refining margin	<u>\$ 356</u>	<u>\$ 376</u>
Refining operating income (loss)	\$ (714)	\$ 176
Adjustments:		
LCM inventory valuation adjustment (b)	874	—
Other operating expenses	2	—
Adjusted refining operating income	<u>\$ 162</u>	<u>\$ 176</u>
U.S. West Coast region		
Refining operating loss	\$ (211)	\$ (51)
Adjustments:		
2019 blender's tax credit (a)	—	1
LCM inventory valuation adjustment (b)	144	—
Operating expenses (excluding depreciation and amortization expense reflected below)	132	159
Depreciation and amortization expense	66	65
Other operating expenses	—	1
Refining margin	<u>\$ 131</u>	<u>\$ 175</u>
Refining operating loss	\$ (211)	\$ (51)
Adjustments:		
2019 blender's tax credit (a)	—	1
LCM inventory valuation adjustment (b)	144	—
Other operating expenses	—	1
Adjusted refining operating loss	<u>\$ (67)</u>	<u>\$ (49)</u>

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per barrel amounts)
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Throughput volumes (thousand barrels per day)		
Feedstocks:		
Heavy sour crude oil	360	410
Medium/light sour crude oil	252	338
Sweet crude oil	1,538	1,476
Residuals	235	145
Other feedstocks	100	153
Total feedstocks	2,485	2,522
Blendstocks and other	339	343
Total throughput volumes	2,824	2,865
Yields (thousand barrels per day)		
Gasolines and blendstocks	1,317	1,397
Distillates	1,046	1,089
Other products (g)	478	406
Total yields	2,841	2,892
Operating statistics (e) (h)		
Refining margin (from Table Page 4)	\$ 1,860	\$ 2,060
Adjusted refining operating income (from Table Page 4)	\$ 329	\$ 486
Throughput volumes (thousand barrels per day)	2,824	2,865
Refining margin per barrel of throughput	\$ 7.24	\$ 8.00
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.87	4.15
Depreciation and amortization expense per barrel of throughput	2.09	1.96
Adjusted refining operating income per barrel of throughput	\$ 1.28	\$ 1.89

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RENEWABLE DIESEL SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per gallon amounts)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Operating statistics (e) (h)		
Renewable diesel margin (from Table Page 4)	\$ 229	\$ 151
Adjusted renewable diesel operating income (from Table Page 4)	\$ 198	\$ 121
Sales volumes (thousand gallons per day)	867	790
Renewable diesel margin per gallon of sales	\$ 2.90	\$ 2.12
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per gallon of sales	0.24	0.26
Depreciation and amortization expense per gallon of sales	0.15	0.16
Adjusted renewable diesel operating income per gallon of sales	\$ 2.51	\$ 1.70

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
ETHANOL SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per gallon amounts)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Operating statistics (e) (h)		
Ethanol margin (from Table Page 4)	\$ 62	\$ 151
Adjusted ethanol operating income (loss) (from Table Page 4)	\$ (69)	\$ 3
Production volumes (thousand gallons per day)	4,103	4,217
Ethanol margin per gallon of production	\$ 0.16	\$ 0.40
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per gallon of production	0.29	0.33
Depreciation and amortization expense per gallon of production	0.05	0.06
Adjusted ethanol operating income (loss) per gallon of production	\$ (0.18)	\$ 0.01

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS BY REGION
(millions of dollars, except per barrel amounts)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Operating statistics by region (f)		
U.S. Gulf Coast region (e) (h)		
Refining margin (from Table Page 5)	\$ 1,063	\$ 1,031
Adjusted refining operating income (from Table Page 5)	\$ 171	\$ 122
Throughput volumes (thousand barrels per day)	1,670	1,670
Refining margin per barrel of throughput	\$ 7.00	\$ 6.87
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.67	3.98
Depreciation and amortization expense per barrel of throughput	2.20	2.07
Adjusted refining operating income per barrel of throughput	\$ 1.13	\$ 0.82
U.S. Mid-Continent region (e) (h)		
Refining margin (from Table Page 5)	\$ 310	\$ 478
Adjusted refining operating income (from Table Page 5)	\$ 63	\$ 237
Throughput volumes (thousand barrels per day)	431	441
Refining margin per barrel of throughput	\$ 7.90	\$ 12.04
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	4.19	4.19
Depreciation and amortization expense per barrel of throughput	2.11	1.88
Adjusted refining operating income per barrel of throughput	\$ 1.60	\$ 5.97

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS BY REGION
(millions of dollars, except per barrel amounts)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Operating statistics by region (f) (continued)		
North Atlantic region (e) (h)		
Refining margin (from Table Page 6)	\$ 356	\$ 376
Adjusted refining operating income (from Table Page 6)	\$ 162	\$ 176
Throughput volumes (thousand barrels per day)	487	491
Refining margin per barrel of throughput	\$ 8.02	\$ 8.52
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.17	3.33
Depreciation and amortization expense per barrel of throughput	1.19	1.19
Adjusted refining operating income per barrel of throughput	\$ 3.66	\$ 4.00
U.S. West Coast region (e) (h)		
Refining margin (from Table Page 6)	\$ 131	\$ 175
Adjusted refining operating loss (from Table Page 6)	\$ (67)	\$ (49)
Throughput volumes (thousand barrels per day)	236	263
Refining margin per barrel of throughput	\$ 6.12	\$ 7.32
Less:		
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	6.16	6.70
Depreciation and amortization expense per barrel of throughput	3.07	2.74
Adjusted refining operating loss per barrel of throughput	\$ (3.11)	\$ (2.12)

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
AVERAGE MARKET REFERENCE PRICES AND DIFFERENTIALS
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Refining		
Feedstocks (dollars per barrel)		
Brent crude oil	\$ 50.90	\$ 63.82
Brent less West Texas Intermediate (WTI) crude oil	4.92	8.94
Brent less Alaska North Slope (ANS) crude oil	(0.50)	(0.68)
Brent less Louisiana Light Sweet (LLS) crude oil	2.76	1.45
Brent less Argus Sour Crude Index (ASCI) crude oil	5.01	2.89
Brent less Maya crude oil	9.74	5.04
LLS crude oil	48.14	62.37
LLS less ASCI crude oil	2.25	1.44
LLS less Maya crude oil	6.98	3.59
WTI crude oil	45.98	54.88
Natural gas (dollars per million British Thermal Units)		
	1.82	2.86
Products (dollars per barrel, unless otherwise noted)		
U.S. Gulf Coast:		
Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent	2.37	0.16
Ultra-low-sulfur (ULS) diesel less Brent	11.26	14.99
Propylene less Brent	(21.04)	(20.64)
CBOB gasoline less LLS	5.13	1.61
ULS diesel less LLS	14.02	16.44
Propylene less LLS	(18.28)	(19.19)
U.S. Mid-Continent:		
CBOB gasoline less WTI	7.69	9.69
ULS diesel less WTI	17.31	24.89
North Atlantic:		
CBOB gasoline less Brent	4.28	1.25
ULS diesel less Brent	14.29	17.43
U.S. West Coast:		
California Reformulated Gasoline Blendstock of Oxygenate Blending (CARBOB) 87 gasoline less ANS	7.82	7.73
California Air Resources Board (CARB) diesel less ANS	17.22	16.20
CARBOB 87 gasoline less WTI	13.24	17.35
CARB diesel less WTI	22.64	25.82

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
AVERAGE MARKET REFERENCE PRICES AND DIFFERENTIALS
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Renewable diesel		
New York Mercantile Exchange ULS diesel (dollars per gallon)	\$ 1.55	\$ 1.94
Biodiesel Renewable Identification Number (RIN) (dollars per RIN)	0.46	0.51
California Low-Carbon Fuel Standard (dollars per metric ton)	206.03	194.21
Chicago Board of Trade (CBOT) soybean oil (dollars per pound)	0.30	0.29
Ethanol		
CBOT corn (dollars per bushel)	3.74	3.73
New York Harbor ethanol (dollars per gallon)	1.33	1.44

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
OTHER FINANCIAL DATA
(millions of dollars, except per share amounts)
(unaudited)

	March 31,	December 31,
	2020	2019
Balance sheet data		
Current assets	\$ 11,465	\$ 18,969
Cash and cash equivalents included in current assets	1,515	2,583
Inventories included in current assets	3,675	7,013
Current liabilities	8,732	13,160
Current portion of debt and finance lease obligations included in current liabilities	886	494
Debt and finance lease obligations, less current portion	10,574	9,178
Total debt and finance lease obligations	11,460	9,672
Valero Energy Corporation stockholders' equity	18,842	21,803

	Three Months Ended	
	March 31,	
	2020	2019
Reconciliation of net cash provided by (used in) operating activities to adjusted net cash provided by operating activities (e)		
Net cash provided by (used in) operating activities	\$ (49)	\$ 877
Exclude:		
Changes in current assets and current liabilities	(1,107)	130
Diamond Green Diesel LLC's (DGD) adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD	104	30
Adjusted net cash provided by operating activities	<u>\$ 954</u>	<u>\$ 717</u>
Dividends per common share	<u>\$ 0.98</u>	<u>\$ 0.90</u>

See Notes to Earnings Release Tables beginning on Table Page 15.

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES

- (a) Cost of materials and other for the three months ended March 31, 2020 includes a benefit of \$79 million related to the blender's tax credit attributable to volumes blended during that period, all of which is related to our renewable diesel segment. The legislation authorizing the credit through December 31, 2022 was passed and signed into law in December 2019, and that legislation also applied retroactively to volumes blended during 2019 (2019 blender's tax credit). The entire 2019 blender's tax credit was recognized by us in December 2019 because the law was enacted in that month, but the benefit attributable to volumes blended during the three months ended March 31, 2019 was \$77 million, of which \$5 million and \$72 million relates to our refining and renewable diesel segments, respectively.

Of the \$77 million benefit related to the three months ended March 31, 2019, \$41 million is attributable to Valero Energy Corporation stockholders, with the remaining amount attributable to noncontrolling interest.

- (b) The market value of our inventories as of March 31, 2020 fell below their historical cost on an aggregate basis, excluding materials and supplies. As a result, we recorded an LCM inventory valuation adjustment of \$2.5 billion (\$2.0 billion after tax) in March 2020. Of the \$2.5 billion adjustment, \$2.4 billion and \$128 million is attributable to our refining and ethanol segments, respectively.
- (c) Common equivalent shares have been excluded from the computation of diluted loss per common share for the three months ended March 31, 2020, as the effect of including such shares would be antidilutive.
- (d) Common equivalent shares have been included in the computation of adjusted earnings per common share assuming dilution for the three months ended March 31, 2020, as the effect of including such shares is dilutive. Weighted-average shares outstanding – assuming dilution used to calculate adjusted earnings per common share – assuming dilution is 409 million shares.
- (e) We use certain financial measures (as noted below) in the earnings release tables and accompanying earnings release that are not defined under U.S. GAAP and are considered to be non-GAAP measures.

We have defined these non-GAAP measures and believe they are useful to the external users of our financial statements, including industry analysts, investors, lenders, and rating agencies. We believe these measures are useful to assess our ongoing financial performance because, when reconciled to their most comparable U.S. GAAP measures, they provide improved comparability between periods after adjusting for certain items that we believe are not indicative of our core operating performance and that may obscure our underlying business results and trends. These non-GAAP measures should not be considered as alternatives to their most comparable U.S. GAAP measures nor should they be considered in isolation or as a substitute for an analysis of our results of operations as reported under U.S. GAAP. In addition, these non-GAAP measures may not be comparable to similarly titled measures used by other companies because we may define them differently, which diminishes their utility.

Non-GAAP measures are as follows:

- **Adjusted net income attributable to Valero Energy Corporation stockholders** is defined as net income (loss) attributable to Valero Energy Corporation stockholders adjusted to reflect the items noted below, along with their related income tax effect. We have adjusted for these items because we believe that they are not indicative of our core operating performance and that their adjustment results in an important measure of our ongoing financial performance to better assess our underlying business results and trends. The basis for our belief with respect to each adjustment is provided below.
 - *LCM inventory valuation adjustment* – The LCM inventory valuation adjustment, which is described in note (b), is the result of the market value of our inventories as of March 31, 2020 falling below their historical cost, with the decline in market value resulting from the decline in crude oil and product market prices associated with the negative economic impacts from COVID-19. The adjustment obscures our financial performance because it does not result from decisions made by us; therefore, we have excluded the adjustment from adjusted net income attributable to Valero Energy Corporation stockholders.
 - *2019 blender's tax credit attributable to Valero Energy Corporation stockholders* – The 2019 blender's tax credit was recognized by us in December 2019, but it is attributable to volumes blended throughout 2019. Therefore, the adjustment reflects the portion of the 2019 blender's tax credit that is associated with volumes blended during the three months ended March 31, 2019. See note (a) for additional details.

