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DELTA REPORT

10-Q

VLO - VALERO ENERGY CORP/TX

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1212
CHANGES	260
DELETIONS	564
ADDITIONS	388

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

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission File Number 001-13175

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VALERO ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**74-1828067**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Valero Way
San Antonio, Texas
(Address of principal executive offices)
78249
(Zip Code)
(210) 345-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	VLO	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of the registrant's only class of common stock, $0.01 par value, outstanding as of October 20, 2023 April 19, 2024 was 340,452,942. 326,996,383.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VALERO ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(millions of dollars, except par value)

	September 30, 2023	December 31, 2022
	(unaudited)	

	March 31, 2024	December 31, 2023
	March 31, 2024	
	March 31, 2024	
(unaudited)		

ASSETS			
ASSETS			
ASSETS	**ASSETS**		
Current assets:	Current assets:		
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	$ 5,831	$ 4,862
Receivables, net	Receivables, net	12,566	11,919
Inventories	Inventories	7,513	6,752
Prepaid expenses and other	Prepaid expenses and other	667	600
Total current assets	Total current assets	26,577	24,133
Property, plant, and equipment, at cost	Property, plant, and equipment, at cost	51,208	50,576
Accumulated depreciation	Accumulated depreciation	(20,955)	(19,598)
Property, plant, and equipment, net	Property, plant, and equipment, net	30,253	30,978
Deferred charges and other assets, net	Deferred charges and other assets, net	6,345	5,871
Total assets	Total assets	$ 63,175	$ 60,982
LIABILITIES AND EQUITY	**LIABILITIES AND EQUITY**		
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Current portion of debt and finance lease obligations			
Current portion of debt and finance lease obligations			
Current portion of debt and finance lease obligations	Current portion of debt and finance lease obligations	$ 1,334	$ 1,109
Accounts payable	Accounts payable	13,342	12,728
Accrued expenses	Accrued expenses	1,219	1,215
Taxes other than income taxes payable	Taxes other than income taxes payable	1,419	1,568
Income taxes payable	Income taxes payable	278	841
Total current liabilities	Total current liabilities	17,592	17,461

Debt and finance lease obligations, less current portion	Debt and finance lease obligations, less current portion	10,107	10,526	
Deferred income tax liabilities	Deferred income tax liabilities	5,231	5,217	
Other long-term liabilities	Other long-term liabilities	2,188	2,310	
Commitments and contingencies	Commitments and contingencies			Commitments and contingencies
Equity:	Equity:			
Valero Energy Corporation stockholders’ equity:	Valero Energy Corporation stockholders’ equity:			
Valero Energy Corporation stockholders’ equity:				
Valero Energy Corporation stockholders’ equity:				
Common stock, $0.01 par value; 1,200,000,000 shares authorized; 673,501,593 and 673,501,593 shares issued				
Common stock, $0.01 par value; 1,200,000,000 shares authorized; 673,501,593 and 673,501,593 shares issued				
Common stock, $0.01 par value; 1,200,000,000 shares authorized; 673,501,593 and 673,501,593 shares issued	Common stock, $0.01 par value; 1,200,000,000 shares authorized; 673,501,593 and 673,501,593 shares issued	7	7	
Additional paid-in capital	Additional paid-in capital	6,900	6,863	
Treasury stock, at cost; 333,047,642 and 301,372,958 common shares		(24,381)	(20,197)	
Treasury stock, at cost; 346,505,037 and 340,199,677 common shares				
Retained earnings	Retained earnings	44,774	38,247	
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(1,325)	(1,359)	

Total Valero Energy Corporation stockholders' equity	Total Valero Energy Corporation stockholders' equity	25,975	23,561
Noncontrolling interests	Noncontrolling interests	2,082	1,907
Total equity	Total equity	28,057	25,468
Total liabilities and equity	Total liabilities and equity	$ 63,175	$ 60,982

See Condensed Notes to Consolidated Financial Statements.

VALERO ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(millions of dollars, except per share amounts)
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	**2022**	**2023**	**2022**
		Three Months Ended March 31, **Three Months Ended March 31,** **Three Months Ended March 31,**			
	2024			**2024**	**2023**
Revenues (a)	Revenues (a)	$38,404	$44,454	$109,352	$134,637
Cost of sales:	Cost of sales:				
Cost of materials and other	Cost of materials and other	32,385	38,064	91,820	115,959
Cost of materials and other Cost of materials and other Operating expenses (excluding depreciation and amortization expense reflected below) Operating expenses (excluding depreciation and amortization expense reflected below)					
Operating expenses (excluding depreciation and amortization expense reflected below)	Operating expenses (excluding depreciation and amortization expense reflected below)	1,578	1,746	4,495	4,751

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Depreciation and amortization expense	Depreciation and amortization expense	671	621	1,979	1,806
Total cost of sales	Total cost of sales	34,634	40,431	98,294	122,516
Other operating expenses	Other operating expenses	6	6	18	40
General and administrative expenses (excluding depreciation and amortization expense reflected below)	General and administrative expenses (excluding depreciation and amortization expense reflected below)	250	214	703	652
Depreciation and amortization expense	Depreciation and amortization expense	11	11	32	34
Operating income	Operating income	3,503	3,792	10,305	11,395
Operating income					
Operating income					
Other income, net	Other income, net	122	74	357	87
Interest and debt expense, net of capitalized interest	Interest and debt expense, net of capitalized interest	(149)	(138)	(443)	(425)
Income before income tax expense	Income before income tax expense	3,476	3,728	10,219	11,057
Income tax expense	Income tax expense	813	816	2,288	2,410
Net income	Net income	2,663	2,912	7,931	8,647
Net income					
Net income					
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	41	95	298	232
Net income attributable to Valero Energy Corporation stockholders	Net income attributable to Valero Energy Corporation stockholders	$ 2,622	$ 2,817	$ 7,633	$ 8,415
Earnings per common share					
Earnings per common share					
Earnings per common share	Earnings per common share	$ 7.49	$ 7.20	$ 21.22	$ 20.94
Weighted-average common shares outstanding (in millions)	Weighted-average common shares outstanding (in millions)	349	390	359	400
Earnings per common share – assuming dilution	Earnings per common share – assuming dilution	$ 7.49	$ 7.19	$ 21.21	$ 20.93
Earnings per common share – assuming dilution					
Earnings per common share – assuming dilution					
Weighted-average common shares outstanding – assuming dilution (in millions)	Weighted-average common shares outstanding – assuming dilution (in millions)	349	390	359	401
Supplemental information:	Supplemental information:				
Supplemental information:					

Supplemental information:					
(a) Includes excise taxes on sales by certain of our foreign operations	(a) Includes excise taxes on sales by certain of our foreign operations	$ 1,468	$ 1,213	$ 4,339	$ 3,890
(a) Includes excise taxes on sales by certain of our foreign operations					
(a) Includes excise taxes on sales by certain of our foreign operations					

See Condensed Notes to Consolidated Financial Statements.

VALERO ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(millions of dollars)
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,					
	2024					2024	2023
Net income	Net income	$2,663	$2,912	$7,931	$8,647		
Other comprehensive income (loss):	Other comprehensive income (loss):						
Foreign currency translation adjustment	Foreign currency translation adjustment	(314)	(606)	77	(1,035)		
Net gain (loss) on pension and other postretirement benefits		(12)	8	(25)	25		
Foreign currency translation adjustment							
Foreign currency translation adjustment							
Net loss on pension and other postretirement benefits							

Net gain (loss) on cash flow hedges	Net gain (loss) on cash flow hedges	(78)	69	(68)	74
Other comprehensive loss before income tax expense (benefit)		(404)	(529)	(16)	(936)
Other comprehensive income (loss) before income tax expense (benefit)					
Other comprehensive income (loss) before income tax expense (benefit)					
Other comprehensive income (loss) before income tax expense (benefit)					
Income tax expense (benefit) related to items of other comprehensive income (loss)	Income tax expense (benefit) related to items of other comprehensive income (loss)	(11)	9	(16)	16
Other comprehensive loss		(393)	(538)	—	(952)
Other comprehensive income (loss)					
Comprehensive income	Comprehensive income	2,270	2,374	7,931	7,695
Less: Comprehensive income attributable to noncontrolling interests	Less: Comprehensive income attributable to noncontrolling interests	2	129	264	269
Comprehensive income attributable to Valero Energy Corporation stockholders	Comprehensive income attributable to Valero Energy Corporation stockholders	$2,268	$2,245	$7,667	$7,426

See Condensed Notes to Consolidated Financial Statements.

VALERO ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(millions of dollars, except per share amounts)
(unaudited)

	Valero Energy Corporation Stockholders' Equity							
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Non-controlling Interests	Total Equity
Balance as of June 30, 2023	$ 7	$ 6,889	$ (22,586)	$ 42,512	$ (971)	$ 25,851	$ 2,143	$ 27,994
Net income	—	—	—	2,622	—	2,622	41	2,663

Dividends on common stock ($1.02 per share)	—	—	—	(360)	—	(360)	—	(360)
Stock-based compensation expense	—	15	—	—	—	15	—	15
Transactions in connection with stock-based compensation plans	—	(4)	10	—	—	6	—	6
Purchases of common stock for treasury	—	—	(1,805)	—	—	(1,805)	—	(1,805)
Distributions to noncontrolling interests	—	—	—	—	—	—	(63)	(63)
Other comprehensive loss	—	—	—	—	(354)	(354)	(39)	(393)
Balance as of September 30, 2023	$ 7	$ 6,900	$ (24,381)	$ 44,774	$ (1,325)	$ 25,975	$ 2,082	$ 28,057
Balance as of June 30, 2022	$ 7	$ 6,845	$ (17,537)	$ 33,079	$ (1,425)	$ 20,969	$ 1,764	$ 22,733
Net income	—	—	—	2,817	—	2,817	95	2,912
Dividends on common stock ($0.98 per share)	—	—	—	(386)	—	(386)	—	(386)
Stock-based compensation expense	—	13	—	—	—	13	—	13
Transactions in connection with stock-based compensation plans	—	—	(1)	—	—	(1)	—	(1)
Purchases of common stock for treasury	—	—	(928)	—	—	(928)	—	(928)
Distributions to noncontrolling interests	—	—	—	—	—	—	(90)	(90)
Other comprehensive income (loss)	—	—	—	—	(572)	(572)	34	(538)
Balance as of September 30, 2022	$ 7	$ 6,858	$ (18,466)	$ 35,510	$ (1,997)	$ 21,912	$ 1,803	$ 23,715

	Valero Energy Corporation Stockholders' Equity							
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Non-controlling Interests	Total Equity
Balance as of December 31, 2023	$ 7	$ 6,901	$ (25,322)	$ 45,630	$ (870)	$ 26,346	$ 2,178	$ 28,524
Net income	—	—	—	1,245	—	1,245	85	1,330
Dividends on common stock ($1.07 per share)	—	—	—	(356)	—	(356)	—	(356)
Stock-based compensation expense	—	39	—	—	—	39	—	39
Transactions in connection with stock-based compensation plans	—	(24)	25	—	—	1	—	1
Purchases of common stock for treasury	—	—	(1,033)	—	—	(1,033)	—	(1,033)
Contributions from noncontrolling interests	—	—	—	—	—	—	90	90
Conversion of IEnova Revolver debt to equity (see Notes 4 and 6)	—	—	—	—	—	—	457	457
Other comprehensive loss	—	—	—	—	(185)	(185)	(43)	(228)
Balance as of March 31, 2024	$ 7	$ 6,916	$ (26,330)	$ 46,519	$ (1,055)	$ 26,057	$ 2,767	$ 28,824
Balance as of December 31, 2022	$ 7	$ 6,863	$ (20,197)	$ 38,247	$ (1,359)	$ 23,561	$ 1,907	$ 25,468
Net income	—	—	—	3,067	—	3,067	79	3,146
Dividends on common stock ($1.02 per share)	—	—	—	(379)	—	(379)	—	(379)
Stock-based compensation expense	—	39	—	—	—	39	—	39
Transactions in connection with stock-based compensation plans	—	(25)	26	—	—	1	—	1
Purchases of common stock for treasury	—	—	(1,466)	—	—	(1,466)	—	(1,466)
Contributions from noncontrolling interests	—	—	—	—	—	—	75	75
Other comprehensive income	—	—	—	—	154	154	29	183
Balance as of March 31, 2023	$ 7	$ 6,877	$ (21,637)	$ 40,935	$ (1,205)	$ 24,977	$ 2,090	$ 27,067

See Condensed Notes to Consolidated Financial Statements.