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES (Continued)

- **Adjusted earnings per common share – assuming dilution** is defined as adjusted net income attributable to Valero Energy Corporation stockholders divided by the number of weighted-average shares outstanding in the applicable period, assuming dilution (see note (d)).
- **Refining margin** is defined as refining operating income (loss) adjusted to reflect the 2019 blender's tax credit (see note (a)), and excluding the LCM inventory valuation adjustment (see note (b)), operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses. We believe refining margin is an important measure of our refining segment's operating and financial performance as it is the most comparable measure to the industry's market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
- **Renewable diesel margin** is defined as renewable diesel operating income adjusted to reflect the 2019 blender's tax credit (see note (a)), and excluding operating expenses (excluding depreciation and amortization expense) and depreciation and amortization expense. We believe renewable diesel margin is an important measure of our renewable diesel segment's operating and financial performance as it is the most comparable measure to the industry's market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
- **Ethanol margin** is defined as ethanol operating income (loss) excluding the LCM inventory valuation adjustment (see note (b)), operating expenses (excluding depreciation and amortization expense), and depreciation and amortization expense. We believe ethanol margin is an important measure of our ethanol segment's operating and financial performance as it is the most comparable measure to the industry's market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
- **Adjusted refining operating income (loss)** is defined as refining segment operating income (loss) adjusted to reflect the 2019 blender's tax credit (see note (a)), and excluding the LCM inventory valuation adjustment (see note (b)) and other operating expenses. We believe adjusted refining operating income is an important measure of our refining segment's operating and financial performance because it excludes items that are not indicative of that segment's core operating performance.
- **Adjusted renewable diesel operating income** is defined as renewable diesel segment operating income adjusted to reflect the 2019 blender's tax credit (see note (a)). We believe this is an important measure of our renewable diesel segment's operating and financial performance because it excludes items that are not indicative of that segment's core operating performance.
- **Adjusted ethanol operating income (loss)** is defined as ethanol segment operating income (loss) excluding the LCM inventory valuation adjustment (see note (b)). We believe this is an important measure of our ethanol segment's operating and financial performance because it excludes items that are not indicative of that segment's core operating performance.
- **Adjusted net cash provided by operating activities** is defined as net cash provided by (used in) operating activities excluding the items noted below. We believe adjusted net cash provided by operating activities is an important measure of our ongoing financial performance to better assess our ability to generate cash to fund our investing and financing activities. The basis for our belief with respect to each excluded item is provided below.
 - *Changes in current assets and current liabilities* – Current assets net of current liabilities represents our operating liquidity. We believe that the change in our operating liquidity from period to period does not represent cash generated by our operations that is available to fund our investing and financing activities.
 - *DGD's adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD* – We are a 50/50 joint venture partner in DGD and consolidate DGD's financial statements; as a result, all of DGD's net cash provided by operating activities (or operating cash flow) is included in our consolidated net cash provided by operating activities.

DGD's partners use DGD's operating cash flow (excluding changes in its current assets and current liabilities) to fund its capital investments rather than distribute all of that cash to themselves. Nevertheless, DGD's operating cash flow is effectively attributable to each partner and only 50 percent of DGD's operating cash flow should be attributed to our net cash provided by operating activities. Therefore, we have adjusted our net cash provided by operating activities for the portion of DGD's

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES (Continued)

operating cash flow attributable to our joint venture partner's ownership interest because we believe that it more accurately reflects the operating cash flow available to us to fund our investing and financing activities. The adjustment is calculated as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
DGD operating cash flow data		
Net cash provided by operating activities	\$ 167	\$ 33
Less: changes in current assets and current liabilities	(40)	(27)
Adjusted net cash provided by operating activities	207	60
Our partner's ownership interest	50%	50%
DGD's adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD	\$ 104	\$ 30

- (f) The refining segment regions reflected herein contain the following refineries: **U.S. Gulf Coast-** Corpus Christi East, Corpus Christi West, Houston, Meraux, Port Arthur, St. Charles, Texas City, and Three Rivers Refineries; **U.S. Mid-Continent-** Ardmore, McKee, and Memphis Refineries; **North Atlantic-** Pembroke and Quebec City Refineries; and **U.S. West Coast-** Benicia and Wilmington Refineries.
- (g) Primarily includes petrochemicals, gas oils, No. 6 fuel oil, petroleum coke, sulfur, and asphalt.
- (h) Valero uses certain operating statistics (as noted below) in the earnings release tables and the accompanying earnings release to evaluate performance between comparable periods. Different companies may calculate them in different ways.

All per barrel of throughput, per gallon of sales, and per gallon of production amounts are calculated by dividing the associated dollar amount by the throughput volumes, sales volumes, and production volumes for the period, as applicable.

Throughput volumes, sales volumes, and production volumes are calculated by multiplying throughput volumes per day, sales volumes per day, and production volumes per day (as provided in the accompanying tables), respectively, by the number of days in the applicable period. We use throughput volumes, sales volumes, and production volumes for the refining segment, renewable diesel segment, and ethanol segment, respectively, due to their general use by others who operate facilities similar to those included in our segments. We believe the use of such volumes results in per unit amounts that are most representative of the product margins generated and the operating costs incurred as a result of our operation of those facilities.



Valero Energy Reports 2019 Fourth Quarter and Full Year Results

- Reported net income attributable to Valero stockholders of \$1.1 billion, or \$2.58 per share, for the fourth quarter and \$2.4 billion, or \$5.84 per share, for the year.
- Reported adjusted net income attributable to Valero stockholders of \$873 million, or \$2.13 per share, for the fourth quarter and \$2.4 billion, or \$5.70 per share, for the year.
- Returned \$591 million in cash to stockholders through dividends and stock buybacks in the fourth quarter and \$2.3 billion in the year.
- Increased quarterly common stock dividend by nine percent to \$0.98 per share on January 23.

SAN ANTONIO, January 30, 2020 – Valero Energy Corporation (NYSE: VLO, “Valero”) today reported net income attributable to Valero stockholders of \$1.1 billion, or \$2.58 per share, for the fourth quarter of 2019 compared to \$952 million, or \$2.24 per share, for the fourth quarter of 2018. Excluding adjustments shown in the accompanying earnings release tables, adjusted net income attributable to Valero stockholders was \$873 million, or \$2.13 per share, for the fourth quarter of 2019 and \$932 million, or \$2.19 per share, for the fourth quarter of 2018. The adjustment for the fourth quarter of 2019 is associated with the retroactive blender’s tax credit.

For the year ended December 31, 2019, net income attributable to Valero stockholders was \$2.4 billion, or \$5.84 per share, compared to \$3.1 billion, or \$7.29 per share, for 2018. Excluding the adjustments shown in the accompanying earnings release tables, adjusted net income attributable to Valero stockholders was \$2.4 billion, or \$5.70 per share, for 2019 compared to \$3.2 billion, or \$7.55 per share, for 2018.

“We delivered another year of steady earnings despite a challenging environment for the refining business during 2019,” said Joe Gorder, Valero Chairman and Chief Executive Officer. “We ran our business well by delivering the best year ever on employee safety performance along with the lowest number of environmental events in company history.”

Refining

The refining segment reported \$1.4 billion of operating income for the fourth quarter of 2019 compared to \$1.5 billion for the fourth quarter of 2018.

“Our refineries operated well at 96% utilization, allowing us to take advantage of wider sour crude oil differentials and weakness in high sulfur residual feedstocks in the fourth quarter,” Gorder said.

Refinery throughput volumes averaged 3.0 million barrels per day in the fourth quarter of 2019, which is in line with the fourth quarter of 2018. For the full year 2019, the company processed record volumes of approximately 180 thousand barrels per day of Canadian heavy crude oil and 1.4 million barrels per day of North American sweet crude oil. The company exported an average of 343,000 barrels per day of gasoline and distillate in 2019.

Ethanol

The ethanol segment reported \$36 million of operating income for the fourth quarter of 2019, compared to a \$27 million operating loss for the fourth quarter of 2018. The increase in operating income was attributed primarily to higher ethanol prices. Ethanol production volumes averaged 4.3 million gallons per day in the fourth quarter of 2019, which is in line with the fourth quarter of 2018.

Renewable Diesel

The renewable diesel segment reported \$541 million of operating income for the fourth quarter of 2019, compared to \$101 million for the fourth quarter of 2018. After adjusting for the retroactive blender’s tax credit recorded in the fourth quarter of 2019, adjusted renewable diesel operating income was \$187 million in the fourth quarter of 2019, compared to \$167 million in the fourth quarter of 2018. Renewable diesel sales volumes averaged 844 thousand gallons per day in the fourth quarter of 2019, an increase of 124 thousand gallons per day versus the fourth quarter of 2018.

Corporate and Other

General and administrative expenses were \$243 million in the fourth quarter of 2019 compared to \$230 million in the fourth quarter of 2018. For 2019, general and administrative expenses of

\$868 million were \$57 million lower than in 2018 mainly due to adjustments to our environmental liabilities in 2018. The effective tax rate for 2019 was 20 percent.

Investing and Financing Activities

Capital investments totaled \$722 million in the fourth quarter of 2019, of which \$445 million was for sustaining the business, including costs for turnarounds, catalysts and regulatory compliance.

Valero returned \$591 million to stockholders in the fourth quarter of 2019, of which \$369 million was paid as dividends and \$222 million was for the purchase of approximately 2.3 million shares of common stock. In 2019, Valero returned \$2.3 billion to stockholders, or 47 percent of adjusted net cash provided by operating activities, consisting of \$777 million in stock buybacks and \$1.5 billion in dividends.

Net cash provided by operating activities in 2019 was \$5.5 billion. Included in this amount is a \$294 million favorable impact from working capital and our joint venture partner's share of Diamond Green Diesel's (DGD) net cash provided by operating activities, excluding changes in its working capital. Excluding these items, adjusted net cash provided by operating activities was \$4.8 billion.

Valero continues to target a total payout ratio between 40 and 50 percent of adjusted net cash provided by operating activities for 2020. Valero defines total payout ratio as the sum of dividends and stock buybacks divided by net cash provided by operating activities adjusted for changes in working capital and DGD's net cash provided by operating activities, excluding changes in its working capital, attributable to our joint venture partner's ownership interest in DGD.

On January 23, the company announced a nine percent increase in its quarterly common stock dividend from \$0.90 per share to \$0.98 per share, payable on March 4, 2020, to holders of record on February 12, 2020.

Liquidity and Financial Position

Valero ended the fourth quarter of 2019 with \$9.7 billion of total debt and \$2.6 billion of cash and cash equivalents. The debt to capital ratio, net of \$2 billion in cash, was 26 percent.

Strategic Update

In 2019, Valero successfully started up the Houston Alkylation Unit, which upgrades lower value natural gas liquids and refinery olefins to a premium, high octane alkylate product. Valero also completed the Central Texas Pipelines and Terminals project, which reduces secondary costs and extends the supply chain from the U.S. Gulf Coast to a growing inland market.

Several growth projects, including the Pasadena Terminal, St. Charles Alkylation Unit and Pembroke Cogeneration Unit, are on track to be completed in 2020. The Diamond Pipeline expansion should be completed in 2021. The company expects the DGD expansion and Port Arthur Coker to be completed in 2021 and 2022, respectively.

Valero, with its ethanol and renewable diesel businesses, is already the largest renewable fuels producer in North America and it continues to explore growth opportunities in renewable fuels. As previously announced, Valero and its joint venture partner in DGD have initiated an advanced engineering and development cost review for a new renewable diesel plant at Valero's Port Arthur, Texas facility. If the project is approved, operations would commence in 2024, resulting in DGD production capacity increasing to over 1.1 billion gallons annually.

Valero continues to expect to invest approximately \$2.5 billion of capital in 2020, of which approximately 60 percent is for sustaining the business and approximately 40 percent is for growth projects.

Conference Call

Valero's senior management will hold a conference call at 10 a.m. ET today to discuss this earnings release and to provide an update on operations and strategy.

About Valero

Valero Energy Corporation, through its subsidiaries (collectively, "Valero"), is an international manufacturer and marketer of transportation fuels and petrochemical products. Valero is a Fortune 50 company based in San Antonio, Texas, and it operates 15 petroleum refineries with a combined throughput capacity of approximately 3.1 million barrels per day and 14 ethanol plants with a combined production capacity of approximately 1.73 billion gallons per year. The petroleum

refineries are located in the United States (U.S.), Canada and the United Kingdom (U.K.), and the ethanol plants are located in the Mid-Continent region of the U.S. Valero also is a joint venture partner in Diamond Green Diesel, which operates a renewable diesel plant in Norco, Louisiana. Diamond Green Diesel is North America's largest biomass-based diesel plant. Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero's brand names. Please visit www.valero.com for more information.

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Safe-Harbor Statement

Statements contained in this release that state the company's or management's expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "believe," "expect," "should," "estimates," "intend," "target," "will," "plans," and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of the company's control, such as delays in construction timing and other factors. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission and on Valero's website at www.valero.com.