VALERO ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(millions of dollars, except per share amounts)
(unaudited)

	Valero Energy Corporation Stockholders' Equity							
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Non-controlling Interests	Total Equity
Balance as of December 31, 2022	$ 7	$ 6,863	$ (20,197)	$ 38,247	$ (1,359)	$ 23,561	$ 1,907	$ 25,468
Net income	—	—	—	7,633	—	7,633	298	7,931
Dividends on common stock ($3.06 per share)	—	—	—	(1,106)	—	(1,106)	—	(1,106)
Stock-based compensation expense	—	68	—	—	—	68	—	68
Transactions in connection with stock-based compensation plans	—	(31)	38	—	—	7	—	7
Purchases of common stock for treasury	—	—	(4,222)	—	—	(4,222)	—	(4,222)
Contributions from noncontrolling interests	—	—	—	—	—	—	75	75
Distributions to noncontrolling interests	—	—	—	—	—	—	(164)	(164)
Other comprehensive income (loss)	—	—	—	—	34	34	(34)	—
Balance as of September 30, 2023	$ 7	$ 6,900	$ (24,381)	$ 44,774	$ (1,325)	$ 25,975	$ 2,082	$ 28,057
Balance as of December 31, 2021	$ 7	$ 6,827	$ (15,677)	$ 28,281	$ (1,008)	$ 18,430	$ 1,387	$ 19,817
Net income	—	—	—	8,415	—	8,415	232	8,647
Dividends on common stock ($2.94 per share)	—	—	—	(1,186)	—	(1,186)	—	(1,186)
Stock-based compensation expense	—	60	—	—	—	60	—	60
Transactions in connection with stock-based compensation plans	—	(29)	31	—	—	2	—	2
Purchases of common stock for treasury	—	—	(2,820)	—	—	(2,820)	—	(2,820)
Contributions from noncontrolling interests	—	—	—	—	—	—	240	240
Distributions to noncontrolling interests	—	—	—	—	—	—	(93)	(93)
Other comprehensive income (loss)	—	—	—	—	(989)	(989)	37	(952)
Balance as of September 30, 2022	$ 7	$ 6,858	$ (18,466)	$ 35,510	$ (1,997)	$ 21,912	$ 1,803	$ 23,715

See Condensed Notes to Consolidated Financial Statements.

VALERO ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions of dollars)
(unaudited)

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,	
2024	2024	2023
Cash flows from operating activities:		
Net income		
Net income		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense		
Depreciation and amortization expense		
Depreciation and amortization expense		
Gain on early retirement of debt, net		

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	$7,931	$8,647
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	2,011	1,840
Loss (gain) on early retirement of debt, net	(11)	24
Deferred income tax expense (benefit)		
Deferred income tax expense (benefit)		
Deferred income tax expense (benefit) Deferred income tax expense (benefit)	32	(161)

Changes in current assets and current liabilities	Changes in current assets and current liabilities	(1,695)	(1,617)
Changes in deferred charges and credits and other operating activities, net	Changes in deferred charges and credits and other operating activities, net	(278)	(255)
Net cash provided by operating activities	Net cash provided by operating activities	7,990	8,478
Cash flows from investing activities:	Cash flows from investing activities:		
Capital expenditures (excluding variable interest entities (VIEs))	Capital expenditures (excluding variable interest entities (VIEs))	(468)	(552)
Capital expenditures (excluding variable interest entities (VIEs))	Capital expenditures (excluding variable interest entities (VIEs))		
Capital expenditures of VIEs:	Capital expenditures of VIEs:		
Diamond Green Diesel Holdings LLC (DGD)	Diamond Green Diesel Holdings LLC (DGD)		
Diamond Green Diesel Holdings LLC (DGD)	Diamond Green Diesel Holdings LLC (DGD)	(183)	(682)
Other VIEs	Other VIEs	(4)	(30)
Deferred turnaround and catalyst cost expenditures (excluding VIEs)	Deferred turnaround and catalyst cost expenditures (excluding VIEs)	(665)	(820)
Deferred turnaround and catalyst cost expenditures of DGD	Deferred turnaround and catalyst cost expenditures of DGD	(56)	(13)

Purchases of available-for-sale (AFS) debt securities	Purchases of available-for-sale (AFS) debt securities	(237)	—
Purchases of available-for-sale (AFS) debt securities			
Purchases of available-for-sale (AFS) debt securities			
Proceeds from sales and maturities of AFS debt securities	Proceeds from sales and maturities of AFS debt securities	220	—
Proceeds from sale of assets		—	32
Investments in nonconsolidated joint ventures		—	(1)
Other investing activities, net			
Other investing activities, net			
Other investing activities, net	Other investing activities, net	11	(4)
Net cash used in investing activities	Net cash used in investing activities	(1,382)	(2,070)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from debt issuances and borrowings (excluding VIEs)		1,750	1,839
Proceeds from borrowings of VIEs:			
Proceeds from debt borrowings (excluding VIEs)			
Proceeds from debt borrowings (excluding VIEs)			
Proceeds from debt borrowings (excluding VIEs)			
Proceeds from debt borrowings of VIEs:			
DGD			
DGD			
DGD	DGD	500	684
Other VIEs	Other VIEs	86	73
Repayments of debt and finance lease obligations (excluding VIEs)	Repayments of debt and finance lease obligations (excluding VIEs)	(2,071)	(4,234)

Repayments of debt and finance lease obligations of VIEs:	Repayments of debt and finance lease obligations of VIEs:		
DGD			
DGD			
DGD	DGD	(474)	(718)
Other VIEs	Other VIEs	(59)	(51)
Premiums paid on early retirement of debt	Premiums paid on early retirement of debt	(5)	(48)
Purchases of common stock for treasury	Purchases of common stock for treasury	(4,180)	(2,769)
Common stock dividend payments	Common stock dividend payments	(1,106)	(1,186)
Contributions from noncontrolling interests	Contributions from noncontrolling interests	75	240
Distributions to noncontrolling interests		(164)	(93)
Other financing activities, net			
Other financing activities, net			
Other financing activities, net	Other financing activities, net	3	(6)
Net cash used in financing activities	Net cash used in financing activities	(5,645)	(6,269)
Effect of foreign exchange rate changes on cash	Effect of foreign exchange rate changes on cash	6	(292)
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	969	(153)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	4,862	4,122
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$5,831	$3,969

See Condensed Notes to Consolidated Financial Statements.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

General

The terms "Valero," "we," "our," and "us," as used in this report, may refer to Valero Energy Corporation, one or more of its consolidated subsidiaries, or all of them taken as a whole. The term "DGD," as used in this report, may refer to Diamond Green Diesel Holdings LLC, its wholly owned consolidated subsidiary, or both of them taken as a whole.

These interim unaudited financial statements have been prepared in conformity with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, these interim unaudited financial statements reflect all adjustments considered necessary for a fair statement of our results for the interim periods period presented. All such adjustments are of a normal recurring nature unless disclosed otherwise. Operating results for the interim periods period are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024. These interim unaudited financial statements should be read in conjunction with our audited financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The balance sheet as of December 31, 2022 December 31, 2023 has been derived from our audited financial statements as of that date. For further information, refer to our audited financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Significant Accounting Policy Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in these interim unaudited financial statements and accompanying notes. Actual results could differ from those estimates. On an ongoing basis, we review our estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

Accounting Pronouncement Adopted on January 1, 2024

ASU 2023-07

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, to improve the disclosures about a public entity's reportable segments primarily through improved disclosures about significant segment expenses and other segment related items. We adopted this ASU effective January 1, 2024 and it did not affect our financial position or our results of operations, but will result in additional disclosures for our annual reporting periods beginning December 31, 2024 and interim reporting periods in 2025.

Accounting Pronouncement Not Yet Adopted

ASU 2023-09

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to improve annual income tax disclosures by requiring further disaggregation of information in the rate reconciliation and disaggregation of income taxes paid by jurisdiction. This ASU also includes certain other amendments intended to improve the effectiveness of annual income tax disclosures. We expect to adopt this ASU effective January 1, 2025 and the adoption will not affect our financial position or our results of operations, but will result in additional disclosures.

2. UNCERTAINTY

In September 2022, California adopted Senate Bill No. 1322 (SB 1322), which requires refineries in California to report monthly on the volume and cost of the crude oil they buy, the quantity and price of the wholesale gasoline they sell, and the gross gasoline margin per barrel, among other information. The provisions of SB 1322 were effective January 2023.

In March 2023, California adopted Senate Bill No. 2 (such statute, together with any regulations contemplated or issued thereunder, SBx 1-2), which, among other things, (i) authorized the establishment of a maximum gross gasoline refining margin (max margin) and the imposition of a financial penalty for profits above a max margin, (ii) significantly expanded the reporting obligations under SB 1322 and the Petroleum Industry Information Reporting Act of 1980, which include reporting requirements to the

California Energy Commission (CEC) for all participants in the petroleum industry supply chain in California (e.g., refiners, marketers, importers, transporters, terminals, producers, renewables producers, pipelines, and ports), (iii) created the Division of Petroleum Market Oversight within the CEC to analyze the data provided under SBx 1-2, and (iv) authorized the CEC to regulate the timing and other aspects of refinery turnaround and maintenance activities in certain instances. SBx 1-2 imposes increased and substantial reporting requirements, which include daily, weekly, monthly, and annual reporting of detailed operational and financial data on all aspects of our operations in California, much of it at the transaction level. The operational data includes our plans for turnaround and maintenance activities at our two California refineries and the manner in which we expect to address the potential impacts on feedstock and product inventories in California as a result of such turnaround and maintenance activities. The provisions of SBx 1-2 became effective June 26, 2023.

In September 2023, Governor Newsom directed the CEC to immediately begin the regulatory processes concerning the potential imposition of a penalty for exceeding a max margin and the timing of refinery turnarounds and maintenance. Consequently, in October 2023, the CEC adopted an order instituting an informational proceeding on a max margin and penalty under SBx 1-2, as well as an order initiating rulemaking activity under SBx 1-2. The CEC indicated in a November 2023 workshop that the latter rulemaking process will be focused on rules relating to the timing of refinery maintenance and turnarounds; however, it turnarounds, as well as the standardization of data collection and reporting. It remains uncertain as to whether, when, and to what extent any regulations will address the remaining reporting requirements under SBx 1-2.

We continue to review and analyze the provisions of SBx 1-2 and the possible impacts to our refining and marketing operations in California. While the CEC has not yet established a max margin, imposed a financial penalty for profits above a max margin, or imposed restrictions on turnaround and maintenance

activities, Governor Newsom's direction to the CEC to begin the regulatory processes related to each of those matters, as described above, and the potential implementation of a financial penalty or of any restrictions or delays on our ability to undertake turnaround or maintenance activities creates uncertainty due to the potential adverse effects on us. Any adverse effects on our operations or financial performance in California could indicate that the carrying value of our assets in California is not recoverable, which would result in an impairment loss that could be material. In addition, if the circumstances that trigger an impairment loss result in a reduction in the estimated useful lives of the assets, we may be required to recognize an asset retirement obligation that could be material. Other jurisdictions are contemplating similarly focused legislation or actions.

The ultimate timing and impacts of SBx 1-2 and any other similarly focused legislation or actions are subject to considerable uncertainty due to a number of factors, including technological and economic feasibility, legal challenges, and potential changes in law, regulation, or policy, and it is not currently possible to predict the ultimate effects of these matters and developments on us. our financial condition, results of operations, and liquidity.

3. INVENTORIES

Inventories consisted of the following (in millions):

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Refinery feedstocks	Refinery feedstocks	$ 1,878	$ 1,949		
Refined petroleum products and blendstocks	Refined petroleum products and blendstocks	4,232	3,579		
Renewable diesel feedstocks and products	Renewable diesel feedstocks and products	797	583		
Ethanol feedstocks and products	Ethanol feedstocks and products	270	328		
Materials and supplies	Materials and supplies	336	313		
Inventories	Inventories	$ 7,513	$ 6,752		
Inventories					
Inventories					

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the replacement cost (market value) of last-in, first-out (LIFO) inventories exceeded their LIFO carrying amounts by $6.1 $6.0 billion and $6.3 $4.4 billion, respectively. Our non-LIFO inventories accounted for $1.3 billion and $1.6 $1.5 billion of our total inventories as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

4. DEBT

Public Debt

In March 2024, we repaid the $167 million outstanding principal balance of our 1.200 percent Senior Notes that matured on March 15, 2024.

In February 2023, we used cash on hand to purchase and retire a portion of the following notes (in millions):

Debt Purchased and Retired		Principal Amount
6.625% Senior Notes due 2037	$	62
3.650% Senior Notes due 2051		26
4.000% Senior Notes due 2052		45
Various other Valero and Valero Energy Partners (VLP) LP Senior Notes		66
Total	$	199

During the nine months ended September 30, 2022, the following activity occurred:

- In September 2022, we used cash on hand to purchase and retire a portion of the following notes in connection with cash tender offers that we publicly announced in August 2022 and completed in September 2022 (in millions):

Debt Purchased and Retired		Principal Amount
3.65% Senior Notes due 2025	$	48
2.850% Senior Notes due 2025		291
4.375% VLP Senior Notes due 2026		62
3.400% Senior Notes due 2026		166
4.350% Senior Notes due 2028		131
4.000% Senior Notes due 2029		552
Total	$	1,250

- In June 2022, we reduced our debt through the acquisition of the $300 million of 4.00 percent Gulf Opportunity Zone Revenue Bonds Series 2010 that are due December 1, 2040, but were subject to mandatory tender on June 1, 2022. We have the option to effectuate a remarketing of these bonds.

- In February 2022, we issued $650 million of 4.000 percent Senior Notes due June 1, 2052. Proceeds from this debt issuance totaled $639 million before deducting the underwriting discount and other debt issuance costs. The proceeds and cash on hand were used to purchase and retire a portion of the following notes in connection with cash tender offers that we publicly announced and completed in February 2022 (in millions):

Debt Purchased and Retired		Principal Amount
3.65% Senior Notes due 2025	$	72
2.850% Senior Notes due 2025		507
4.375% VLP Senior Notes due 2026		168
3.400% Senior Notes due 2026		653
Total	$	1,400

Credit Facilities

We had outstanding borrowings, letters of credit issued, and availability under our credit facilities as follows (amounts in millions and currency in U.S. dollars, except as noted) (in millions):

				September 30, 2023		
		Facility Amount	Maturity Date	Outstanding Borrowings	Letters of Credit Issued (a)	Availability
				March 31, 2024		
	Facility Amount	Facility Amount	Maturity Date	Outstanding Borrowings	Letters of Credit Issued (a)	Availability
Committed facilities:	Committed facilities:					
Valero Revolver	Valero Revolver	$ 4,000	November 2027	$ —	$ 4	$ 3,996
Canadian Revolver (b)		C$ 150	November 2023	C$ —	C$ 5	C$ 145
Valero Revolver						
Valero Revolver						
Accounts receivable sales facility	Accounts receivable sales facility	$ 1,300	July 2024	$ —	n/a	$ 1,300
Committed facilities of VIEs (c):						
DGD Revolver (d)		$ 400	June 2026	$ 200	$ 106	$ 94

DGD Loan Agreement (e)	$	100	June 2026	$	—	n/a	$	100
IEnova Revolver (f)	$	830	February 2028	$	748	n/a	$	82
Committed facilities of VIEs (b):								
DGD Revolver (c)								
DGD Revolver (c)								
DGD Revolver (c)								
DGD Loan Agreement (d)								
IEnova Revolver (e)								
Uncommitted facilities: Uncommitted facilities:								
Letter of credit facilities Letter of credit facilities		n/a	n/a			n/a	$ 177	n/a
Letter of credit facilities								
Letter of credit facilities		n/a	n/a		n/a		—	n/a

(a) Letters of credit issued as of September 30, 2023 March 31, 2024 expire at various times in 2023 2024 through 2026.

(b) On October24, 2023, we amended this facility to (i) extend the maturity date to February 2024 and (ii) reduce the facility amount so that, effective October 31, 2023, the facility amount will equal the amount of the outstanding letters of credit thereunder, and will not permit further borrowings other than certain deemed borrowings to satisfy the reimbursement obligations under such letters of credit.

(c) Creditors of the VIEs do not have recourse against us.

(d) (c) In June 2023, DGD amended this facility to (i) extend the maturity date to June 2026 and (ii) transition the benchmark reference interest rate previously based on the London Interbank Offered Rate (LIBOR) to a secured overnight financing rate (SOFR). The variable interest rate on the unsecured revolving credit facility with a syndicate of financial institutions (the DGD Revolver Revolver) was 7.173 percent and 5.880 7.201 percent as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(e) (d) The amounts shown for this facility DGD's unsecured revolving loan agreement with its members (the DGD Loan Agreement) represent the facility amount available from, and borrowings outstanding to, the noncontrolling member as any transactions between DGD and us under this facility are eliminated in consolidation. In April 2023, DGD extended the maturity date of this agreement to June 2023. In June 2023, DGD entered into a new

(e) Central Mexico Terminals (defined in Note 6) has an unsecured revolving loan agreement that replaced and superseded credit facility (the IEnova Revolver) with IEnova (defined in Note 6). During the previous agreement. The new agreement includes the following modifications from the previous agreement: (i) extends the maturity date three months ended March 31, 2024, IEnova converted $457 million of outstanding borrowings under this facility to June 2026, (ii) increases each member's commitment from $25 million to $100 million, resulting additional equity in Central Mexico Terminals, which resulted in an increase in aggregate commitments from $50 million the noncontrolling interest related to $200 million, and (iii) transitions the benchmark reference interest rate previously based on the LIBOR to Term SOFR. IEnova. The variable interest rate on the DGD Loan Agreement was 6.672 percent as of December 31, 2022.

(f) Both parties to this facility have agreed to use a SOFR as the interest rate applied to outstanding borrowings. The variable interest rate on the IEnova Revolver was 9.097 9.180 percent and 7.393 9.245 percent as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Activity Borrowings and repayments under our credit facilities was were as follows (in millions):

		Nine Months Ended September 30,	
		2023	2022
	Three Months Ended March 31,		
	2024		
Borrowings:	Borrowings:		
Accounts receivable sales facility			
Accounts receivable sales facility			
Accounts receivable sales facility	Accounts receivable sales facility	$1,750	$1,200
DGD Revolver	DGD Revolver	500	659
DGD Loan Agreement	DGD Loan Agreement	—	25
IEnova Revolver	IEnova Revolver	86	73
Repayments:	Repayments:		
Accounts receivable sales facility	Accounts receivable sales facility	(1,750)	(1,200)
Accounts receivable sales facility			
Accounts receivable sales facility			
DGD Revolver	DGD Revolver	(400)	(659)
DGD Loan Agreement	DGD Loan Agreement	(25)	(50)
IEnova Revolver	IEnova Revolver	(55)	(47)

Three Months Ended March 31,	
2024	2023

Other Disclosures

“Interest and debt expense, net of capitalized interest” is comprised as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
2024				

2024	2023

Interest and debt expense	Interest and debt expense	$ 153	$ 154	$456	$467
Less: Capitalized interest	Less: Capitalized interest	4	16	13	42
Interest and debt expense, net of capitalized interest	Interest and debt expense, net of capitalized interest	$ 149	$ 138	$443	$425

10

VALERO ENERGY CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. EQUITY

Treasury Stock

We purchase shares of our outstanding common stock as authorized by our board of directors (Board), including under share purchase programs (described in the table below) and with respect to our employee stock-based compensation plans.

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, we purchased for treasury 12,805,162 6,633,843 shares and 32,219,955 10,993,341 shares, respectively. During the three and nine months ended September 30, 2022, we purchased for treasury 8,444,754 shares and 24,202,035 shares, respectively. On October 26, 2022, we announced that our

Our Board authorized us to purchase shares of our outstanding common stock for a total cost of up to $2.5 billion under various programs with no expiration date, and we completed all authorized share purchases under that program during the second quarter of 2023. On February 23, 2023, we announced that our Board authorized us to purchase shares of our outstanding common stock for a total cost of up to $2.5 billion with no expiration date (the February 2023 Program). As of September 30, 2023, we had $649 million remaining available for purchase under the February 2023 Program. On September 15, 2023, we announced that our Board authorized us to purchase shares of our outstanding dates as follows (in millions):

12

VALERO ENERGY CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

common stock for a total cost of up to $2.5 billion with no expiration date, which is in addition to the amount remaining under the February 2023 Program.