Use of Non-GAAP Financial Information

This earnings release and the accompanying earnings release tables include references to financial measures that are not defined under U.S. generally accepted accounting principles (GAAP). These non-GAAP measures include adjusted net income attributable to Valero stockholders, adjusted earnings per common share – assuming dilution, refining margin, ethanol margin, renewable diesel margin, adjusted refining operating income, adjusted ethanol operating income, adjusted renewable diesel operating income, and adjusted net cash provided by operating activities. These non-GAAP financial measures have been included to help facilitate the comparison of operating results between periods. See the accompanying earnings release tables for a reconciliation of non-GAAP measures to their most directly comparable U.S. GAAP measures. Note (h) to the earnings release tables provides reasons for the use of these non-GAAP financial measures.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS
(millions of dollars, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Statement of income data				
Revenues	\$ 27,879	\$ 28,730	\$ 108,324	\$ 117,033
Cost of sales:				
Cost of materials and other (a)	24,080	25,415	96,476	104,732
Operating expenses (excluding depreciation and amortization expense reflected below)	1,239	1,251	4,868	4,690
Depreciation and amortization expense	557	518	2,202	2,017
Total cost of sales	25,876	27,184	103,546	111,439
Other operating expenses (b)	7	4	21	45
General and administrative expenses (excluding depreciation and amortization expense reflected below) (c)	243	230	868	925
Depreciation and amortization expense	14	13	53	52
Operating income	1,739	1,299	3,836	4,572
Other income, net (d)	36	42	104	130
Interest and debt expense, net of capitalized interest	(119)	(114)	(454)	(470)
Income before income tax expense	1,656	1,227	3,486	4,232
Income tax expense (e) (f)	326	205	702	879
Net income	1,330	1,022	2,784	3,353
Less: Net income attributable to noncontrolling interests (a)	270	70	362	231
Net income attributable to Valero Energy Corporation stockholders	\$ 1,060	\$ 952	\$ 2,422	\$ 3,122
Earnings per common share	\$ 2.58	\$ 2.26	\$ 5.84	\$ 7.30
Weighted-average common shares outstanding (in millions)	409	421	413	426
Earnings per common share – assuming dilution	\$ 2.58	\$ 2.24	\$ 5.84	\$ 7.29
Weighted-average common shares outstanding – assuming dilution (in millions)	410	422	414	428

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS BY SEGMENT (g)
(millions of dollars)
(unaudited)

	Refining	Ethanol	Renewable Diesel	Corporate and Eliminations	Total
Three months ended December 31, 2019					
Revenues:					
Revenues from external customers	\$ 26,637	\$ 958	\$ 284	\$ —	\$ 27,879
Intersegment revenues	6	69	73	(148)	—
Total revenues	<u>26,643</u>	<u>1,027</u>	<u>357</u>	<u>(148)</u>	<u>27,879</u>
Cost of sales:					
Cost of materials and other (a)	23,602	843	(217)	(148)	24,080
Operating expenses (excluding depreciation and amortization expense reflected below)	1,092	126	21	—	1,239
Depreciation and amortization expense	523	22	12	—	557
Total cost of sales	<u>25,217</u>	<u>991</u>	<u>(184)</u>	<u>(148)</u>	<u>25,876</u>
Other operating expenses (b)	7	—	—	—	7
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	243	243
Depreciation and amortization expense	—	—	—	14	14
Operating income by segment	<u>\$ 1,419</u>	<u>\$ 36</u>	<u>\$ 541</u>	<u>\$ (257)</u>	<u>\$ 1,739</u>
Three months ended December 31, 2018					
Revenues:					
Revenues from external customers	\$ 27,722	\$ 803	\$ 204	\$ 1	\$ 28,730
Intersegment revenues	5	54	67	(126)	—
Total revenues	<u>27,727</u>	<u>857</u>	<u>271</u>	<u>(125)</u>	<u>28,730</u>
Cost of sales:					
Cost of materials and other	24,671	729	140	(125)	25,415
Operating expenses (excluding depreciation and amortization expense reflected below)	1,097	134	20	—	1,251
Depreciation and amortization expense	487	21	10	—	518
Total cost of sales	<u>26,255</u>	<u>884</u>	<u>170</u>	<u>(125)</u>	<u>27,184</u>
Other operating expenses (b)	4	—	—	—	4
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	230	230
Depreciation and amortization expense	—	—	—	13	13
Operating income (loss) by segment	<u>\$ 1,468</u>	<u>\$ (27)</u>	<u>\$ 101</u>	<u>\$ (243)</u>	<u>\$ 1,299</u>

See Operating Highlights by Segment beginning on Table Page 8.
See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS BY SEGMENT (g)
(millions of dollars)
(unaudited)

	Refining	Ethanol	Renewable Diesel	Corporate and Eliminations	Total
Year ended December 31, 2019					
Revenues:					
Revenues from external customers	\$ 103,746	\$ 3,606	\$ 970	\$ 2	\$ 108,324
Intersegment revenues	18	231	247	(496)	—
Total revenues	<u>103,764</u>	<u>3,837</u>	<u>1,217</u>	<u>(494)</u>	<u>108,324</u>
Cost of sales:					
Cost of materials and other (a)	93,371	3,239	360	(494)	96,476
Operating expenses (excluding depreciation and amortization expense reflected below)	4,289	504	75	—	4,868
Depreciation and amortization expense	2,062	90	50	—	2,202
Total cost of sales	<u>99,722</u>	<u>3,833</u>	<u>485</u>	<u>(494)</u>	<u>103,546</u>
Other operating expenses (b)	20	1	—	—	21
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	868	868
Depreciation and amortization expense	—	—	—	53	53
Operating income by segment	<u>\$ 4,022</u>	<u>\$ 3</u>	<u>\$ 732</u>	<u>\$ (921)</u>	<u>\$ 3,836</u>
Year ended December 31, 2018					
Revenues:					
Revenues from external customers	\$ 113,093	\$ 3,428	\$ 508	\$ 4	\$ 117,033
Intersegment revenues	25	210	170	(405)	—
Total revenues	<u>113,118</u>	<u>3,638</u>	<u>678</u>	<u>(401)</u>	<u>117,033</u>
Cost of sales:					
Cost of materials and other (a)	101,866	3,008	262	(404)	104,732
Operating expenses (excluding depreciation and amortization expense reflected below)	4,154	470	66	—	4,690
Depreciation and amortization expense	1,910	78	29	—	2,017
Total cost of sales	<u>107,930</u>	<u>3,556</u>	<u>357</u>	<u>(404)</u>	<u>111,439</u>
Other operating expenses (b)	45	—	—	—	45
General and administrative expenses (excluding depreciation and amortization expense reflected below) (c)	—	—	—	925	925
Depreciation and amortization expense	—	—	—	52	52
Operating income by segment	<u>\$ 5,143</u>	<u>\$ 82</u>	<u>\$ 321</u>	<u>\$ (974)</u>	<u>\$ 4,572</u>

See Operating Highlights by Segment beginning on Table Page 8.
See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (h)
(millions of dollars, except per share amounts)
(unaudited)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Reconciliation of net income attributable to Valero Energy Corporation stockholders to adjusted net income attributable to Valero Energy Corporation stockholders				
Net income attributable to Valero Energy Corporation stockholders	\$ 1,060	\$ 952	\$ 2,422	\$ 3,122
Exclude adjustments:				
Blender's tax credit attributable to Valero Energy Corporation stockholders (a)	192	(33)	80	10
Income tax (expense) benefit related to blender's tax credit	(5)	1	(2)	(9)
Blender's tax credit attributable to Valero Energy Corporation stockholders, net of taxes	187	(32)	78	1
Texas City Refinery fire expenses	—	(3)	—	(17)
Income tax benefit related to Texas City Refinery fire expenses	—	1	—	4
Texas City Refinery fire expenses, net of taxes	—	(2)	—	(13)
Environmental reserve adjustments (c)	—	—	—	(108)
Income tax benefit related to environmental reserve adjustments	—	—	—	24
Environmental reserve adjustments, net of taxes	—	—	—	(84)
Loss on early redemption of debt (d)	—	—	(22)	(38)
Income tax benefit related to loss on early redemption of debt	—	—	5	9
Loss on early redemption of debt, net of taxes	—	—	(17)	(29)
Income tax benefit from Tax Reform (e)	—	12	—	12
Foreign tax credit (f)	—	42	—	—
Total adjustments	187	20	61	(113)
Adjusted net income attributable to Valero Energy Corporation stockholders	<u>\$ 873</u>	<u>\$ 932</u>	<u>\$ 2,361</u>	<u>\$ 3,235</u>
Reconciliation of earnings per common share – assuming dilution to adjusted earnings per common share – assuming dilution				
Earnings per common share – assuming dilution	\$ 2.58	\$ 2.24	\$ 5.84	\$ 7.29
Exclude adjustments:				
Blender's tax credit attributable to Valero Energy Corporation stockholders (a)	0.45	(0.07)	0.18	—
Texas City Refinery fire expenses	—	(0.01)	—	(0.02)
Environmental reserve adjustments (c)	—	—	—	(0.20)
Loss on early redemption of debt (d)	—	—	(0.04)	(0.07)
Income tax benefit from Tax Reform (e)	—	0.03	—	0.03
Foreign tax credit (f)	—	0.10	—	—
Total adjustments	0.45	0.05	0.14	(0.26)
Adjusted earnings per common share – assuming dilution	<u>\$ 2.13</u>	<u>\$ 2.19</u>	<u>\$ 5.70</u>	<u>\$ 7.55</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (h)
(millions of dollars)
(unaudited)

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of operating income by segment to segment margin, and reconciliation of operating income by segment to adjusted operating income by segment				
Refining segment (g)				
Refining operating income	\$ 1,419	\$ 1,468	\$ 4,022	\$ 5,143
Exclude:				
Blender's tax credit (a)	15	—	2	8
Operating expenses (excluding depreciation and amortization expense reflected below)	(1,092)	(1,097)	(4,289)	(4,154)
Depreciation and amortization expense	(523)	(487)	(2,062)	(1,910)
Other operating expenses (b)	(7)	(4)	(20)	(45)
Refining margin	<u>\$ 3,026</u>	<u>\$ 3,056</u>	<u>\$ 10,391</u>	<u>\$ 11,244</u>
Refining operating income	\$ 1,419	\$ 1,468	\$ 4,022	\$ 5,143
Exclude:				
Blender's tax credit (a)	15	—	2	8
Other operating expenses (b)	(7)	(4)	(20)	(45)
Adjusted refining operating income	<u>\$ 1,411</u>	<u>\$ 1,472</u>	<u>\$ 4,040</u>	<u>\$ 5,180</u>
Ethanol segment				
Ethanol operating income (loss)	\$ 36	\$ (27)	\$ 3	\$ 82
Exclude:				
Operating expenses (excluding depreciation and amortization expense reflected below)	(126)	(134)	(504)	(470)
Depreciation and amortization expense	(22)	(21)	(90)	(78)
Other operating expenses (b)	—	—	(1)	—
Ethanol margin	<u>\$ 184</u>	<u>\$ 128</u>	<u>\$ 598</u>	<u>\$ 630</u>
Ethanol operating income (loss)	\$ 36	\$ (27)	\$ 3	\$ 82
Exclude: Other operating expenses (b)	—	—	(1)	—
Adjusted ethanol operating income (loss)	<u>\$ 36</u>	<u>\$ (27)</u>	<u>\$ 4</u>	<u>\$ 82</u>
Renewable diesel segment (g)				
Renewable diesel operating income	\$ 541	\$ 101	\$ 732	\$ 321
Exclude:				
Blender's tax credit (a)	354	(66)	156	4
Operating expenses (excluding depreciation and amortization expense reflected below)	(21)	(20)	(75)	(66)
Depreciation and amortization expense	(12)	(10)	(50)	(29)
Renewable diesel margin	<u>\$ 220</u>	<u>\$ 197</u>	<u>\$ 701</u>	<u>\$ 412</u>
Renewable diesel operating income	\$ 541	\$ 101	\$ 732	\$ 321
Exclude: Blender's tax credit (a)	354	(66)	156	4
Adjusted renewable diesel operating income	<u>\$ 187</u>	<u>\$ 167</u>	<u>\$ 576</u>	<u>\$ 317</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (h)
(millions of dollars)
(unaudited)

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of refining segment operating income to refining margin (by region), and reconciliation of refining segment operating income to adjusted refining segment operating income (by region) (i)				
U.S. Gulf Coast region (g)				
Refining operating income	\$ 706	\$ 499	\$ 1,485	\$ 2,328
Exclude:				
Blender's tax credit (a)	11	—	2	5
Operating expenses (excluding depreciation and amortization expense reflected below)	(610)	(616)	(2,436)	(2,326)
Depreciation and amortization expense	(325)	(292)	(1,279)	(1,157)
Other operating expenses (b)	(5)	(3)	(13)	(42)
Refining margin	<u>\$ 1,635</u>	<u>\$ 1,410</u>	<u>\$ 5,211</u>	<u>\$ 5,848</u>
Refining operating income	\$ 706	\$ 499	\$ 1,485	\$ 2,328
Exclude:				
Blender's tax credit (a)	11	—	2	5
Other operating expenses (b)	(5)	(3)	(13)	(42)
Adjusted refining operating income	<u>\$ 700</u>	<u>\$ 502</u>	<u>\$ 1,496</u>	<u>\$ 2,365</u>
U.S. Mid-Continent region (g)				
Refining operating income	\$ 251	\$ 416	\$ 1,242	\$ 1,488
Exclude:				
Blender's tax credit (a)	3	—	—	2
Operating expenses (excluding depreciation and amortization expense reflected below)	(164)	(164)	(632)	(632)
Depreciation and amortization expense	(82)	(78)	(308)	(291)
Other operating expenses (b)	—	—	(2)	—
Refining margin	<u>\$ 494</u>	<u>\$ 658</u>	<u>\$ 2,184</u>	<u>\$ 2,409</u>
Refining operating income	\$ 251	\$ 416	\$ 1,242	\$ 1,488
Exclude:				
Blender's tax credit (a)	3	—	—	2
Other operating expenses (b)	—	—	(2)	—
Adjusted refining operating income	<u>\$ 248</u>	<u>\$ 416</u>	<u>\$ 1,244</u>	<u>\$ 1,486</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (h)
(millions of dollars)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Reconciliation of refining segment operating income to refining margin (by region), and reconciliation of refining segment operating income to adjusted refining segment operating income (by region) (i) (continued)				
North Atlantic region				
Refining operating income	\$ 314	\$ 516	\$ 1,041	\$ 1,136
Exclude:				
Operating expenses (excluding depreciation and amortization expense reflected below)	(154)	(163)	(593)	(595)
Depreciation and amortization expense	(53)	(53)	(213)	(220)
Other operating expenses (b)	(2)	—	(4)	—
Refining margin	<u>\$ 523</u>	<u>\$ 732</u>	<u>\$ 1,851</u>	<u>\$ 1,951</u>
Refining operating income	\$ 314	\$ 516	\$ 1,041	\$ 1,136
Exclude: other operating expenses (b)	(2)	—	(4)	—
Adjusted refining operating income	<u>\$ 316</u>	<u>\$ 516</u>	<u>\$ 1,045</u>	<u>\$ 1,136</u>
U.S. West Coast region				
Refining operating income	\$ 148	\$ 37	\$ 254	\$ 191
Exclude:				
Blender's tax credit (a)	1	—	—	1
Operating expenses (excluding depreciation and amortization expense reflected below)	(164)	(154)	(628)	(601)
Depreciation and amortization expense	(63)	(64)	(262)	(242)
Other operating expenses (b)	—	(1)	(1)	(3)
Refining margin	<u>\$ 374</u>	<u>\$ 256</u>	<u>\$ 1,145</u>	<u>\$ 1,036</u>
Refining operating income	\$ 148	\$ 37	\$ 254	\$ 191
Exclude:				
Blender's tax credit (a)	1	—	—	1
Other operating expenses (b)	—	(1)	(1)	(3)
Adjusted refining operating income	<u>\$ 147</u>	<u>\$ 38</u>	<u>\$ 255</u>	<u>\$ 193</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per barrel amounts)
(unaudited)

	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Throughput volumes (thousand barrels per day)				
Feedstocks:				
Heavy sour crude oil	329	445	394	469
Medium/light sour crude oil	242	408	272	418
Sweet crude oil	1,676	1,464	1,581	1,410
Residuals	236	229	215	232
Other feedstocks	157	124	153	127
Total feedstocks	<u>2,640</u>	<u>2,670</u>	<u>2,615</u>	<u>2,656</u>
Blendstocks and other	378	343	337	330
Total throughput volumes	<u>3,018</u>	<u>3,013</u>	<u>2,952</u>	<u>2,986</u>
Yields (thousand barrels per day)				
Gasolines and blendstocks	1,511	1,484	1,423	1,443
Distillates	1,136	1,126	1,126	1,133
Other products (j)	405	442	433	449
Total yields	<u>3,052</u>	<u>3,052</u>	<u>2,982</u>	<u>3,025</u>
Operating statistics (g) (h) (k)				
Refining margin (from Table Page 5)	<u>\$ 3,026</u>	<u>\$ 3,056</u>	<u>\$ 10,391</u>	<u>\$ 11,244</u>
Adjusted refining operating income (from Table Page 5)	<u>\$ 1,411</u>	<u>\$ 1,472</u>	<u>\$ 4,040</u>	<u>\$ 5,180</u>
Throughput volumes (thousand barrels per day)	<u>3,018</u>	<u>3,013</u>	<u>2,952</u>	<u>2,986</u>
Refining margin per barrel of throughput	\$ 10.90	\$ 11.03	\$ 9.65	\$ 10.32
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.93	3.96	3.98	3.82
Depreciation and amortization expense per barrel of throughput	1.89	1.76	1.92	1.75
Adjusted refining operating income per barrel of throughput	<u>\$ 5.08</u>	<u>\$ 5.31</u>	<u>\$ 3.75</u>	<u>\$ 4.75</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
ETHANOL SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per gallon amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Operating statistics (h) (k)				
Ethanol margin (from Table Page 5)	\$ 184	\$ 128	\$ 598	\$ 630
Adjusted ethanol operating income (loss) (from Table Page 5)	\$ 36	\$ (27)	\$ 4	\$ 82
Production volumes (thousand gallons per day)	4,321	4,251	4,269	4,109
Ethanol margin per gallon of production	\$ 0.46	\$ 0.33	\$ 0.38	\$ 0.42
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per gallon of production	0.32	0.34	0.32	0.31
Depreciation and amortization expense per gallon of production	0.06	0.06	0.06	0.06
Adjusted ethanol operating income (loss) per gallon of production	\$ 0.08	\$ (0.07)	\$ —	\$ 0.05

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RENEWABLE DIESEL SEGMENT OPERATING HIGHLIGHTS (g)
(millions of dollars, except per gallon amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Operating statistics (h) (k)				
Renewable diesel margin (from Table Page 5)	\$ 220	\$ 197	\$ 701	\$ 412
Adjusted renewable diesel operating income (from Table Page 5)	\$ 187	\$ 167	\$ 576	\$ 317
Sales volumes (thousand gallons per day)	844	720	760	431
Renewable diesel margin per gallon of sales	\$ 2.84	\$ 2.96	\$ 2.53	\$ 2.60
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per gallon of sales	0.27	0.29	0.27	0.41
Depreciation and amortization expense per gallon of sales	0.15	0.16	0.18	0.18
Adjusted renewable diesel operating income per gallon of sales	\$ 2.42	\$ 2.51	\$ 2.08	\$ 2.01

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS BY REGION
(millions of dollars, except per barrel amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Operating statistics by region (i)				
U.S. Gulf Coast region (g) (h) (k)				
Refining margin (from Table Page 6)	\$ 1,635	\$ 1,410	\$ 5,211	\$ 5,848
Adjusted refining operating income (from Table Page 6)	\$ 700	\$ 502	\$ 1,496	\$ 2,365
Throughput volumes (thousand barrels per day)	1,762	1,797	1,740	1,772
Refining margin per barrel of throughput	\$ 10.08	\$ 8.53	\$ 8.21	\$ 9.04
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.76	3.73	3.84	3.60
Depreciation and amortization expense per barrel of throughput	2.01	1.76	2.01	1.79
Adjusted refining operating income per barrel of throughput	\$ 4.31	\$ 3.04	\$ 2.36	\$ 3.65
U.S. Mid-Continent region (g) (h) (k)				
Refining margin (from Table Page 6)	\$ 494	\$ 658	\$ 2,184	\$ 2,409
Adjusted refining operating income (from Table Page 6)	\$ 248	\$ 416	\$ 1,244	\$ 1,486
Throughput volumes (thousand barrels per day)	463	450	454	466
Refining margin per barrel of throughput	\$ 11.60	\$ 15.89	\$ 13.17	\$ 14.17
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.84	3.95	3.81	3.72
Depreciation and amortization expense per barrel of throughput	1.90	1.89	1.85	1.71
Adjusted refining operating income per barrel of throughput	\$ 5.86	\$ 10.05	\$ 7.51	\$ 8.74

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS BY REGION
(millions of dollars, except per barrel amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Operating statistics by region (i) (continued)				
North Atlantic region (h) (k)				
Refining margin (from Table Page 7)	\$ 523	\$ 732	\$ 1,851	\$ 1,951
Adjusted refining operating income (from Table Page 7)	\$ 316	\$ 516	\$ 1,045	\$ 1,136
Throughput volumes (thousand barrels per day)	510	500	492	466
Refining margin per barrel of throughput	\$ 11.14	\$ 15.91	\$ 10.31	\$ 11.46
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.29	3.53	3.30	3.49
Depreciation and amortization expense per barrel of throughput	1.12	1.15	1.19	1.29
Adjusted refining operating income per barrel of throughput	\$ 6.73	\$ 11.23	\$ 5.82	\$ 6.68
U.S. West Coast region (h) (k)				
Refining margin (from Table Page 7)	\$ 374	\$ 256	\$ 1,145	\$ 1,036
Adjusted refining operating income (from Table Page 7)	\$ 147	\$ 38	\$ 255	\$ 193
Throughput volumes (thousand barrels per day)	283	266	266	282
Refining margin per barrel of throughput	\$ 14.37	\$ 10.47	\$ 11.80	\$ 10.06
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	6.30	6.30	6.47	5.84
Depreciation and amortization expense per barrel of throughput	2.45	2.60	2.71	2.34
Adjusted refining operating income per barrel of throughput	\$ 5.62	\$ 1.57	\$ 2.62	\$ 1.88

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
AVERAGE MARKET REFERENCE PRICES AND DIFFERENTIALS
(unaudited)

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Refining				
Feedstocks (dollars per barrel)				
Brent crude oil	\$ 62.49	\$ 68.46	\$ 64.18	\$ 71.62
Brent less West Texas Intermediate (WTI) crude oil	5.51	9.38	7.15	6.71
Brent less Alaska North Slope (ANS) crude oil	(1.92)	(0.18)	(0.86)	0.31
Brent less Louisiana Light Sweet (LLS) crude oil	1.67	1.94	1.47	1.72
Brent less Argus Sour Crude Index (ASCI) crude oil	4.72	5.15	3.56	5.20
Brent less Maya crude oil	9.56	4.76	6.57	9.22
LLS crude oil	60.82	66.52	62.71	69.90
LLS less ASCI crude oil	3.05	3.21	2.09	3.48
LLS less Maya crude oil	7.89	2.82	5.10	7.50
WTI crude oil	56.98	59.08	57.03	64.91
Natural gas (dollars per million British Thermal Units)	2.26	3.86	2.47	3.23
Products (dollars per barrel, unless otherwise noted)				
U.S. Gulf Coast:				
Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent	3.79	(2.60)	4.37	4.81
Ultra-low-sulfur (ULS) diesel less Brent	15.92	14.91	14.90	14.02
Propylene less Brent	(24.54)	(3.55)	(22.31)	(2.86)
CBOB gasoline less LLS	5.46	(0.66)	5.84	6.53
ULS diesel less LLS	17.59	16.85	16.37	15.74
Propylene less LLS	(22.87)	(1.61)	(20.84)	(1.14)
U.S. Mid-Continent:				
CBOB gasoline less WTI	10.73	8.60	13.62	13.70
ULS diesel less WTI	22.31	26.66	22.77	22.82
North Atlantic:				
CBOB gasoline less Brent	7.33	0.68	7.20	7.59
ULS diesel less Brent	19.42	18.43	17.22	16.29
U.S. West Coast:				
California Reformulated Gasoline Blendstock of Oxygenate Blending (CARBOB) 87 gasoline less ANS	14.84	7.05	16.28	13.05
California Air Resources Board (CARB) diesel less ANS	21.50	18.69	19.30	18.13
CARBOB 87 gasoline less WTI	22.27	16.61	24.29	19.45
CARB diesel less WTI	28.93	28.25	27.31	24.53

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
AVERAGE MARKET REFERENCE PRICES AND DIFFERENTIALS
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Ethanol				
Chicago Board of Trade (CBOT) corn (dollars per bushel)	\$ 3.81	\$ 3.70	\$ 3.84	\$ 3.68
New York Harbor ethanol (dollars per gallon)	1.62	1.38	1.53	1.48
Renewable diesel				
New York Mercantile Exchange ULS diesel (dollars per gallon)	1.95	2.06	1.94	2.09
Biodiesel Renewable Identification Number (RIN) (dollars per RIN)	0.56	0.40	0.48	0.53
California Low-Carbon Fuel Standard (dollars per metric ton)	206.04	191.63	196.82	168.24
CBOT soybean oil (dollars per pound)	0.31	0.28	0.29	0.30

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
OTHER FINANCIAL DATA
(millions of dollars, except per share amounts)
(unaudited)

	December 31,	
	2019	2018
Balance sheet data		
Current assets	\$ 18,969	\$ 17,675
Cash and cash equivalents included in current assets	2,583	2,982
Inventories included in current assets	7,013	6,532
Current liabilities	13,160	10,724
Current portion of debt and finance lease obligations included in current liabilities	494	238
Debt and finance lease obligations, less current portion	9,178	8,871
Total debt and finance lease obligations	9,672	9,109
Valero Energy Corporation stockholders' equity	21,803	21,667

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Reconciliation of net cash provided by operating activities to adjusted net cash provided by operating activities (h)				
Net cash provided by operating activities	\$ 1,708	\$ 1,678	\$ 5,531	\$ 4,371
Exclude:				
Changes in current assets and current liabilities	(434)	(123)	294	(1,297)
Diamond Green Diesel LLC's (DGD) adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD	277	56	390	175
Adjusted net cash provided by operating activities	<u>\$ 1,865</u>	<u>\$ 1,745</u>	<u>\$ 4,847</u>	<u>\$ 5,493</u>
Dividends per common share	<u>\$ 0.90</u>	<u>\$ 0.80</u>	<u>\$ 3.60</u>	<u>\$ 3.20</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES

- (a) Cost of materials and other for the three months and year ended December 31, 2019 includes a benefit of \$449 million for the blender's tax credit attributable to volumes blended during 2019 and 2018. The benefit was recognized in December 2019 because the U.S legislation authorizing the credit was passed and signed into law in that month. The \$449 million pre-tax benefit is attributable to volumes blended during the two years and is reflected in our reportable segments as follows (in millions):

Periods to which blender's tax credit is attributable	Refining	Renewable Diesel	Total
2019 blender's tax credit:			
Nine months ended September 30, 2019	\$ 13	\$ 198	\$ 211
Three months ended December 31, 2019	3	77	80
Total 2019 blender's tax credit	16	275	291
2018 blender's tax credit:			
Nine months ended September 30, 2018	2	90	92
Three months ended December 31, 2018	—	66	66
Total 2018 blender's tax credit	2	156	158
Total recognized in 2019	\$ 18	\$ 431	\$ 449

Of the \$449 million pre-tax benefit, \$215 million is attributable to noncontrolling interest and \$234 million is attributable to Valero Energy Corporation stockholders.