Program Name	Announcement Date	Total Cost Authorized	Remaining Available for Purchase as of March 31, 2024

September 2023 Program	September 15, 2023	$ 2,500	$ 1,187
February 2024 Program	February 22, 2024	2,500	2,500

Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component, net of tax, were as follows (in millions):

	Three Months Ended September 30,							
	2023				2022			
	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total
Balance as of beginning of period	$ (774)	$ (193)	$ (4)	$ (971)	$ (991)	$ (430)	$ (4)	$ (1,425)
Other comprehensive income (loss) before reclassifications	(315)	—	(77)	(392)	(606)	—	30	(576)
Amounts reclassified from accumulated other comprehensive loss	—	(7)	47	40	—	7	(3)	4
Effect of exchange rates	—	(2)	—	(2)	—	—	—	—
Other comprehensive income (loss)	(315)	(9)	(30)	(354)	(606)	7	27	(572)
Balance as of end of period	$ (1,089)	$ (202)	$ (34)	$ (1,325)	$ (1,597)	$ (423)	$ 23	$ (1,997)

		Nine Months Ended September 30,							
		2023				2022			
		Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total

Three Months Ended March 31,

Three Months Ended March 31,

Three Months Ended March 31,

2024

Foreign Currency Translation Adjustment

2024 | 202

Foreign Currency Translation Adjustment | Defined Benefit Plans Items | Gains (Losses) on Cash Flow Hedges | Total | Foreign Currency Translation Adjustment | Defined Benefit Plans Items | Ga (Lo C Fl He

Balance as of beginning of period	Balance as of beginning of period	$ (1,168)	$ (183)	$ (8)	$ (1,359)	$ (562)	$ (441)	$ (5)	$ (1,008)
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	79	—	(28)	51	(1,035)	(2)	(84)	(1,121)
Amounts reclassified from accumulated other comprehensive loss	Amounts reclassified from accumulated other comprehensive loss	—	(20)	2	(18)	—	18	112	130
Effect of exchange rates	Effect of exchange rates	—	1	—	1	—	2	—	2

Other comprehensive income (loss)	Other comprehensive income (loss)	79	(19)	(26)	34	(1,035)	18	28	(989)
Balance as of end of period	Balance as of end of period	$ (1,089)	$ (202)	$ (34)	$ (1,325)	$ (1,597)	$ (423)	$ 23	$ (1,997)

6. VARIABLE INTEREST ENTITIES

Consolidated VIEs

We consolidate a VIE when we have a variable interest in an entity for which we are the primary beneficiary. As of September 30, 2023 March 31, 2024, the significant consolidated VIEs included:

- DGD, a joint venture with a subsidiary of Darling Ingredients Inc. that owns and operates two plants that process waste and renewable feedstocks (predominately animal fats, used cooking oils, vegetable oils, and inedible distillers corn oils) into renewable diesel and renewable naphtha; and
- Central Mexico Terminals, a collective group of three subsidiaries of Infraestructura Energetica Nova, S.A.P.I. de C.V. (IEnova), which is a Mexican company and indirect subsidiary of Sempra Energy, a U.S. public company. We have terminaling agreements with Central Mexico Terminals that represent variable interests. We do not have an ownership interest in Central Mexico Terminals.

The assets of the consolidated VIEs can only be used to settle their own obligations and the creditors of the consolidated VIEs have no recourse to our other assets. We generally do not provide financial guarantees to the VIEs. Although we have provided credit facilities to some of the VIEs in support of their construction or acquisition activities, these transactions are eliminated in consolidation. Our financial position, results of operations, and cash flows are impacted by the performance of the consolidated VIEs, net of intercompany eliminations, to the extent of our ownership interest in each VIE.

The following tables present summarized balance sheet information for the significant assets and liabilities of the consolidated VIEs, which are included in our balance sheets (in millions):

	DGD	Central Mexico Terminals	Other	Total
September 30, 2023				
	DGD	**DGD**	**Central Mexico Terminals**	**Other**	**Total**
March 31, 2024				
Assets	**Assets**			
Assets				
Assets				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	$ 198	$ —	$ 25	$ 223

Other current assets	Other current assets	1,387	8	30	1,425
Property, plant, and equipment, net	Property, plant, and equipment, net	3,764	668	71	4,503
Liabilities	**Liabilities**				
Current liabilities, including current portion of debt and finance lease obligations	Current liabilities, including current portion of debt and finance lease obligations	$ 549	$ 799	$ 18	$1,366
Current liabilities, including current portion of debt and finance lease obligations					
Current liabilities, including current portion of debt and finance lease obligations					
Debt and finance lease obligations, less current portion	Debt and finance lease obligations, less current portion	676	—	—	676

		DGD	**Central Mexico Terminals**	**Other**	**Total**		
December 31, 2022							
	DGD	**DGD**	**Central Mexico Terminals**	**Other**	**Total**		
December 31, 2023							
Assets	**Assets**						
Assets							

Assets					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 133	$ —	$ 16	$ 149
Other current assets	Other current assets	1,106	7	32	1,145
Property, plant, and equipment, net	Property, plant, and equipment, net	3,785	681	79	4,545
Liabilities	**Liabilities**				
Current liabilities, including current portion of debt and finance lease obligations	Current liabilities, including current portion of debt and finance lease obligations	$ 626	$ 737	$ 21	$1,384
Current liabilities, including current portion of debt and finance lease obligations					
Current liabilities, including current portion of debt and finance lease obligations					
Debt and finance lease obligations, less current portion	Debt and finance lease obligations, less current portion	693	—	—	693

Nonconsolidated VIEs

We hold variable interests in VIEs that have not been consolidated because we are not considered the primary beneficiary. These nonconsolidated VIEs are not material to our financial position or results of operations and are accounted for as equity investments.

7. EMPLOYEE BENEFIT PLANS

The components of net periodic benefit cost related to our defined benefit plans were as follows (in millions):

	Pension Plans	Pension Plans		Other Postretirement Benefit Plans	
	2024	2024	2023	2024	2023

		Pension Plans		Other Postretirement Benefit Plans	
		2023	2022	2023	2022
Three months ended September 30					
Three months ended March 31					
Three months ended March 31					
Three months ended March 31					
Service cost					
Service cost					
Service cost	Service cost	$ 28	$ 37	$ 1	$ 1
Interest cost	Interest cost	30	22	3	2
Expected return on plan assets	Expected return on plan assets	(50)	(48)	—	—
Amortization of:	Amortization of:				
Net actuarial (gain) loss		(2)	14	(1)	—
Net actuarial gain					
Net actuarial gain					
Net actuarial gain					
Prior service credit	Prior service credit	(5)	(5)	(1)	(1)
Settlement loss		—	12	—	—
Net periodic benefit cost	Net periodic benefit cost	$ 1	$ 32	$ 2	$ 2
Nine months ended September 30					
Service cost		$ 84	$114	$ 3	$ 4
Interest cost		90	64	9	6
Expected return on plan assets		(151)	(144)	—	—
Amortization of:					
Net actuarial (gain) loss		(5)	40	(4)	—
Prior service credit		(14)	(14)	(3)	(3)
Settlement loss		—	12	—	—

Net periodic benefit cost	Net periodic benefit cost	$ 4	$ 72	$ 5	$ 7
Net periodic benefit cost					

The components of net periodic benefit cost other than the service cost component (i.e., the non-service cost components) are included in “other income, net.”

16 13

VALERO ENERGY CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. EARNINGS PER COMMON SHARE

Earnings per common share was computed as follows (dollars and shares in millions, except per share amounts):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
	2024			2024	2023
Earnings per common share:	Earnings per common share:				
Net income attributable to Valero stockholders					
Net income attributable to Valero stockholders					
Net income attributable to Valero stockholders	Net income attributable to Valero stockholders	$2,622	$2,817	$7,633	$8,415
Less: Income allocated to participating securities	Less: Income allocated to participating securities	8	11	24	31

Net income available to common stockholders	Net income available to common stockholders	$2,614	$2,806	$7,609	$8,384
Weighted-average common shares outstanding	Weighted-average common shares outstanding	349	390	359	400
Weighted-average common shares outstanding					
Weighted-average common shares outstanding					
Earnings per common share					
Earnings per common share					
Earnings per common share	Earnings per common share	$ 7.49	$ 7.20	$21.22	$20.94
Earnings per common share – assuming dilution:	Earnings per common share – assuming dilution:				
Earnings per common share – assuming dilution:					
Earnings per common share – assuming dilution:					
Net income attributable to Valero stockholders					
Net income attributable to Valero stockholders					
Net income attributable to Valero stockholders	Net income attributable to Valero stockholders	$2,622	$2,817	$7,633	$8,415
Less: Income allocated to participating securities	Less: Income allocated to participating securities	8	11	24	31
Net income available to common stockholders	Net income available to common stockholders	$2,614	$2,806	$7,609	$8,384
Weighted-average common shares outstanding	Weighted-average common shares outstanding	349	390	359	400
Weighted-average common shares outstanding					
Weighted-average common shares outstanding					

Effect of dilutive securities	Effect of dilutive securities	—	—	—	1
Weighted-average common shares outstanding – assuming dilution	Weighted-average common shares outstanding – assuming dilution	349	390	359	401
Earnings per common share – assuming dilution	Earnings per common share – assuming dilution	$ 7.49	$ 7.19	$21.21	$20.93
Earnings per common share – assuming dilution					
Earnings per common share – assuming dilution					

Participating securities include restricted stock and performance awards granted under our 2020 Omnibus Stock Incentive Plan (OSIP) or our 2011 OSIP. Dilutive securities include participating securities as well as outstanding stock options. For the three months ended March 31, 2024 and 2023, we computed earnings per common share – assuming dilution using the two-class method for all dilutive securities.

9. REVENUES AND SEGMENT INFORMATION

Revenue from Contracts with Customers

Disaggregation of Revenue

Revenue is presented in the table below under "“*Segment Information” Information*” disaggregated by product because this is the level of disaggregation that management has determined to be beneficial to users of our financial statements.

Contract Balances

Contract balances were as follows (in millions):

	September 30, 2023	December 31, 2022
Receivables from contracts with customers, included in receivables, net	$ 7,451	$ 7,189
Contract liabilities, included in accrued expenses	38	129

During the ninemonths ended September 30, 2023 and 2022, we recognized as revenue $125 million and $74 million that was included in contract liabilities as of December 31, 2022 and 2021, respectively. Revenue recognized related to contract liabilities during the three months ended September 30, 2023 and 2022 was not material.

	March 31, 2024	December 31, 2023

Receivables from contracts with customers, included in receivables, net	$	6,788	$	7,209
Contract liabilities, included in accrued expenses		34		40

Remaining Performance Obligations

We have spot and term contracts with customers, the majority of which are spot contracts with no remaining performance obligations. We do not disclose remaining performance obligations for contracts that have terms of one year or less. The transaction price for our remaining term contracts includes a fixed component and variable consideration (i.e., a commodity price), both of which are allocated entirely to a wholly unsatisfied promise to transfer a distinct good that forms part of a single performance obligation. The fixed component is not material and the variable consideration is highly uncertain. Therefore, as of September 30, 2023 March 31, 2024, we have not disclosed the aggregate amount of the transaction price allocated to our remaining performance obligations.

Segment Information

We have three reportable segments — segments—Refining, Renewable Diesel, and Ethanol. Each segment is a strategic business unit that offers different products and services by employing unique technologies and marketing strategies and whose operations and operating performance are managed and evaluated separately. Operating performance is measured based on the operating income generated by the segment, which includes revenues and expenses that are directly attributable to the management of the respective segment. Intersegment sales are generally derived from transactions made at prevailing market rates. The following is a description of each segment's business operations.

- The *Refining segment* includes the operations of our petroleum refineries, the associated activities to market our refined petroleum products, and the logistics assets that support our refining operations. The principal products manufactured by our refineries and sold by this segment include gasolines and blendstocks, distillates, and other products.

- The *Renewable Diesel segment* represents the operations of DGD, a consolidated joint venture as discussed in Note 6, and the associated activities to market renewable diesel and renewable naphtha. The principal products manufactured by DGD and sold by this segment are renewable diesel and renewable naphtha. This segment sells some renewable diesel to the Refining segment, which is then sold to that segment's customers.