Cost of materials and other for the year ended December 31, 2018 includes a benefit of \$170 million for the blender's tax credit attributable to volumes blended during 2017. The benefit was recognized in February 2018 because the U.S. legislation authorizing the credit was passed and signed into law in that month. Of the \$170 million pre-tax benefit, \$10 million and \$160 million is included in our refining and renewable diesel segments, respectively, and consequently, \$80 million is attributable to noncontrolling interest and \$90 million is attributable to Valero Energy Corporation stockholders.

- (b) Other operating expenses reflects expenses that are not associated with our cost of sales and primarily includes costs to repair, remediate, and restore our facilities to normal operations following a non-operating event such as a natural disaster or a major unplanned outage.
- (c) General and administrative expenses (excluding depreciation and amortization expense) for the year ended December 31, 2018 includes a charge of \$108 million for environmental reserve adjustments associated with certain non-operating sites.
- (d) "Other income, net" for the year ended December 31, 2019 and 2018 includes a \$22 million charge from the early redemption of \$850 million of our 6.125 percent senior notes due February 1, 2020 and a \$38 million charge from the early redemption of \$750 million of our 9.375 percent senior notes due March 15, 2019, respectively.
- (e) On December 22, 2017, the Tax Cut and Jobs Act of 2017 (Tax Reform) was enacted, and we recognized an income tax benefit in December 2017 that represented our initial estimate of the impact of Tax Reform. We finalized our estimates during the three months ended December 31, 2018 and recorded an income tax benefit of \$12 million during the period.
- (f) Income tax expense for the three months and year ended December 31, 2018 includes the recognition of a foreign tax credit, resulting from rules proposed in December 2018 by the Internal Revenue Service, which provided guidance on the foreign tax credit limitation under Tax Reform. We estimate that \$42 million of the foreign tax credit recognized in the fourth quarter is attributable to the nine months ended September 30, 2018.
- (g) Effective January 1, 2019, we revised our reportable segments to align with certain changes in how our chief operating decision maker manages and allocates resources to our business. Accordingly, we created a new reportable segment — renewable diesel. The results of the renewable diesel segment, which includes the operations of our consolidated joint

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES (Continued)

venture, Diamond Green Diesel Holdings LLC (DGD), were transferred from the refining segment. Also effective January 1, 2019, we no longer have a VLP segment, and as a result, the operations previously included in the VLP segment are included in our refining segment. Our prior period segment information has been retrospectively adjusted to reflect our current segment presentation.

- (h) We use certain financial measures (as noted below) in the earnings release tables and accompanying earnings release that are not defined under U.S. GAAP and are considered to be non-GAAP measures.

We have defined these non-GAAP measures and believe they are useful to the external users of our financial statements, including industry analysts, investors, lenders, and rating agencies. We believe these measures are useful to assess our ongoing financial performance because, when reconciled to their most comparable U.S. GAAP measures, they provide improved comparability between periods through the exclusion of certain items that we believe are not indicative of our core operating performance and that may obscure our underlying business results and trends. These non-GAAP measures should not be considered as alternatives to their most comparable U.S. GAAP measures nor should they be considered in isolation or as a substitute for an analysis of our results of operations as reported under U.S. GAAP. In addition, these non-GAAP measures may not be comparable to similarly titled measures used by other companies because we may define them differently, which diminishes their utility.

Non-GAAP measures are as follows:

- **Adjusted net income attributable to Valero Energy Corporation stockholders** is defined as net income attributable to Valero Energy Corporation stockholders excluding the items noted below, along with their related income tax effect. We have excluded these items because we believe that they are not indicative of our core operating performance and that their exclusion results in an important measure of our ongoing financial performance to better assess our underlying business results and trends. The basis for our belief with respect to each excluded item is provided below.
 - *Blender's tax credit attributable to Valero Energy Corporation stockholders* - We regularly blend renewable diesel with petroleum-based diesel even when there is no U.S. federal tax credit associated with such blending activity. From time to time, the legislation authorizing the blender's tax credit has been applied retroactively, and we recognize the credit associated with volumes blended during the retroactive period at the time the legislation is signed into law (see note (a)). Therefore, when the period in which the blender's tax credit is recognized differs from the period in which the blending occurred, we exclude the credit associated with prior-period blending from the period in which it was recognized. Accordingly, the adjustment to reflect the blender's tax credit attributable to Valero Energy Corporation stockholders that was recognized in 2019 and 2018 but associated with volumes blended in other periods is calculated as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
2019 and 2018 credits recognized in 2019	\$ 449	\$ —	\$ 449	\$ —
Less:				
Amount related to noncontrolling interest	215	—	215	—
Amount related to Valero Energy Corporation stockholders properly reflected in the period associated with volumes blended	42	33	154	80
Adjustment related to 2019 and 2018 blender's tax credits recognized in 2019	192	(33)	80	(80)
2017 credits recognized in 2018	—	—	—	170
Less: Amount related to noncontrolling interest	—	—	—	80
Adjustment related to 2017 blender's tax credit recognized in 2018	—	—	—	90
Total adjustment to reflect blender's tax credit in proper period	\$ 192	\$ (33)	\$ 80	\$ 10

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES (Continued)

- *Texas City Refinery fire expenses* - The costs incurred to respond to and assess the damage caused by the fire that occurred at the Texas City Refinery are specific to that event and are not ongoing costs incurred in our operations.
 - *Environmental reserve adjustments* - The environmental reserve adjustments are attributable to sites that were shut down by prior owners and subsequently acquired by us (referred to by us as non-operating sites) (see note (c)).
 - *Loss on early redemption of debt* - The penalty and other expenses incurred in connection with the early redemption of our 6.125 percent senior notes due February 1, 2020 and 9.375 percent senior notes due March 15, 2019 (see note (d)) are not associated with the ongoing costs of our borrowing and financing activities.
 - *Income tax benefit from Tax Reform* - The income tax benefit from Tax Reform (see note (e)) is associated with changes in U.S. tax legislation and is not indicative of our core performance.
 - *Foreign tax credit* - The income tax benefit from the foreign tax credit (see note (f)) is attributable to the nine months ended September 30, 2018 and is not indicative of our core performance during the three months ended December 31, 2018.
- **Adjusted earnings per common share – assuming dilution** is defined as adjusted net income attributable to Valero Energy Corporation stockholders divided by the number of weighted-average shares outstanding in the applicable period, assuming dilution.
 - **Refining margin** is defined as refining operating income excluding the blender’s tax credit (see note (a)), operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses. We believe refining margin is an important measure of our refining segment’s operating and financial performance as it is the most comparable measure to the industry’s market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
 - **Ethanol margin** is defined as ethanol operating income (loss) excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses. We believe ethanol margin is an important measure of our ethanol segment’s operating and financial performance as it is the most comparable measure to the industry’s market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
 - **Renewable diesel margin** is defined as renewable diesel operating income excluding the blender’s tax credit (see note (a)), operating expenses (excluding depreciation and amortization expense), and depreciation and amortization expense. We believe renewable diesel margin is an important measure of our renewable diesel segment’s operating and financial performance as it is the most comparable measure to the industry’s market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
 - **Adjusted refining operating income** is defined as refining segment operating income excluding the blender’s tax credit (see note (a)) and other operating expenses. We believe adjusted refining operating income is an important measure of our refining segment’s operating and financial performance because it excludes items that are not indicative of that segment’s core operating performance.
 - **Adjusted ethanol operating income (loss)** is defined as ethanol segment operating income (loss) excluding other operating expenses. We believe this is an important measure of our ethanol segment’s operating and financial performance because it excludes items that are not indicative of that segment’s core operating performance.
 - **Adjusted renewable diesel operating income** is defined as renewable diesel segment operating income excluding the blender’s tax credit (see note (a)). We believe this is an important measure of our renewable diesel segment’s operating and financial performance because it excludes items that are not indicative of that segment’s core operating performance.
 - **Adjusted net cash provided by operating activities** is defined as net cash provided by operating activities excluding the items noted below. We believe adjusted net cash provided by operating activities is an important measure of our ongoing financial performance to better assess our ability to generate cash to fund our investing and financing activities. The basis for our belief with respect to each excluded item is provided below.
 - *Changes in current assets and current liabilities* - Current assets net of current liabilities represents our operating liquidity. We believe that the change in our operating liquidity from period to period does

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES (Continued)

not represent cash generated by our operations that is available to fund our investing and financing activities.

- *DGD's adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD* - We are a 50/50 joint venture partner in DGD and consolidate DGD's financial statements; as a result, all of DGD's net cash provided by operating activities (or operating cash flow) is included in our consolidated net cash provided by operating activities.

DGD's partners use DGD's operating cash flow (excluding changes in its current assets and current liabilities) to fund its capital investments rather than distribute all of that cash to themselves. Nevertheless, DGD's operating cash flow is effectively attributable to each partner and only 50 percent of DGD's operating cash flow should be attributed to our net cash provided by operating activities. Therefore, we have adjusted our net cash provided by operating activities for the portion of DGD's operating cash flow attributable to our joint venture partner's ownership interest because we believe that it more accurately reflects the operating cash flow available to us to fund our investing and financing activities. The adjustment is calculated as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
DGD operating cash flow data				
Net cash provided by operating activities	\$ 88	\$ 92	\$ 315	\$ 319
Less: changes in current assets and current liabilities	(465)	(19)	(465)	(30)
Adjusted net cash provided by operating activities	553	111	780	349
Our partner's ownership interest	50%	50%	50%	50%
DGD's adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD	<u>\$ 277</u>	<u>\$ 56</u>	<u>\$ 390</u>	<u>\$ 175</u>

- (i) The refining segment regions reflected herein contain the following refineries: **U.S. Gulf Coast**- Corpus Christi East, Corpus Christi West, Houston, Meraux, Port Arthur, St. Charles, Texas City, and Three Rivers Refineries; **U.S. Mid-Continent**- Ardmore, McKee, and Memphis Refineries; **North Atlantic**- Pembroke and Quebec City Refineries; and **U.S. West Coast**- Benicia and Wilmington Refineries.
- (j) Primarily includes petrochemicals, gas oils, No. 6 fuel oil, petroleum coke, sulfur, and asphalt.
- (k) Valero uses certain operating statistics (as noted below) in the earnings release tables and the accompanying earnings release to evaluate performance between comparable periods. Different companies may calculate them in different ways.

All per barrel of throughput, per gallon of production, and per gallon of sales amounts are calculated by dividing the associated dollar amount by the throughput volumes, production volumes, and sales volumes for the period, as applicable.

Throughput volumes, production volumes, and sales volumes are calculated by multiplying throughput volumes per day, production volumes per day, and sales volumes per day (as provided in the accompanying tables), respectively, by the number of days in the applicable period. We use throughput volumes, production volumes, and sales volumes for the refining segment, ethanol segment, and renewable diesel segment, respectively, due to their general use by others who operate facilities similar to those included in our segments. We believe the use of such volumes results in per unit amounts that are most representative of the product margins generated and the operating costs incurred as a result of our operation of those facilities.



Valero Energy Reports Third Quarter 2019 Results

- Reported net income attributable to Valero stockholders of \$609 million, or \$1.48 per share.
- Invested \$525 million of capital and completed the Central Texas Pipelines and Terminals project.
- Valero's Diamond Green Diesel joint venture announced an advanced engineering and development cost review for a potential new renewable diesel plant at Valero's refinery in Port Arthur, Texas.
- Returned \$679 million in cash to stockholders through dividends and stock buybacks.

SAN ANTONIO, October 24, 2019 – Valero Energy Corporation (NYSE: VLO, “Valero”) today reported net income attributable to Valero stockholders of \$609 million, or \$1.48 per share, for the third quarter of 2019 compared to \$856 million, or \$2.01 per share, for the third quarter of 2018.

“We delivered another quarter of solid financial results despite challenging market conditions,” said Joe Gorder, Valero Chairman, President and Chief Executive Officer. “Our simple strategy of striving to be the best operator in the business, investing to drive earnings growth with lower volatility and maintaining capital discipline with an uncompromising focus on shareholder returns has proven to be successful and positions us well for any market environment.”

Refining

The refining segment reported \$1.1 billion of operating income for the third quarter of 2019 compared to \$1.4 billion for the third quarter of 2018. The decrease was primarily driven by narrower crude oil discounts to Brent crude oil.

“Fourth quarter market conditions look favorable with improved gasoline and distillate cracks and wider discounts for medium and heavy sour crude oils,” Gorder said. “We expect to see continued product strength with inventories at lower levels and sour crude weakness resulting from the IMO low sulfur fuel oil mandate, which goes into effect on January 1, 2020.”

Refinery throughput capacity utilization was 94 percent, with throughput volumes averaging 2.95 million barrels per day in the third quarter of 2019. The company processed 190 thousand barrels per day of Canadian heavy crude oil and exported a total of 331 thousand barrels per day of gasoline and distillate during the third quarter of 2019.

Ethanol

The ethanol segment reported a \$43 million operating loss for the third quarter of 2019, compared to \$21 million of operating income for the third quarter of 2018. The decrease in operating income was attributed primarily to higher corn prices. Ethanol production volumes averaged 4.0 million gallons per day in the third quarter of 2019.

Renewable Diesel

The renewable diesel segment reported \$65 million of operating income for the third quarter of 2019 compared to a \$5 million operating loss for the third quarter of 2018. Renewable diesel sales volumes averaged 638 thousand gallons per day in the third quarter of 2019, an increase of 387 thousand gallons per day versus the third quarter of 2018. The third quarter of 2018 operating results and sales volumes were impacted by the planned downtime of the Diamond Green Diesel plant as part of completing an expansion project.

Corporate and Other

General and administrative expenses were \$217 million in the third quarter of 2019 compared to \$209 million in the third quarter of 2018. The effective tax rate for the third quarter of 2019 was 21 percent, compared to 24 percent for the third quarter of 2018.

Investing and Financing Activities

Capital investments totaled \$525 million in the third quarter of 2019, of which \$305 million was for sustaining the business, including costs for turnarounds, catalysts and regulatory compliance.

Valero returned \$679 million to stockholders in the third quarter of 2019, of which \$372 million was paid as dividends and \$307 million was for the purchase of approximately 3.9 million shares of common stock, resulting in a total payout ratio of 61 percent of adjusted net cash provided by operating activities.

Net cash provided by operating activities was \$1.4 billion in the third quarter of 2019. Included in this amount is a \$315 million favorable impact from working capital. Excluding the change in working capital, adjusted net cash provided by operating activities was \$1.1 billion.

Valero continues to target a total payout ratio between 40 and 50 percent of adjusted net cash provided by operating activities for 2019. Valero defines total payout ratio as the sum of dividends and stock buybacks divided by net cash provided by operating activities adjusted for changes in working capital.

Liquidity and Financial Position

Valero ended the third quarter of 2019 with \$9.6 billion of total debt and \$2.1 billion of cash and cash equivalents. The debt to capital ratio, net of \$2 billion in cash, was 26 percent.

Strategic Update

The Central Texas Pipelines and Terminals project was successfully completed in the third quarter of 2019. This project reduces secondary costs and extends Valero's supply chain from the Gulf Coast to a higher demand market to maximize product margins. Other projects, including the Pasadena terminal, St. Charles alkylation unit, and Pembroke cogeneration unit, remain on track to be complete in 2020. The company expects the Diamond Green Diesel expansion and Port Arthur Coker to be complete in 2021 and 2022, respectively.

In September, Valero and its joint venture partner announced that they have initiated an advanced engineering and development cost review for a new renewable diesel plant at Valero's Port Arthur, Texas facility. If the project is approved, construction would begin in 2021, with expected operations commencing in 2024, which would result in Diamond Green Diesel production capacity increasing to over 1.1 billion gallons annually.

Valero continues to expect to invest approximately \$2.5 billion of capital in both 2019 and 2020, of which approximately 60 percent is for sustaining the business and approximately 40 percent is for growth projects.

Conference Call

Valero's senior management will hold a conference call at 10 a.m. ET today to discuss this earnings release and to provide an update on operations and strategy.

About Valero

Valero Energy Corporation, through its subsidiaries (collectively, "Valero"), is an international manufacturer and marketer of transportation fuels and petrochemical products. Valero is a Fortune 50 company based in San Antonio, Texas, and it operates 15 petroleum refineries with a combined throughput capacity of approximately 3.1 million barrels per day and 14 ethanol plants with a combined production capacity of approximately 1.73 billion gallons per year. The petroleum refineries are located in the United States (U.S.), Canada and the United Kingdom (U.K.), and the ethanol plants are located in the Mid-Continent region of the U.S. Valero also is a joint venture partner in Diamond Green Diesel, which operates a renewable diesel plant in Norco, Louisiana. Diamond Green Diesel is North America's largest biomass-based diesel plant. Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero's brand names. Please visit www.valero.com for more information.

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Safe-Harbor Statement

Statements contained in this release that state the company's or management's expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "believe," "expect," "should," "estimates," "intend," "target," "will," "plans," and other similar

expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of the company's control, such as delays in construction timing and other factors. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission and on Valero's website at www.valero.com.

Use of Non-GAAP Financial Information

This earnings release and the accompanying earnings release tables include references to financial measures that are not defined under U.S. generally accepted accounting principles (GAAP). These non-GAAP measures include adjusted net income attributable to Valero stockholders, adjusted earnings per common share – assuming dilution, refining margin, ethanol margin, renewable diesel margin, adjusted refining operating income, adjusted ethanol operating income, adjusted renewable diesel operating income, and adjusted net cash provided by operating activities. These non-GAAP financial measures have been included to help facilitate the comparison of operating results between periods. See the accompanying earnings release tables for a reconciliation of non-GAAP measures to their most directly comparable U.S. GAAP measures. Note (f) to the earnings release tables provides reasons for the use of these non-GAAP financial measures.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS
(millions of dollars, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Statement of income data				
Revenues	\$ 27,249	\$ 30,849	\$ 80,445	\$ 88,303
Cost of sales:				
Cost of materials and other (a)	24,335	27,701	72,396	79,317
Operating expenses (excluding depreciation and amortization expense reflected below)	1,239	1,193	3,629	3,439
Depreciation and amortization expense	556	504	1,645	1,499
Total cost of sales	26,130	29,398	77,670	84,255
Other operating expenses (b)	10	10	14	41
General and administrative expenses (excluding depreciation and amortization expense reflected below) (c)	217	209	625	695
Depreciation and amortization expense	11	13	39	39
Operating income	881	1,219	2,097	3,273
Other income, net (d)	34	42	68	88
Interest and debt expense, net of capitalized interest	(111)	(111)	(335)	(356)
Income before income tax expense	804	1,150	1,830	3,005
Income tax expense	165	276	376	674
Net income	639	874	1,454	2,331
Less: Net income attributable to noncontrolling interests (a)	30	18	92	161
Net income attributable to Valero Energy Corporation stockholders	\$ 609	\$ 856	\$ 1,362	\$ 2,170
Earnings per common share				
Weighted-average common shares outstanding (in millions)	412	425	415	428
Earnings per common share – assuming dilution				
Weighted-average common shares outstanding – assuming dilution (in millions)	413	427	416	430

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS BY SEGMENT (e)
(millions of dollars)
(unaudited)

	Refining	Ethanol	Renewable Diesel	Corporate and Eliminations	Total
Three months ended September 30, 2019					
Revenues:					
Revenues from external customers	\$ 26,145	\$ 891	\$ 212	\$ 1	\$ 27,249
Intersegment revenues	2	57	50	(109)	—
Total revenues	<u>26,147</u>	<u>948</u>	<u>262</u>	<u>(108)</u>	<u>27,249</u>
Cost of sales:					
Cost of materials and other	23,432	847	164	(108)	24,335
Operating expenses (excluding depreciation and amortization expense reflected below)	1,100	121	18	—	1,239
Depreciation and amortization expense	518	23	15	—	556
Total cost of sales	<u>25,050</u>	<u>991</u>	<u>197</u>	<u>(108)</u>	<u>26,130</u>
Other operating expenses (b)	10	—	—	—	10
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	217	217
Depreciation and amortization expense	—	—	—	11	11
Operating income (loss) by segment	<u>\$ 1,087</u>	<u>\$ (43)</u>	<u>\$ 65</u>	<u>\$ (228)</u>	<u>\$ 881</u>
Three months ended September 30, 2018					
Revenues:					
Revenues from external customers	\$ 29,894	\$ 864	\$ 90	\$ 1	\$ 30,849
Intersegment revenues	5	68	15	(88)	—
Total revenues	<u>29,899</u>	<u>932</u>	<u>105</u>	<u>(87)</u>	<u>30,849</u>
Cost of sales:					
Cost of materials and other	26,928	776	85	(88)	27,701
Operating expenses (excluding depreciation and amortization expense reflected below)	1,058	116	19	—	1,193
Depreciation and amortization expense	479	19	6	—	504
Total cost of sales	<u>28,465</u>	<u>911</u>	<u>110</u>	<u>(88)</u>	<u>29,398</u>
Other operating expenses (b)	10	—	—	—	10
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	209	209
Depreciation and amortization expense	—	—	—	13	13
Operating income (loss) by segment	<u>\$ 1,424</u>	<u>\$ 21</u>	<u>\$ (5)</u>	<u>\$ (221)</u>	<u>\$ 1,219</u>

See Operating Highlights by Segment beginning on Table Page 8.
See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
FINANCIAL HIGHLIGHTS BY SEGMENT (e)
(millions of dollars)
(unaudited)

	Refining	Ethanol	Renewable Diesel	Corporate and Eliminations	Total
Nine months ended September 30, 2019					
Revenues:					
Revenues from external customers	\$ 77,109	\$ 2,648	\$ 686	\$ 2	\$ 80,445
Intersegment revenues	12	162	174	(348)	—
Total revenues	<u>77,121</u>	<u>2,810</u>	<u>860</u>	<u>(346)</u>	<u>80,445</u>
Cost of sales:					
Cost of materials and other	69,769	2,396	577	(346)	72,396
Operating expenses (excluding depreciation and amortization expense reflected below)	3,197	378	54	—	3,629
Depreciation and amortization expense	1,539	68	38	—	1,645
Total cost of sales	<u>74,505</u>	<u>2,842</u>	<u>669</u>	<u>(346)</u>	<u>77,670</u>
Other operating expenses (b)	13	1	—	—	14
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	625	625
Depreciation and amortization expense	—	—	—	39	39
Operating income (loss) by segment	<u>\$ 2,603</u>	<u>\$ (33)</u>	<u>\$ 191</u>	<u>\$ (664)</u>	<u>\$ 2,097</u>
Nine months ended September 30, 2018					
Revenues:					
Revenues from external customers	\$ 85,371	\$ 2,625	\$ 304	\$ 3	\$ 88,303
Intersegment revenues	20	156	103	(279)	—
Total revenues	<u>85,391</u>	<u>2,781</u>	<u>407</u>	<u>(276)</u>	<u>88,303</u>
Cost of sales:					
Cost of materials and other (a)	77,195	2,279	122	(279)	79,317
Operating expenses (excluding depreciation and amortization expense reflected below)	3,057	336	46	—	3,439
Depreciation and amortization expense	1,423	57	19	—	1,499
Total cost of sales	<u>81,675</u>	<u>2,672</u>	<u>187</u>	<u>(279)</u>	<u>84,255</u>
Other operating expenses (b)	41	—	—	—	41
General and administrative expenses (excluding depreciation and amortization expense reflected below) (c)	—	—	—	695	695
Depreciation and amortization expense	—	—	—	39	39
Operating income by segment	<u>\$ 3,675</u>	<u>\$ 109</u>	<u>\$ 220</u>	<u>\$ (731)</u>	<u>\$ 3,273</u>