VALERO ENERGY CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- The *Ethanol segment* includes the operations of our ethanol plants and the associated activities to market our ethanol and co-products. The principal products manufactured by our ethanol plants are ethanol and distillers grains. This segment sells some ethanol to the Refining segment for blending into gasoline, which is sold to that segment's customers as a finished gasoline product.

Operations that are not included in any of the reportable segments are included in the corporate category.

The following tables reflect information about our operating income, including a reconciliation to our consolidated income before income tax expense,by reportable segment (in millions):

	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Three months ended March 31, 2024					
Revenues:					
Revenues from external customers	$ 30,143	$ 702	$ 914	$ —	$ 31,759
Intersegment revenues	2	709	190	(901)	—
Total revenues	30,145	1,411	1,104	(901)	31,759
Cost of sales:					
Cost of materials and other (a)	26,611	1,066	909	(904)	27,682
Operating expenses (excluding depreciation and amortization expense reflected below)	1,184	90	137	—	1,411
Depreciation and amortization expense	600	65	19	(1)	683
Total cost of sales	28,395	1,221	1,065	(905)	29,776
Other operating expenses	5	—	29	—	34
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	258	258
Depreciation and amortization expense	—	—	—	12	12
Operating income by segment	$ 1,745	$ 190	$ 10	$ (266)	1,679
Other income, net					144
Interest and debt expense, net of capitalized interest					(140)
Income before income tax expense					$ 1,683

See note (a) on page 17.

The following tables reflect information about our operating incomeby reportable segment (in millions):

	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Three months ended September 30, 2023					
Revenues:					
Revenues from external customers	$ 36,521	$ 759	$ 1,124	$ —	$ 38,404
Intersegment revenues	8	672	310	(990)	—
Total revenues	36,529	1,431	1,434	(990)	38,404
Cost of sales:					
Cost of materials and other (a)	31,115	1,169	1,092	(991)	32,385
Operating expenses (excluding depreciation and amortization expense reflected below)	1,366	84	125	3	1,578
Depreciation and amortization expense	597	55	20	(1)	671
Total cost of sales	33,078	1,308	1,237	(989)	34,634
Other operating expenses	6	—	—	—	6

General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	250	250
Depreciation and amortization expense	—	—	—	11	11
Operating income by segment	$ 3,445	$ 123	$ 197	$ (262)	$ 3,503
Three months ended September 30, 2022					
Revenues:					
Revenues from external customers	$ 42,280	$ 967	$ 1,207	$ —	$ 44,454
Intersegment revenues	9	508	179	(696)	—
Total revenues	42,289	1,475	1,386	(696)	44,454
Cost of sales:					
Cost of materials and other (a)	36,389	1,161	1,203	(689)	38,064
Operating expenses (excluding depreciation and amortization expense reflected below)	1,516	69	162	(1)	1,746
Depreciation and amortization expense	568	33	20	—	621
Total cost of sales	38,473	1,263	1,385	(690)	40,431
Other operating expenses	6	—	—	—	6
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	214	214
Depreciation and amortization expense	—	—	—	11	11
Operating income by segment	$ 3,810	$ 212	$ 1	$ (231)	$ 3,792

See note (a) on page 21.

	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Nine months ended September 30, 2023					
Revenues:					
Revenues from external customers	$ 102,924	$ 2,990	$ 3,438	$ —	$ 109,352
Intersegment revenues	8	2,367	790	(3,165)	—
Total revenues	102,932	5,357	4,228	(3,165)	109,352
Cost of sales:					
Cost of materials and other (a)	87,398	4,143	3,422	(3,143)	91,820
Operating expenses (excluding depreciation and amortization expense reflected below)	3,832	274	383	6	4,495
Depreciation and amortization expense	1,751	172	59	(3)	1,979
Total cost of sales	92,981	4,589	3,864	(3,140)	98,294
Other operating expenses	17	—	1	—	18
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	703	703
Depreciation and amortization expense	—	—	—	32	32
Operating income by segment	$ 9,934	$ 768	$ 363	$ (760)	$ 10,305

Nine months ended September 30, 2022					
Revenues:					
Revenues from external customers	$ 128,588	$ 2,417	$ 3,632	$ —	$ 134,637
Intersegment revenues	24	1,490	507	(2,021)	—
Total revenues	128,612	3,907	4,139	(2,021)	134,637
Cost of sales:					
Cost of materials and other (a)	111,308	3,129	3,533	(2,011)	115,959
Operating expenses (excluding depreciation and amortization expense reflected below)	4,111	178	464	(2)	4,751
Depreciation and amortization expense	1,682	87	37	—	1,806
Total cost of sales	117,101	3,394	4,034	(2,013)	122,516
Other operating expenses	38	—	2	—	40
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	652	652
Depreciation and amortization expense	—	—	—	34	34
Operating income by segment	$ 11,473	$ 513	$ 103	$ (694)	$ 11,395

	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Three months ended March 31, 2023					
Revenues:					
Revenues from external customers	$ 34,407	$ 935	$ 1,097	$ —	$ 36,439
Intersegment revenues	3	745	223	(971)	—
Total revenues	34,410	1,680	1,320	(971)	36,439
Cost of sales:					
Cost of materials and other (a)	28,510	1,331	1,131	(967)	30,005
Operating expenses (excluding depreciation and amortization expense reflected below)	1,261	86	130	—	1,477
Depreciation and amortization expense	572	58	20	—	650
Total cost of sales	30,343	1,475	1,281	(967)	32,132
Other operating expenses	10	—	—	—	10
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	244	244
Depreciation and amortization expense	—	—	—	10	10
Operating income by segment	$ 4,057	$ 205	$ 39	$ (258)	4,043
Other income, net					129
Interest and debt expense, net of capitalized interest					(146)
Income before income tax expense					$ 4,026

(a) Cost of materials and other for our Renewable Diesel segment is net of the blender's tax credit on qualified fuel mixtures of $266$331 million and $191$246 million for the three months ended September 30, 2023March 31, 2024 and 2022, respectively, and$900 million and $545 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The following table provides a disaggregation of revenues from external customers for our principal products by reportable segment (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
	2024			2024	2023
Refining:	Refining:				
Gasolines and blendstocks					
Gasolines and blendstocks					
Gasolines and blendstocks	Gasolines and blendstocks	$17,025	$17,862	$ 47,302	$ 54,026
Distillates	Distillates	16,392	20,481	47,222	62,352
Other product revenues	Other product revenues	3,104	3,937	8,400	12,210
Total Refining revenues	Total Refining revenues	36,521	42,280	102,924	128,588
Renewable Diesel:	Renewable Diesel:				
Renewable diesel	Renewable diesel	739	899	2,864	2,311
Renewable diesel					
Renewable diesel					
Renewable naphtha	Renewable naphtha	20	68	126	106
Total Renewable Diesel revenues	Total Renewable Diesel revenues	759	967	2,990	2,417
Ethanol:	Ethanol:				
Ethanol					
Ethanol					
Ethanol	Ethanol	861	966	2,522	2,820
Distillers grains	Distillers grains	263	241	916	812
Total Ethanol revenues	Total Ethanol revenues	1,124	1,207	3,438	3,632
Revenues	Revenues	$38,404	$44,454	$109,352	$134,637
Revenues					
Revenues					

Total assets by reportable segment were as follows (in millions):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Refining	Refining	$ 49,171	$ 48,484		
Renewable Diesel	Renewable Diesel	5,552	5,217		
Ethanol	Ethanol	1,501	1,551		
Corporate and eliminations	Corporate and eliminations	6,951	5,730		
Total assets	Total assets	$ 63,175	$ 60,982		

10. SUPPLEMENTAL CASH FLOW INFORMATION

In order to determine net cash provided by operating activities, net income is adjusted by, among other things, changes in current assets and current liabilities as follows (in millions):

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022		
Increase in current assets:					
Three Months Ended March 31, 2024				Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Decrease (increase) in current assets:					
Receivables, net					
Receivables, net					
Receivables, net	Receivables, net	$ (709)	$(1,435)		
Inventories	Inventories	(720)	(703)		
Prepaid expenses and other	Prepaid expenses and other	(40)	(201)		
Prepaid expenses and other					
Prepaid expenses and other					

Increase (decrease) in current liabilities:	Increase (decrease) in current liabilities:		
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	656	746
Accrued expenses	Accrued expenses	(31)	38
Taxes other than income taxes payable	Taxes other than income taxes payable	(222)	(103)
Income taxes payable	Income taxes payable	(629)	41
Changes in current assets and current liabilities	Changes in current assets and current liabilities	$(1,695)	$(1,617)

Changes in current assets and current liabilities for the nine three months ended September 30, 2023 March 31, 2024 were primarily due to the following:

- The increase decrease in receivables was primarily due to an increase a decrease in refined petroleum product prices sales volumes in September 2023 March 2024 compared to December 2022;
- The increase in inventories was due to 2023, partially offset by an increase in inventory volumes in September 2023 compared to December 2022;
- The increase in accounts payable was due to an increase in crude oil related prices; and other feedstock prices in September 2023 compared to December 2022; and
- The decrease in income taxes payable wasprimarily due to income tax payments made during the ninemonths ended September 30, 2023.

Changes in current assets and current liabilities for the ninemonths ended September 30, 2022 were primarily due to the following:

- The increase in receivables was due to an increase in refined petroleum product prices in September 2022 compared to December 2021;
- The increase in inventories was due to an increase in inventory volumes valued at higher unit prices in September 2022 March 2024 compared to December 2021; 2023.

Changes in current assets and current liabilities for the threemonths ended March 31, 2023 were primarily due to the following:

- The decrease in receivables was primarily due to a decrease in refined petroleum product sales volumes in March 2023 compared to December 2022;
- The increase in inventories was due to an increase in inventory volumes valued at higher unit prices in March 2023 compared to December 2022; and
- The decrease in accounts payable was due to a decrease in crude oil and other feedstock volumes purchased combined with a decrease in related prices in March 2023 compared to December 2022.

- The increase in accounts payable was due to an increase in crude oil and other feedstock prices in September 2022 compared to December 2021, partially offset by a decrease in related volumes purchased.

Cash flows related to interest and income taxes were as follows (in millions):

	Nine Months Ended September 30,	
	2023	2022
Interest paid in excess of amount capitalized, including interest on finance leases	$ 372	$ 383
Income taxes paid, net	3,098	2,630

	Three Months Ended March 31,	Three Months Ended March 31,	
	2024	2024	2023
Interest paid in excess of amount capitalized, including interest on finance leases			
Income taxes paid, net			

Supplemental cash flow information related to our operating and finance leases was as follows (in millions):

	Nine Months Ended September 30,			
	2023		2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows	$ 316	$ 81	$ 296	$ 59
Financing cash flows	—	190	—	129

	Three Months Ended March 31,		Three Months Ended March 31,			
	2024		2024		2023	
	Operating Leases		Operating Leases	Finance Leases	Operating Leases	Finance Leases
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows						
Operating cash flows						
Financing cash flows						
Financing cash flows						

Changes in lease balances resulting from new and modified leases	Changes in lease balances resulting from new and modified leases	343	84	132	156

Noncash financing activities for the three months ended March 31, 2024 included the conversion by IEnova of $457 million of outstanding borrowings under the IEnova Revolver to additional equity in Central Mexico Terminals, as described in Note 4. There were no other significant noncash investing and financing activities during the three months ended March 31, 2024, except as noted in the table above.