See Operating Highlights by Segment beginning on Table Page 8.
See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (f)
(millions of dollars, except per share amounts)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Reconciliation of net income attributable to Valero Energy Corporation stockholders to adjusted net income attributable to Valero Energy Corporation stockholders				
Net income attributable to Valero Energy Corporation stockholders	\$ 609	\$ 856	\$ 1,362	\$ 2,170
Exclude adjustments:				
2017 blender's tax credit attributable to Valero Energy Corporation stockholders (a)	—	—	—	90
Income tax expense related to 2017 blender's tax credit	—	—	—	(11)
2017 blender's tax credit attributable to Valero Energy Corporation stockholders, net of taxes	—	—	—	79
Texas City Refinery fire expenses	—	—	—	(14)
Income tax benefit related to Texas City Refinery fire expenses	—	—	—	3
Texas City Refinery fire expenses, net of taxes	—	—	—	(11)
Environmental reserve adjustments (c)	—	—	—	(108)
Income tax benefit related to environmental reserve adjustments	—	—	—	24
Environmental reserve adjustments, net of taxes	—	—	—	(84)
Loss on early redemption of debt (d)	—	—	(22)	(38)
Income tax benefit related to loss on early redemption of debt	—	—	5	9
Loss on early redemption of debt, net of taxes	—	—	(17)	(29)
Total adjustments	—	—	(17)	(45)
Adjusted net income attributable to Valero Energy Corporation stockholders	<u>\$ 609</u>	<u>\$ 856</u>	<u>\$ 1,379</u>	<u>\$ 2,215</u>
Reconciliation of earnings per common share – assuming dilution to adjusted earnings per common share – assuming dilution				
Earnings per common share – assuming dilution	\$ 1.48	\$ 2.01	\$ 3.28	\$ 5.05
Exclude adjustments:				
2017 blender's tax credit attributable to Valero Energy Corporation stockholders (a)	—	—	—	0.18
Texas City Refinery fire expenses	—	—	—	(0.03)
Environmental reserve adjustments (c)	—	—	—	(0.19)
Loss on early redemption of debt (d)	—	—	(0.04)	(0.07)
Total adjustments	—	—	(0.04)	(0.11)
Adjusted earnings per common share – assuming dilution	<u>\$ 1.48</u>	<u>\$ 2.01</u>	<u>\$ 3.32</u>	<u>\$ 5.16</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (f)
(millions of dollars)
(unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of operating income by segment to segment margin, and reconciliation of operating income by segment to adjusted operating income by segment				
Refining segment (e)				
Refining operating income	\$ 1,087	\$ 1,424	\$ 2,603	\$ 3,675
Exclude:				
2017 blender's tax credit (a)	—	—	—	10
Operating expenses (excluding depreciation and amortization expense reflected below)	(1,100)	(1,058)	(3,197)	(3,057)
Depreciation and amortization expense	(518)	(479)	(1,539)	(1,423)
Other operating expenses (b)	(10)	(10)	(13)	(41)
Refining margin	<u>\$ 2,715</u>	<u>\$ 2,971</u>	<u>\$ 7,352</u>	<u>\$ 8,186</u>
Refining operating income	\$ 1,087	\$ 1,424	\$ 2,603	\$ 3,675
Exclude:				
2017 blender's tax credit (a)	—	—	—	10
Other operating expenses (b)	(10)	(10)	(13)	(41)
Adjusted refining operating income	<u>\$ 1,097</u>	<u>\$ 1,434</u>	<u>\$ 2,616</u>	<u>\$ 3,706</u>
Ethanol segment				
Ethanol operating income (loss)	\$ (43)	\$ 21	\$ (33)	\$ 109
Exclude:				
Operating expenses (excluding depreciation and amortization expense reflected below)	(121)	(116)	(378)	(336)
Depreciation and amortization expense	(23)	(19)	(68)	(57)
Other operating expenses (b)	—	—	(1)	—
Ethanol margin	<u>\$ 101</u>	<u>\$ 156</u>	<u>\$ 414</u>	<u>\$ 502</u>
Ethanol operating income (loss)	\$ (43)	\$ 21	\$ (33)	\$ 109
Exclude: Other operating expenses (b)	—	—	(1)	—
Adjusted ethanol operating income (loss)	<u>\$ (43)</u>	<u>\$ 21</u>	<u>\$ (32)</u>	<u>\$ 109</u>
Renewable diesel segment (e)				
Renewable diesel operating income (loss)	\$ 65	\$ (5)	\$ 191	\$ 220
Exclude:				
2017 blender's tax credit (a)	—	—	—	160
Operating expenses (excluding depreciation and amortization expense reflected below)	(18)	(19)	(54)	(46)
Depreciation and amortization expense	(15)	(6)	(38)	(19)
Renewable diesel margin	<u>\$ 98</u>	<u>\$ 20</u>	<u>\$ 283</u>	<u>\$ 125</u>
Renewable diesel operating income (loss)	\$ 65	\$ (5)	\$ 191	\$ 220
Exclude: 2017 blender's tax credit (a)	—	—	—	160
Adjusted renewable diesel operating income (loss)	<u>\$ 65</u>	<u>\$ (5)</u>	<u>\$ 191</u>	<u>\$ 60</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (f)
(millions of dollars)
(unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of refining segment operating income to refining margin (by region), and reconciliation of refining segment operating income to adjusted refining segment operating income (by region) (g)				
U.S. Gulf Coast region (e)				
Refining operating income	\$ 388	\$ 664	\$ 779	\$ 1,829
Exclude:				
2017 blender's tax credit (a)	—	—	—	7
Operating expenses (excluding depreciation and amortization expense reflected below)	(641)	(583)	(1,826)	(1,710)
Depreciation and amortization expense	(326)	(296)	(954)	(865)
Other operating expenses (b)	(6)	(9)	(8)	(39)
Refining margin	<u>\$ 1,361</u>	<u>\$ 1,552</u>	<u>\$ 3,567</u>	<u>\$ 4,436</u>
Refining operating income	\$ 388	\$ 664	\$ 779	\$ 1,829
Exclude:				
2017 blender's tax credit (a)	—	—	—	7
Other operating expenses (b)	(6)	(9)	(8)	(39)
Adjusted refining operating income	<u>\$ 394</u>	<u>\$ 673</u>	<u>\$ 787</u>	<u>\$ 1,861</u>
U.S. Mid-Continent region (e)				
Refining operating income	\$ 333	\$ 440	\$ 991	\$ 1,072
Exclude:				
2017 blender's tax credit (a)	—	—	—	2
Operating expenses (excluding depreciation and amortization expense reflected below)	(156)	(156)	(468)	(468)
Depreciation and amortization expense	(77)	(72)	(226)	(213)
Other operating expenses (b)	(2)	—	(2)	—
Refining margin	<u>\$ 568</u>	<u>\$ 668</u>	<u>\$ 1,687</u>	<u>\$ 1,751</u>
Refining operating income	\$ 333	\$ 440	\$ 991	\$ 1,072
Exclude:				
2017 blender's tax credit (a)	—	—	—	2
Other operating expenses (b)	(2)	—	(2)	—
Adjusted refining operating income	<u>\$ 335</u>	<u>\$ 440</u>	<u>\$ 993</u>	<u>\$ 1,070</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE AMOUNTS
REPORTED UNDER U.S. GAAP (f)
(millions of dollars)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Reconciliation of refining segment operating income to refining margin (by region), and reconciliation of refining segment operating income to adjusted refining segment operating income (by region) (g) (continued)				
North Atlantic region				
Refining operating income	\$ 273	\$ 322	\$ 727	\$ 620
Exclude:				
Operating expenses (excluding depreciation and amortization expense reflected below)	(146)	(149)	(439)	(432)
Depreciation and amortization expense	(52)	(52)	(160)	(167)
Other operating expenses (b)	(2)	—	(2)	—
Refining margin	\$ 473	\$ 523	\$ 1,328	\$ 1,219
Refining operating income	\$ 273	\$ 322	\$ 727	\$ 620
Exclude: other operating expenses (b)	(2)	—	(2)	—
Adjusted refining operating income	\$ 275	\$ 322	\$ 729	\$ 620
U.S. West Coast region				
Refining operating income (loss)	\$ 93	\$ (2)	\$ 106	\$ 154
Exclude:				
2017 blender's tax credit (a)	—	—	—	1
Operating expenses (excluding depreciation and amortization expense reflected below)	(157)	(170)	(464)	(447)
Depreciation and amortization expense	(63)	(59)	(199)	(178)
Other operating expenses (b)	—	(1)	(1)	(2)
Refining margin	\$ 313	\$ 228	\$ 770	\$ 780
Refining operating income (loss)	\$ 93	\$ (2)	\$ 106	\$ 154
Exclude:				
2017 blender's tax credit (a)	—	—	—	1
Other operating expenses (b)	—	(1)	(1)	(2)
Adjusted refining operating income (loss)	\$ 93	\$ (1)	\$ 107	\$ 155

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per barrel amounts)
(unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Throughput volumes (thousand barrels per day)				
Feedstocks:				
Heavy sour crude oil	418	466	416	476
Medium/light sour crude oil	253	424	282	422
Sweet crude oil	1,615	1,527	1,548	1,392
Residuals	238	244	208	233
Other feedstocks	132	144	152	128
Total feedstocks	<u>2,656</u>	<u>2,805</u>	<u>2,606</u>	<u>2,651</u>
Blendstocks and other	298	295	323	326
Total throughput volumes	<u>2,954</u>	<u>3,100</u>	<u>2,929</u>	<u>2,977</u>
Yields (thousand barrels per day)				
Gasolines and blendstocks	1,406	1,478	1,393	1,429
Distillates	1,137	1,201	1,123	1,135
Other products (h)	438	460	442	451
Total yields	<u>2,981</u>	<u>3,139</u>	<u>2,958</u>	<u>3,015</u>
Operating statistics (e) (f) (i)				
Refining margin (from Table Page 5)	<u>\$ 2,715</u>	<u>\$ 2,971</u>	<u>\$ 7,352</u>	<u>\$ 8,186</u>
Adjusted refining operating income (from Table Page 5)	<u>\$ 1,097</u>	<u>\$ 1,434</u>	<u>\$ 2,616</u>	<u>\$ 3,706</u>
Throughput volumes (thousand barrels per day)	<u>2,954</u>	<u>3,100</u>	<u>2,929</u>	<u>2,977</u>
Refining margin per barrel of throughput	\$ 9.99	\$ 10.42	\$ 9.19	\$ 10.07
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	4.05	3.72	4.00	3.76
Depreciation and amortization expense per barrel of throughput	1.90	1.68	1.92	1.75
Adjusted refining operating income per barrel of throughput	<u>\$ 4.04</u>	<u>\$ 5.02</u>	<u>\$ 3.27</u>	<u>\$ 4.56</u>

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
ETHANOL SEGMENT OPERATING HIGHLIGHTS
(millions of dollars, except per gallon amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating statistics (f) (i)				
Ethanol margin (from Table Page 5)	\$ 101	\$ 156	\$ 414	\$ 502
Adjusted ethanol operating income (loss) (from Table Page 5)	\$ (43)	\$ 21	\$ (32)	\$ 109
Production volumes (thousand gallons per day)	4,006	4,069	4,251	4,061
Ethanol margin per gallon of production	\$ 0.27	\$ 0.42	\$ 0.36	\$ 0.45
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per gallon of production	0.33	0.31	0.33	0.30
Depreciation and amortization expense per gallon of production	0.06	0.05	0.06	0.05
Adjusted ethanol operating income (loss) per gallon of production	\$ (0.12)	\$ 0.06	\$ (0.03)	\$ 0.10

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
RENEWABLE DIESEL SEGMENT OPERATING HIGHLIGHTS (e)
(millions of dollars, except per gallon amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating statistics (f) (i)				
Renewable diesel margin (from Table Page 5)	\$ 98	\$ 20	\$ 283	\$ 125
Adjusted renewable diesel operating income (loss) (from Table Page 5)	\$ 65	\$ (5)	\$ 191	\$ 60
Sales volumes (thousand gallons per day)	638	251	732	334
Renewable diesel margin per gallon of sales	\$ 1.66	\$ 0.88	\$ 1.41	\$ 1.37
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per gallon of sales	0.30	0.80	0.27	0.50
Depreciation and amortization expense per gallon of sales	0.25	0.28	0.19	0.21
Adjusted renewable diesel operating income (loss) per gallon of sales	\$ 1.11	\$ (0.20)	\$ 0.95	\$ 0.66

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS BY REGION
(millions of dollars, except per barrel amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating statistics by region (g)				
U.S. Gulf Coast region (e) (f) (i)				
Refining margin (from Table Page 6)	\$ 1,361	\$ 1,552	\$ 3,567	\$ 4,436
Adjusted refining operating income (from Table Page 6)	\$ 394	\$ 673	\$ 787	\$ 1,861
Throughput volumes (thousand barrels per day)	1,747	1,834	1,732	1,764
Refining margin per barrel of throughput	\$ 8.47	\$ 9.20	\$ 7.54	\$ 9.22
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.99	3.46	3.86	3.55
Depreciation and amortization expense per barrel of throughput	2.02	1.75	2.02	1.81
Adjusted refining operating income per barrel of throughput	\$ 2.46	\$ 3.99	\$ 1.66	\$ 3.86
U.S. Mid-Continent region (e) (f) (i)				
Refining margin (from Table Page 6)	\$ 568	\$ 668	\$ 1,687	\$ 1,751
Adjusted refining operating income (from Table Page 6)	\$ 335	\$ 440	\$ 993	\$ 1,070
Throughput volumes (thousand barrels per day)	450	459	451	471
Refining margin per barrel of throughput	\$ 13.73	\$ 15.80	\$ 13.70	\$ 13.62
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.79	3.70	3.80	3.64
Depreciation and amortization expense per barrel of throughput	1.86	1.70	1.84	1.66
Adjusted refining operating income per barrel of throughput	\$ 8.08	\$ 10.40	\$ 8.06	\$ 8.32