There were no significant noncash investing and financing activities during the nine three months ended September 30, 2023 or 2022, March 31, 2023, except as noted in the table above.

11. FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

The following tables present information (in millions) about our assets and liabilities recognized at their fair values in our balance sheets categorized according to the fair value hierarchy of the inputs utilized by us to determine the fair values as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

We have elected to offset the fair value amounts recognized for multiple similar derivative contracts executed with the same counterparty, including any related cash collateral assets or obligations as shown below; however, fair value amounts by hierarchy level are presented in the following tables on a gross basis. We have no derivative contracts that are subject to master netting arrangements that are reflected gross on the in our balance sheet. sheets.

	March 31, 2024						
	Fair Value Hierarchy	Total Gross Fair Value					Tota Gros Fai Valu
	Level 1						
	Level 1						
	Level 1						
Assets							
Assets							
Assets							
Commodity derivative contracts							
Commodity derivative contracts							
Commodity derivative contracts							
Physical purchase contracts	Physical purchase contracts	—	1	—	1	n/a	

September 30, 2023

Investments of certain benefit plans

	Fair Value Hierarchy			Total Gross Fair Value	Effect of Counter-party Netting	Effect of Cash Collateral Netting	Net Carrying Value on Balance Sheet	Cash Collateral Paid or Received Not Offset
	Level 1	Level 2	Level 3					
Assets								
Commodity derivative contracts	$ 909	$ —	$ —					
Foreign currency contracts	4	—	—	4	n/a	n/a	4	n/a
Investments of certain benefit plans	77	—	4	81	n/a	n/a	81	n/a
Investments in AFS debt securities	85	66	—	151	n/a	n/a	151	n/a
Total	$1,075	$ 66	$ 4	$ 1,145	$ (907)	$ —	$ 238	
Liabilities								
Commodity derivative contracts	$1,148	$ —	$ —	$ 1,148	$ (907)	$ (241)	$ —	$ (141)
Blending program obligations	—	129	—	129	n/a	n/a	129	n/a
Physical purchase contracts	—	14	—	14	n/a	n/a	14	n/a
Total	$1,148	$143	$ —	$ 1,291	$ (907)	$ (241)	$ 143	

Investments of certain benefit plans	82	—	—	4	4	86	86	n/a	r
Investments in AFS debt securities	33	64	64	—	—	97	97	n/a	
Foreign currency contracts	2	—	—	2	n/a				
Physical purchase contracts	—	2	—	2	n/a				
Blending program obligations	—	41	41	—	—	41	41	n/a	

Liabilities

Commodity derivative contracts

Total

	December 31, 2022							
	Fair Value Hierarchy							
	Level 1	Level 2	Level 3	Total Gross Fair Value	Effect of Counter-party Netting	Effect of Cash Collateral Netting	Net Carrying Value on Balance Sheet	Cash Collateral Paid or Received Not Offset
Assets								
Commodity derivative contracts	$830	$ —	$ —	$ 830	$ (705)	$ (8)	$ 117	$ —
Physical purchase contracts	—	4	—	4	n/a	n/a	4	n/a
Investments of certain benefit plans	72	—	6	78	n/a	n/a	78	n/a
Investments in AFS debt securities	56	165	—	221	n/a	n/a	221	n/a
Total	$958	$169	$ 6	$ 1,133	$ (705)	$ (8)	$ 420	
Liabilities								
Commodity derivative contracts	$705	$ —	$ —	$ 705	$ (705)	$ —	$ —	$ (149)

December 31, 2023

Fair Value Hierarchy

	Level 1	Level 1	Level 1	Total Gross Fair Value	Total Gross Fair Value
Assets					
Assets					
Assets					
Commodity derivative contracts					
Commodity derivative contracts					
Commodity derivative contracts					
Investments of certain benefit plans					
Investments of certain benefit plans					
Investments of certain benefit plans	76	—	4	80	n/a 80
Investments in AFS debt securities	36	75	75 — —	111	111 n/a n/a
Total					
Total					
Total					
Liabilities					
Liabilities					
Liabilities					
Commodity derivative contracts					
Commodity derivative contracts					
Commodity derivative contracts					

Physical purchase contracts									
Blending program obligations	Blending program obligations	—	55	—	55	n/a	n/a	55	n/a
Physical purchase contracts		—	4	—	4	n/a	n/a	4	n/a
Foreign currency contracts	Foreign currency contracts	2	—	—	2	n/a	n/a	2	n/a
Total	Total	$707	$ 59	$ —	$ 766	$ (705)	$ —	$ 61	

Physical purchase contracts	—		6	—		6		n/a	6
Blending program obligations	—	58	58	—	—	58	58	n/a	n/a
Foreign currency contracts	7	—	—	—	—	7	7	n/a	n/a

A description of our assets and liabilities recognized at fair value along with the valuation methods and inputs we used to develop their fair value measurements are as follows:

- Commodity derivative contracts consist primarily of exchange-traded futures, which are used to reduce the impact of price volatility on our results of operations and cash flows as discussed in Note 12. These contracts are measured at fair value using a market approach based on quoted prices from the commodity exchange and are categorized in Level 1 of the fair value hierarchy.

- Physical purchase contracts represent the fair value of fixed-price corn purchase contracts. The fair values of these purchase contracts are measured using a market approach based on quoted prices from the commodity exchange or an independent pricing service and are categorized in Level 2 of the fair value hierarchy.

- Investments of certain benefit plans consist of investment securities held by trusts for the purpose of satisfying a portion of our obligations under certain U.S. nonqualified benefit plans. The plan assets categorized in Level 1 of the fair value hierarchy are measured at fair value using a market approach based on quoted prices from national securities exchanges. The plan assets categorized in Level 3 of the fair value hierarchy represent insurance contracts, the fair value of which is provided by the insurer.

- Investments in AFS debt securities consist primarily of commercial paper and U.S. government treasury bills and have maturities within one year. The securities were reflected in the following balance sheet line items, depending on their original maturities when acquired (in millions):

	September 30, 2023			December 31, 2022		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Cash and cash equivalents	$ —	$ 33	$ 33	$ —	$ 125	$ 125
Prepaid expenses and other	85	33	118	56	40	96
Investments in AFS debt securities	$ 85	$ 66	$ 151	$ 56	$ 165	$ 221

The securities categorized in Level 1 are measured at fair value using a market approach based on quoted prices from national securities exchanges, and the securities categorized in Level 2 are measured at fair value using a market approach based on quoted prices from independent pricing services. The amortized cost basis of the securities approximates fair value. Realized and unrealized gains and losses were de minimis for the three and nine months ended September 30, 2023. There were no AFS debt securities held as of and for the nine months ended September 30, 2022.

- Blending program obligations represent our liability for the purchase of compliance credits needed to satisfy our blending obligations under various government and regulatory blending programs, such as the U.S. Environmental Protection Agency's (EPA) Renewable Fuel Standard (RFS), the California Low Carbon Fuel Standard (LCFS), the Canada Clean Fuel Regulations, and similar programs in other jurisdictions in which we operate (collectively, the

Renewable and Low-Carbon Fuel Programs). The blending program obligations are categorized in Level 2 of the fair value hierarchy and are measured at fair value using a market approach based on quoted prices from an independent pricing service.

- Investments of certain benefit plans consist of investment securities held by trusts for the purpose of satisfying a portion of our obligations under certain U.S. nonqualified benefit plans. The plan assets categorized in Level 1 of the fair value hierarchy are measured at fair value using a market approach based on quoted prices from national securities exchanges. The plan assets categorized in Level 3 of the fair value hierarchy represent insurance contracts, the fair value of which is provided by the insurer.

- Investments in AFS debt securities consist primarily of commercial paper and U.S. government treasury bills and have maturities within one year. The securities categorized in Level 1 are measured at fair value using a market approach based on quoted prices from national securities exchanges and the securities categorized in Level 2 are measured at fair value using a market approach based on quoted prices from independent pricing services. The amortized cost basis of the securities approximates fair value. Realized and unrealized gains and losses were de minimis for the three months ended March 31, 2024 and 2023.

- Foreign currency contracts consist of foreign currency exchange and purchase contracts and foreign currency swap agreements related to our foreign operations to manage our exposure to exchange rate fluctuations on transactions denominated in currencies other than the local (functional) currencies of our operations. These contracts are valued based on quoted foreign currency exchange rates and are categorized in Level 1 of the fair value hierarchy.

Nonrecurring Fair Value Measurements

As previously disclosed in our annual report on Form 10-K for the year ended December 31, 2022, we concluded that our ethanol plant located in Lakota, Iowa (Lakota ethanol plant) was impaired as of December 31, 2022, which resulted in an asset impairment loss of $61 million. The fair value of the Lakota ethanol plant was determined using a combination of the income and market approaches and was classified in Level 3. We employed a probability-weighted approach to possible future cash flow scenarios, including the use of peer company metrics and comparison to a recent sales transaction.

There were no assets or liabilities that were measured at fair value on a nonrecurring basis as of September 30, 2023 March 31, 2024 and December 31, 2022, except as noted above. December 31, 2023.

Financial Instruments

Our financial instruments include cash and cash equivalents, investments in AFS debt securities, receivables, payables, debt obligations, operating and finance lease obligations, commodity derivative contracts, and foreign currency contracts. The estimated fair values of cash and cash equivalents, receivables, payables, and operating and finance lease obligations approximate their carrying amounts; the carrying value and fair value of debt is shown in the table below (in millions).

		September 30, 2023		**December 31, 2022**	
	Fair Value Hierarchy	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**

		Fair Value Hierarchy	March 31, 2024				Fair Value Hierarchy	Carrying Amount	Fair Value	March 31, 2024 Carrying Amount	December 31, 2023 Fair Value
Financial liabilities:	Financial liabilities:										
Debt (excluding finance lease obligations)	Debt (excluding finance lease obligations)	Level 2	$ 9,150	$8,549	$ 9,241	$8,902					
Debt (excluding finance lease obligations)											
Debt (excluding finance lease obligations)											

Investments in AFS debt securities, commodity derivative contracts, and foreign currency contracts are recognized at their fair values as shown in "*Recurring Fair Value Measurements*" above.

12. PRICE RISK MANAGEMENT ACTIVITIES

General

We are exposed to market risks primarily related to the volatility in the price of commodities, foreign currency exchange rates, and the price of credits needed to comply with the Renewable and Low-Carbon Fuel Programs. We enter into derivative instruments to manage some of these risks, including derivative instruments related to the various commodities we purchase or produce, and foreign currency exchange and purchase contracts, as described below under "*Risk Management Activities by Type of Risk. Risk.*" These derivative instruments are recorded as either assets or liabilities measured at their fair values (see Note 11), as summarized below under "*Fair Values of Derivative Instruments.*" The effect of these derivative instruments on our income and other comprehensive loss income (loss) is summarized below under "*Effect of Derivative Instruments on Income and Other Comprehensive Loss. Income (Loss).*"

Risk Management Activities by Type of Risk

Commodity Price Risk

We are exposed to market risks related to the volatility in the price of feedstocks (primarily crude oil, waste and renewable feedstocks, and corn), the products we produce, and natural gas used in our operations. To reduce the impact of price volatility on our results of operations and cash flows, we use commodity derivative instruments, such as futures and options. Our positions in commodity derivative instruments are monitored and managed on a daily basis by our risk control group to ensure compliance with our stated risk management policy that has been approved by is periodically reviewed with our Board. Board and/or relevant Board committee.

We primarily use commodity derivative instruments as cash flow hedges and economic hedges. Our objectives for entering into each type of hedge is described below.

- *Cash flow hedges* – The objective of our cash flow hedges is to lock in the price of forecasted purchases and/or product sales at existing market prices that we deem favorable.

- *Economic hedges* – Our objectives for holding economic hedges are to (i) manage price volatility in certain feedstock and product inventories and (ii) lock in the price of forecasted purchases and/or product sales at existing market prices that we deem favorable.

As of September 30, 2023 March 31, 2024, we had the following outstanding commodity derivative instruments that were used as cash flow hedges and economic hedges, as well as commodity derivative instruments related to the physical purchase of corn at a fixed price. The information presents the notional volume of outstanding contracts by type of instrument and year of maturity (volumes in thousands of barrels, except corn contracts that are presented in thousands of bushels).

	Notional Contract Volumes by Year of Maturity	
	2023	**2024**
Derivatives designated as cash flow hedges:		
Refined petroleum products:		
Futures – long	915	200
Futures – short	6,765	2,362
Derivatives designated as economic hedges:		
Crude oil and refined petroleum products:		
Futures – long	81,133	4,214
Futures – short	87,324	5,260
Corn:		
Futures – long	66,695	90
Futures – short	82,415	3,290
Physical contracts – long	14,533	3,193

	Notional Contract Volumes by Year of Maturity
	2024
Derivatives designated as cash flow hedges:	
Refined petroleum products:	
Futures – long	3,041
Futures – short	7,290
Derivatives designated as economic hedges:	
Crude oil and refined petroleum products:	
Futures – long	157,473
Futures – short	166,013
Options – long	400
Options – short	400
Corn:	
Futures – long	43,330
Futures – short	60,110
Physical contracts – long	15,514

Foreign Currency Risk

We are exposed to exchange rate fluctuations on transactions related to our foreign operations that are denominated in currencies other than the local (functional) currencies of our operations. To manage our exposure to these exchange rate fluctuations, we often use foreign currency contracts. These contracts are not designated as hedging instruments for accounting purposes and therefore are classified as economic hedges. As of September 30, 2023 March 31, 2024, we had foreign currency contracts to purchase $630 $615 million of U.S. dollars. All of Of these commitments, $405 million matured on or before October 25, 2023 April 19, 2024 and the remaining $210 million will mature by April 29, 2024.

Renewable and Low-Carbon Fuel Programs Price Risk

We are exposed to market risk related to the volatility in the price of credits needed to comply with the Renewable and Low-Carbon Fuel Programs. To manage this risk, we enter into contracts to purchase these credits. Some of these contracts are derivative instruments; however, we elect the normal purchase exception and do not record these contracts at their fair values. The Renewable and Low-Carbon Fuel Programs require us to blend a certain volume of renewable and low-carbon fuels into the petroleum-based transportation fuels we produce in, or import into, the respective jurisdiction to be consumed therein based on annual quotas. To the degree we are unable to blend at the required quotas, we must purchase compliance credits (primarily Renewable Identification Numbers (RINs)). The cost of meeting our credit obligations under the Renewable and Low-Carbon Fuel Programs was $204 million and

our credit obligations under the Renewable and Low-Carbon Fuel Programs was $438 million and $461 $413 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $1.2 billion and $984 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. These amounts are reflected in cost of materials and other.

Fair Values of Derivative Instruments

The following table provides information about the fair values of our derivative instruments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in millions) and the line items in the our balance sheets in which the fair values are reflected. See Note 11 for additional information related to the fair values of our derivative instruments.

As indicated in Note 11, we net fair value amounts recognized for multiple similar derivative contracts executed with the same counterparty under master netting arrangements, including cash collateral assets and obligations. The following table, however, is presented on a gross asset and gross liability basis, which results in the reflection of certain assets in liability accounts and certain liabilities in asset accounts:

		Balance Sheet Location	September 30, 2023 Asset Derivatives	September 30, 2023 Liability Derivatives	December 31, 2022 Asset Derivatives	December 31, 2022 Liability Derivatives
	Balance Sheet Location		Asset Derivatives			
						March 31, 2024 — Balance Sheet Location / Asset Derivatives / Liability Derivatives
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:					
Commodity contracts						
Commodity contracts						
Commodity contracts	Commodity contracts	Receivables, net	$ 10	$ 19	$ 61	$ 44
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:					
Derivatives not designated as hedging instruments:						
Derivatives not designated as hedging instruments:						
Commodity contracts						
Commodity contracts						
Commodity contracts	Commodity contracts	Receivables, net	$ 899	$1,129	$769	$661
Physical purchase contracts	Physical purchase contracts	Inventories	—	14	4	4
Foreign currency contracts	Foreign currency contracts	Receivables, net	4	—	—	—
Foreign currency contracts	Foreign currency contracts	Accrued expenses	—	—	—	2
Total	Total		$ 903	$1,143	$773	$667

Market Risk

Our price risk management activities involve the receipt or payment of fixed price commitments into the future. These transactions give rise to market risk, which is the risk that future changes in market conditions may make an instrument less valuable. We closely monitor and manage our exposure to market risk on a daily basis in accordance with policies approved by that are periodically reviewed with our Board. Board and/or relevant Board committee. Market risks are monitored by our risk control group to ensure compliance with our stated risk management policy. We do not require any collateral or other security to support derivative instruments into which we enter. We also do not have any derivative instruments that require us to maintain a minimum investment-grade credit rating.

Effect of Derivative Instruments on Income and Other Comprehensive Loss Income (Loss)

The following table provides information about the gain (loss) recognized in income and other comprehensive loss income (loss) due to fair value adjustments of our cash flow hedges (in millions):

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Commodity contracts:					
Gain (loss) recognized in other comprehensive loss	n/a	$ (197)	$ 79	$ (71)	$ (215)
Gain (loss) reclassified from accumulated other comprehensive loss into income	Revenues	(119)	10	(3)	(289)

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended March 31,	
		2024	2023
Commodity contracts:			
Gain (loss) recognized in other comprehensive income (loss)	n/a	$ (60)	$ 95
Gain reclassified from accumulated other comprehensive loss into income	Revenues	24	38

For cash flow hedges, no component of any derivative instrument's gains gain or losses loss was excluded from the assessment of hedge effectiveness for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, cash flow hedges primarily related to forecasted sales of renewable diesel. As of September 30, 2023 March 31, 2024, the estimated deferred after-tax lossthat is expected to be reclassified into revenueswithin the next 12 months was not material. The changes in accumulated other comprehensive loss by component, net of tax, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are described in Note 5.

The following table provides information about the gain (loss) recognized in income on our derivative instruments with respect to our economic hedges and our foreign currency hedges and the line items in the our statements of income in which such gains (losses) are reflected (in millions):

Derivatives Not Designated as Hedging Instruments										
Derivatives Not Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended September 30,		Nine Months Ended September 30,		Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended March 31,	
			2023	2022	2023	2022			2024	2023
Commodity contracts	Commodity contracts	Revenues	$ (2)	$ (6)	$(19)	$(12)				
Commodity contracts	Commodity contracts	Cost of materials and other	(48)	(109)	126	(976)				

Commodity contracts	Commodity contracts	Operating expenses (excluding depreciation and amortization expense)	—	(18)	1	(9)
Foreign currency contracts	Foreign currency contracts	Cost of materials and other	19	57	(1)	104
Foreign currency contracts		Other income, net	—	(38)	—	(119)

ITEM 2. MANAGEMENT'S MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT FOR THE PURPOSE OF SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Form 10-Q, including without limitation our disclosures below under “OVERVIEW AND OUTLOOK,,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify our forward-looking statements by the words “anticipate,” “believe,” “expect,” “plan,” “intend,” “scheduled,” “estimate,” “project,” “projection,” “predict,” “budget,” “forecast,” “goal,” “guidance,” “target,” “ambition,” “could,” “would,” “should,” “may,” “strive,” “seek,” “potential,” “opportunity,” “aimed,” “considering,” “continue,” and similar expressions.

These forward-looking statements include, among other things, statements regarding:

- the effect, impact, potential duration or timing, or other implications of global geopolitical and other conflicts and tensions; tensions, and government and other responses thereto;
- future Refining segment margins, including gasoline and distillate margins, and discounts; differentials;
- future Renewable Diesel segment margins;
- future Ethanol segment margins;
- expectations regarding feedstock costs, including crude oil differentials, product prices for each of our segments, transportation costs, and operating expenses;
- anticipated levels of crude oil and liquid transportation fuel inventories, storage capacity, and storage capacity; production;
- expectations with respect to third-party refining, logistics, and low-carbon fuels projects and operations, and the effect and implications thereof on industry and market dynamics;
- expectations regarding the levels of, costs and timing with respect to, the production and operations at our existing refineries and plants, projects under evaluation, construction, or under development, and former projects;
- our anticipated level of capital investments, including deferred turnaround and catalyst cost expenditures, our expected allocation between, and/or within, growth capital expenditures and sustaining capital expenditures, capital expenditures for environmental and other purposes, and joint venture investments, the expected costs and timing applicable to such capital investments and any related projects, and the effect of those capital investments on our business, financial condition, results of operations, and liquidity;
- our anticipated level of cash distributions or contributions, such as our dividend payment rate and contributions to our qualified pension plans and other postretirement benefit plans;
- our ability to meet future cash and credit requirements, whether from funds generated from our operations or our ability to access financial markets effectively, and expectations regarding our liquidity;
- our evaluation of, and expectations regarding, any future activity under our share purchase program or transactions involving our debt securities;
- anticipated trends in the supply of, and demand for, crude oil and other feedstocks and refined petroleum products, renewable diesel, and ethanol and corn related co-products in the regions where we operate, as well as globally;
- expectations regarding environmental, tax, and other regulatory matters, including SBx 1-2 and the matters discussed under “PART II, ITEM 1. LEGAL PROCEEDINGS” below, PROCEEDINGS,” the anticipated amounts and timing of payment with respect to our deferred tax liabilities, unrecognized tax

Table of Contents

benefits, matters impacting our ability to repatriate cash held by our foreign subsidiaries, and the anticipated effect thereof on our business, financial condition, results of operations, and liquidity;
- the effect of general economic and other conditions, including inflation and economic activity levels, on refining, renewable diesel, and ethanol industry fundamentals;

- expectations regarding our risk management activities, including the anticipated effects of our hedge transactions;
- expectations regarding our counterparties, including our ability to pass on increased compliance costs and timely collect receivables, and the credit risk within our accounts receivable or accounts payable;
- expectations regarding adoptions of new, or changes to existing low-carbon fuel standards or policies,Renewable and Low-Carbon Fuel Programs, blending and tax credits, or efficiency standards that impact demand for renewable fuels; and
- expectations regarding our low-carbon fuels strategy, publicly announced greenhouse gas (GHG) emissions reduction/displacement targets and ambitions, and our current, former, and any future low-carbon projects.