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
REFINING SEGMENT OPERATING HIGHLIGHTS BY REGION
(millions of dollars, except per barrel amounts)
(unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Operating statistics by region (g) (continued)				
North Atlantic region (f) (i)				
Refining margin (from Table Page 7)	\$ 473	\$ 523	\$ 1,328	\$ 1,219
Adjusted refining operating income (from Table Page 7)	\$ 275	\$ 322	\$ 729	\$ 620
Throughput volumes (thousand barrels per day)	474	509	486	455
Refining margin per barrel of throughput	\$ 10.84	\$ 11.17	\$ 10.01	\$ 9.81
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	3.33	3.18	3.31	3.48
Depreciation and amortization expense per barrel of throughput	1.21	1.12	1.20	1.34
Adjusted refining operating income per barrel of throughput	\$ 6.30	\$ 6.87	\$ 5.50	\$ 4.99
U.S. West Coast region (f) (i)				
Refining margin (from Table Page 7)	\$ 313	\$ 228	\$ 770	\$ 780
Adjusted refining operating income (loss) (from Table Page 7)	\$ 93	\$ (1)	\$ 107	\$ 155
Throughput volumes (thousand barrels per day)	283	298	260	287
Refining margin per barrel of throughput	\$ 12.04	\$ 8.33	\$ 10.84	\$ 9.94
Less:				
Operating expenses (excluding depreciation and amortization expense reflected below) per barrel of throughput	6.03	6.22	6.54	5.70
Depreciation and amortization expense per barrel of throughput	2.43	2.15	2.80	2.27
Adjusted refining operating income (loss) per barrel of throughput	\$ 3.58	\$ (0.04)	\$ 1.50	\$ 1.97

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
AVERAGE MARKET REFERENCE PRICES AND DIFFERENTIALS
(unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Refining				
Feedstocks (dollars per barrel)				
Brent crude oil	\$ 62.08	\$ 75.93	\$ 64.74	\$ 72.67
Brent less West Texas Intermediate (WTI) crude oil	5.64	6.23	7.70	5.81
Brent less Alaska North Slope (ANS) crude oil	(0.99)	0.38	(0.51)	0.47
Brent less Louisiana Light Sweet (LLS) crude oil	1.46	1.63	1.40	1.64
Brent less Argus Sour Crude Index (ASCI) crude oil	3.18	5.12	3.17	5.21
Brent less Maya crude oil	5.45	9.74	5.57	10.70
LLS crude oil	60.62	74.30	63.34	71.03
LLS less ASCI crude oil	1.72	3.49	1.77	3.57
LLS less Maya crude oil	3.99	8.11	4.17	9.06
WTI crude oil	56.44	69.70	57.04	66.86
Natural gas (dollars per million British Thermal Units)	2.28	2.96	2.53	3.01
Products (dollars per barrel, unless otherwise noted)				
U.S. Gulf Coast:				
Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent	6.82	7.08	4.57	7.28
Ultra-low-sulfur (ULS) diesel less Brent	15.79	13.91	14.55	13.72
Propylene less Brent	(19.36)	5.49	(21.57)	(2.62)
CBOB gasoline less LLS	8.28	8.71	5.97	8.92
ULS diesel less LLS	17.25	15.54	15.95	15.36
Propylene less LLS	(17.90)	7.12	(20.17)	(0.98)
U.S. Mid-Continent:				
CBOB gasoline less WTI	15.28	16.68	14.58	15.40
ULS diesel less WTI	21.38	22.77	22.93	21.54
North Atlantic:				
CBOB gasoline less Brent	10.11	10.43	7.16	9.89
ULS diesel less Brent	17.28	15.54	16.49	15.58
U.S. West Coast:				
California Reformulated Gasoline Blendstock of Oxygenate Blending (CARBOB) 87 gasoline less ANS	19.31	13.52	16.76	15.05
California Air Resources Board (CARB) diesel less ANS	18.38	17.85	18.56	17.94
CARBOB 87 gasoline less WTI	25.94	19.37	24.97	20.39
CARB diesel less WTI	25.01	23.70	26.77	23.28

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
AVERAGE MARKET REFERENCE PRICES AND DIFFERENTIALS
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Ethanol				
Chicago Board of Trade (CBOT) corn (dollars per bushel)	\$ 3.90	\$ 3.53	\$ 3.85	\$ 3.68
New York Harbor ethanol (dollars per gallon)	1.53	1.47	1.50	1.52
Renewable diesel				
New York Mercantile Exchange ULS diesel (dollars per gallon)	1.90	2.18	1.94	2.10
Biodiesel Renewable Identification Number (RIN) (dollars per RIN)	0.46	0.41	0.45	0.58
California Low-Carbon Fuel Standard (dollars per metric ton)	198.24	183.62	193.74	160.44
CBOT soybean oil (dollars per pound)	0.29	0.28	0.29	0.30

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
EARNINGS RELEASE TABLES
OTHER FINANCIAL DATA
(millions of dollars, except per share amounts)
(unaudited)

	September 30,		December 31,					
	2019		2018					
Balance sheet data								
Current assets	\$	17,033	\$	17,675				
Cash and cash equivalents included in current assets		2,137		2,982				
Inventories included in current assets		6,376		6,532				
Current liabilities		12,130		10,724				
Current portion of debt and finance lease obligations included in current liabilities		402		238				
Debt and finance lease obligations, less current portion		9,170		8,871				
Total debt and finance lease obligations		9,572		9,109				
Valero Energy Corporation stockholders' equity		21,107		21,667				
		Three Months Ended		Nine Months Ended				
		September 30,		September 30,				
		2019	2018	2019	2018			
Net cash provided by operating activities and adjusted net cash provided by operating activities (f)								
Net cash provided by operating activities	\$	1,429	\$	496	\$	3,823	\$	2,693
Exclude: changes in current assets and current liabilities		315		(729)		728		(1,174)
Adjusted net cash provided by operating activities	\$	1,114	\$	1,225	\$	3,095	\$	3,867
Dividends per common share								
	\$	0.90	\$	0.80	\$	2.70	\$	2.40

See Notes to Earnings Release Tables beginning on Table Page 16.

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES

- (a) Cost of materials and other for the nine months ended September 30, 2018 includes a benefit of \$170 million for the biodiesel blender's tax credit attributable to volumes blended during 2017. The benefit was recognized in February 2018 because the U.S. legislation authorizing the credit was passed and signed into law in that month. Of the \$170 million pre-tax benefit, \$10 million and \$160 million is included in our refining and renewable diesel segments, respectively, and consequently, \$80 million is attributable to noncontrolling interest and \$90 million is attributable to Valero Energy Corporation stockholders.
- (b) Other operating expenses reflects expenses that are not associated with our cost of sales and primarily includes costs to repair, remediate, and restore our facilities to normal operations following a non-operating event such as a natural disaster or a major unplanned outage.
- (c) General and administrative expenses (excluding depreciation and amortization expense) for the nine months ended September 30, 2018 includes a charge of \$108 million for environmental reserve adjustments associated with certain non-operating sites.
- (d) "Other income, net" for the nine months ended September 30, 2019 and 2018 includes a \$22 million charge from the early redemption of \$850 million of our 6.125 percent senior notes due February 1, 2020 and a \$38 million charge from the early redemption of \$750 million of our 9.375 percent senior notes due March 15, 2019, respectively.
- (e) Effective January 1, 2019, we revised our reportable segments to align with certain changes in how our chief operating decision maker manages and allocates resources to our business. Accordingly, we created a new reportable segment — renewable diesel. The results of the renewable diesel segment, which includes the operations of our consolidated joint venture, Diamond Green Diesel Holdings LLC, were transferred from the refining segment. Also effective January 1, 2019, we no longer have a VLP segment, and as a result, the operations previously included in the VLP segment are included in our refining segment. Our prior period segment information has been retrospectively adjusted to reflect our current segment presentation.
- (f) We use certain financial measures (as noted below) in the earnings release tables and accompanying earnings release that are not defined under U.S. GAAP and are considered to be non-GAAP measures.

We have defined these non-GAAP measures and believe they are useful to the external users of our financial statements, including industry analysts, investors, lenders, and rating agencies. We believe these measures are useful to assess our ongoing financial performance because, when reconciled to their most comparable U.S. GAAP measures, they provide improved comparability between periods through the exclusion of certain items that we believe are not indicative of our core operating performance and that may obscure our underlying business results and trends. These non-GAAP measures should not be considered as alternatives to their most comparable U.S. GAAP measures nor should they be considered in isolation or as a substitute for an analysis of our results of operations as reported under U.S. GAAP. In addition, these non-GAAP measures may not be comparable to similarly titled measures used by other companies because we may define them differently, which diminishes their utility.

Non-GAAP measures are as follows:

- **Adjusted net income attributable to Valero Energy Corporation stockholders** is defined as net income attributable to Valero Energy Corporation stockholders excluding the items noted below, along with their related income tax effect. We have excluded these items because we believe that they are not indicative of our core operating performance and that their exclusion results in an important measure of our ongoing financial performance to better assess our underlying business results and trends. The basis for our belief with respect to each excluded item is provided below.
 - *2017 blender's tax credit attributable to Valero Energy Corporation stockholders* - The blender's tax credit is attributable to volumes blended during 2017 and is not related to 2018 activities, as described in note (a).
 - *Texas City Refinery fire expenses* - The costs incurred to respond to and assess the damage caused by the fire that occurred at the Texas City Refinery are specific to that event and are not ongoing costs incurred in our operations.
 - *Environmental reserve adjustments* - The environmental reserve adjustments are attributable to sites that were shut down by prior owners and subsequently acquired by us (referred to by us as non-operating sites) (see note (c)).
 - *Loss on early redemption of debt* - The penalty and other expenses incurred in connection with the early redemption of our 6.125 percent senior notes due February 1, 2020 and 9.375 percent senior notes due

VALERO ENERGY CORPORATION
NOTES TO EARNINGS RELEASE TABLES (Continued)

March 15, 2019 (see note (d)) are not associated with the ongoing costs of our borrowing and financing activities.

- **Adjusted earnings per common share – assuming dilution** is defined as adjusted net income attributable to Valero Energy Corporation stockholders divided by the number of weighted-average shares outstanding in the applicable period, assuming dilution.
 - **Refining margin** is defined as refining operating income excluding the 2017 blender's tax credit (see note (a)), operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses. We believe refining margin is an important measure of our refining segment's operating and financial performance as it is the most comparable measure to the industry's market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
 - **Ethanol margin** is defined as ethanol operating income (loss) excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses. We believe ethanol margin is an important measure of our ethanol segment's operating and financial performance as it is the most comparable measure to the industry's market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
 - **Renewable diesel margin** is defined as renewable diesel operating income (loss) excluding the 2017 blender's tax credit (see note (a)), operating expenses (excluding depreciation and amortization expense), and depreciation and amortization expense. We believe renewable diesel margin is an important measure of our renewable diesel segment's operating and financial performance as it is the most comparable measure to the industry's market reference product margins, which are used by industry analysts, investors, and others to evaluate our performance.
 - **Adjusted refining operating income** is defined as refining segment operating income excluding the 2017 blender's tax credit (see note (a)) and other operating expenses. We believe adjusted refining operating income is an important measure of our refining segment's operating and financial performance because it excludes items that are not indicative of that segment's core operating performance.
 - **Adjusted ethanol operating income (loss)** is defined as ethanol segment operating income (loss) excluding other operating expenses. We believe this is an important measure of our ethanol segment's operating and financial performance because it excludes items that are not indicative of that segment's core operating performance.
 - **Adjusted renewable diesel operating income (loss)** is defined as renewable diesel segment operating income (loss) excluding the 2017 blender's tax credit (see note (a)). We believe this is an important measure of our renewable diesel segment's operating and financial performance because it excludes items that are not indicative of that segment's core operating performance.
 - **Adjusted net cash provided by operating activities** is defined as net cash provided by operating activities excluding changes in current assets and current liabilities. We believe adjusted net cash provided by operating activities is an important measure of our ongoing financial performance to better assess our ability to generate cash to fund our investing and financing activities.
- (g) The refining segment regions reflected herein contain the following refineries: **U.S. Gulf Coast-** Corpus Christi East, Corpus Christi West, Houston, Meraux, Port Arthur, St. Charles, Texas City, and Three Rivers Refineries; **U.S. Mid-Continent-** Ardmore, McKee, and Memphis Refineries; **North Atlantic-** Pembroke and Quebec City Refineries; and **U.S. West Coast-** Benicia and Wilmington Refineries.
- (h) Primarily includes petrochemicals, gas oils, No. 6 fuel oil, petroleum coke, sulfur, and asphalt.
- (i) Valero uses certain operating statistics (as noted below) in the earnings release tables and the accompanying earnings release to evaluate performance between comparable periods. Different companies may calculate them in different ways.

All per barrel of throughput, per gallon of production, and per gallon of sales amounts are calculated by dividing the associated dollar amount by the throughput volumes, production volumes, and sales volumes for the period, as applicable.

Throughput volumes, production volumes, and sales volumes are calculated by multiplying throughput volumes per day, production volumes per day, and sales volumes per day (as provided in the accompanying tables), respectively, by the number of days in the applicable period. We use throughput volumes, production volumes, and sales volumes for the refining segment, ethanol segment, and renewable diesel segment, respectively, due to their general use by others who operate facilities similar to those included in our segments. We believe the use of such volumes results in per unit amounts that are most representative of the product margins generated and the operating costs incurred as a result of our operation of those facilities.