We based our forward-looking statements on our current expectations, estimates, and projections about ourselves, our industry, and the global economy and financial markets generally. We caution that these statements are not guarantees of future performance or results and involve known and unknown risks and uncertainties, the ultimate outcomes of which we cannot predict with certainty. In addition, we based many of these forward-looking statements on assumptions about future events, the ultimate outcomes of which we cannot predict with certainty and which may prove to be inaccurate. Accordingly, actual performance or results may differ materially from the future performance or results that we have expressed, suggested, or forecast in the forward-looking statements. Differences between actual performance or results and any future performance or results expressed, suggested, or forecast in these forward-looking statements could result from a variety of factors, including the following:

- the effects arising out of global geopolitical and other conflicts and tensions, including with respect to changes in trade flows and impacts to crude oil and other markets;
- demand for, and supplies of, refined petroleum products (such as gasoline, diesel, jet fuel, and petrochemicals), renewable diesel, and ethanol and corn related co-products;
- demand for, and supplies of, crude oil and other feedstocks;
- the effects of public health threats, pandemics, and epidemics, such as the COVID-19 pandemic and variants of the virus, governmental and societal responses thereto, and the adverse impacts of the foregoing on our business, financial condition, results of operations, and liquidity, and the global economy and financial markets generally;
- acts of terrorism aimed at either our refineries and plants or third-party facilities that could impair our ability to produce or transport refined petroleum products, renewable diesel, ethanol, or corn related co-products, to receive feedstocks, or otherwise operate efficiently;
- the effects of war or hostilities, and political and economic conditions, in countries that produce crude oil or other feedstocks or consume refined petroleum products, renewable diesel, ethanol or corn related co-products;
- the ability of the members of the Organization of Petroleum Exporting Countries (OPEC), and other petroleum-producing nations that collectively make up OPEC+, to agree on and to maintain crude oil price and production controls;
- the level of consumer demand, consumption, and overall economic activity, including the effects from seasonal fluctuations and market prices;
- refinery, renewable diesel plant, or ethanol plant overcapacity or undercapacity;

- the risk that any transactions or capital decisions may not provide the anticipated benefits or may result in unforeseen detriments;
- the actions taken by competitors, including both pricing and adjustments to refining capacity or renewable fuels production in response to market conditions;
- the level of competitors' imports into markets that we supply;

- accidents, unscheduled shutdowns, weather events, civil unrest, expropriation of assets, and other economic, diplomatic, legislative, societal, or political events or developments, terrorism, cyberattacks, or other catastrophes or disruptions affecting our operations, production facilities, machinery, pipelines and other logistics assets, equipment, or information systems, or any of the foregoing of our suppliers, customers, or third-party service providers;
- changes in the cost or availability of transportation or storage capacity for feedstocks and our products;
- political pressure and influence of environmental groups and other stakeholders upon policies and decisions related to the production, transportation, storage, refining, processing, marketing, and sales of crude oil or other feedstocks, refined petroleum products, renewable diesel, ethanol, or corn related co-products;
- the price, availability, technology related to, and acceptance of alternative fuels and alternative-fuel vehicles, as well as sentiment and perceptions with respect to low-carbon projects and GHG emissions more generally;
- the levels of government subsidies for, and executive orders, mandates, or other policies with respect to, alternative fuels, alternative-fuel vehicles, and other low-carbon technologies or initiatives, including those related to carbon capture, carbon sequestration, and low-carbon fuels, or affecting the price of natural gas and/or electricity;
- the volatility in the market price of compliance credits (primarily RINs needed to comply with the RFS) under the Renewable and Low-Carbon Fuel Programs and emission credits needed under other environmental emissions programs;
- delay of, cancellation of, or failure to implement planned capital or other strategic projects and realize the various assumptions and benefits projected for such projects or cost overruns in constructing executing such planned capital projects;
- earthquakes, hurricanes, tornadoes, winter storms, droughts, floods, wildfires, and other weather events, which can unforeseeably affect the price or availability of electricity, natural gas, crude oil, waste and renewable feedstocks, corn, and other feedstocks, critical supplies, refined petroleum products, renewable diesel, and ethanol;
- rulings, judgments, or settlements in litigation or other legal or regulatory matters, including such as unexpected environmental remediation or enforcement costs, including those in excess of any reserves or insurance coverage;
- legislative or regulatory action, including the introduction or enactment of legislation or rulemakings by government authorities, environmental regulations, changes to income tax rates, introduction of a global minimum tax, windfall taxes or penalties, tax changes or restrictions impacting the foreign repatriation of cash, actions implemented under SBx 1-2, actions implemented under the Renewable and Low-Carbon Fuel Programs and other environmental emissions programs, including changes to volume requirements or other obligations or exemptions under the RFS, and actions arising from the EPA's or other government agencies' regulations, policies, or initiatives concerning GHGs, including mandates for or bans of specific technology, which may adversely affect our business or operations;
- changing economic, regulatory, and political environments and related events in the various countries in which we operate or otherwise do business, including trade restrictions, expropriation or impoundment of assets, failure of foreign governments and state-owned entities to honor their contracts, property disputes, economic instability, restrictions on the transfer of funds, duties and

tariffs, transportation delays, import and export controls, labor unrest, security issues involving key personnel, and decisions, investigations, regulations, issuances or revocations of permits and other authorizations, and other actions, policies, and initiatives by the states, counties, cities, and other jurisdictions in the countries in which we operate or otherwise do business;

- changes in the credit ratings assigned to our debt securities and trade credit;

- the operating, financing, and distribution decisions of our joint ventures or other joint venture members that we do not control;
- changes in currency exchange rates, including the value of the Canadian dollar, the pound sterling, the euro, the Mexican peso, and the Peruvian sol relative to the U.S. dollar;
- the adequacy of capital resources and liquidity, including availability, timing, and amounts of cash flow or our ability to borrow or access financial markets;
- the costs, disruption, and diversion of resources associated with lawsuits, proceedings, demands, or investigations, or campaigns and negative publicity commenced by government authorities, investors, stakeholders, or other interested parties;
- overall economic conditions, including the stability and liquidity of financial markets, and the effect thereof on consumer demand; and
- other factors generally described in the "RISK FACTORS" section included in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Any one of these factors, or a combination of these factors, could materially affect our future results of operations and whether any forward-looking statements ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and actual results and future performance may differ materially from those expressed, suggested, or forecast in any forward-looking statements. Such forward-looking statements speak only as of the date of this quarterly report on Form 10-Q and we do not intend to update these statements unless we are required by applicable securities laws to do so.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing, as it may be updated or modified by our future filings with the U.S. Securities and Exchange Commission (SEC). We undertake no obligation to publicly release any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events unless we are required by applicable securities laws to do so.

NON-GAAP FINANCIAL MEASURES

The following discussions in "OVERVIEW AND OUTLOOK," "RESULTS OF OPERATIONS," and "LIQUIDITY AND CAPITAL RESOURCES" below include references to financial measures that are not defined under GAAP. These non-GAAP financial measures include adjusted operating income (including adjusted operating income for each of our reportable segments, as applicable); Refining, Renewable Diesel, and Ethanol segment margin; and capital investments attributable to Valero. We have included these non-GAAP financial measures to help facilitate the comparison of operating results between periods, to help assess our cash flows, and because we believe they provide useful information as discussed further below. See the tables in note (f) (c) beginning on page 54 41 for reconciliations of adjusted operating income (including adjusted operating income for each of our reportable segments, as applicable) and Refining, Renewable Diesel, and Ethanol segment margin to their most directly comparable GAAP financial measures. Also in note (f) (c), we disclose the reasons why we believe our use of such non-GAAP financial measures provides useful information. See the table on page 60 46 for a reconciliation of capital investments attributable to Valero to its most directly comparable GAAP

financial measure. Beginning on page 59 45, we disclose the reasons why we believe our use of this non-GAAP financial measure provides useful information.

OVERVIEW AND OUTLOOK

Overview

Business Operations Update

Our results for the third first quarter and first nine months of 2023 2024 were favorably impacted by the continued strong worldwide demand for petroleum-based transportation fuels, while the worldwide supply of those products remained constrained. This global supply and demand imbalance has continued to contribute contributed to strong refining margins for 2023. the first quarter of 2024.

The strong demand for our products and continued strength in refining margins were the primary contributors to us reporting $2.6 billion and $7.6 $1.2 billion of net income attributable to Valero stockholders for the third first quarter of 2023 and the first nine months of 2023, respectively. 2024. Our operating results, including operating results by segment, are described in the following summary under "Third "First Quarter Results" Results," and "First Nine Months Results," with more detailed descriptions can be found under "RESULTS OF OPERATIONS" beginning on page 39 34.

Our operations generated $8.0 $1.8 billion of cash during the first nine months quarter of 2023. 2024. This cash, along with cash on hand, was used to make $1.4 billion $661 million of capital investments in our business and return $5.3 $1.4 billion to our stockholders through purchases of common stock for treasury and dividend payments. In addition, we reduced our outstanding debt through the purchase of $199 million of our public debt during the first nine months quarter of 2023. 2024 through the repayment of the $167 million outstanding principal balance of our 1.200 percent Senior Notes that matured on March 15, 2024. As a result of this and other activity, our cash and cash equivalents increased decreased by $969 $507 million, from $5.4 billion as of December 31, 2023 to $4.9 billion as of December 31, 2022 to $5.8 billion as of September 30, 2023 March 31, 2024. We had $11.0 $10.0 billion in liquidity as of September 30, 2023 March 31, 2024. The components of our liquidity and descriptions of our cash flows, capital investments, and other matters impacting our liquidity and capital resources can be found under "LIQUIDITY AND CAPITAL RESOURCES" beginning on page 57 43.

Third First Quarter Results

For the third first quarter of 2023, 2024, we reported net income attributable to Valero stockholders of $2.6 $1.2 billion compared to $2.8 $3.1 billion for the third first quarter of 2022. 2023. The decrease of $195 million $1.8 billion was primarily due to a decrease in operating income of $289 million, $2.4 billion, partially offset by an increase in "other income, net" of $48 million and a decrease in income attributable to noncontrolling interests tax expense of $54 $527 million. The details of our operating income and adjusted operating income by segment and in total are reflected below on the following page (in millions). Adjusted operating income excludes the adjustment reflected in the table tables in note (f) (c) beginning on page 54 41.

	Three Months Ended September 30,					
	2023		2022		Change	
Refining segment:						
Operating income	$	3,445	$	3,810	$	(365)
Adjusted operating income		3,451		3,816		(365)
Renewable Diesel segment:						
Operating income		123		212		(89)
Ethanol segment:						
Operating income		197		1		196
Total company:						
Operating income		3,503		3,792		(289)
Adjusted operating income		3,509		3,798		(289)

Table of Contents

	Three Months Ended March 31,		
	2024	2023	Change

Refining segment:			
Operating income	$ 1,745	$ 4,057	$ (2,312)
Adjusted operating income	1,750	4,067	(2,317)
Renewable Diesel segment:			
Operating income	190	205	(15)
Ethanol segment:			
Operating income	10	39	(29)
Adjusted operating income	39	39	—
Total company:			
Operating income	1,679	4,043	(2,364)
Adjusted operating income	1,713	4,053	(2,340)

While our operating income decreased by $289 million $2.4 billion in the third first quarter of 2024 compared to the first quarter of 2023, compared to the third quarter of 2022, adjusted operating income also decreased by $289 million $2.3 billion primarily due to the following:

- *a $2.3 billion decrease in Refining segment.*segment adjusted operating income. This decrease in Refining segment adjusted operating income decreased by $365 million primarily due to lower distillate (primarily diesel) margins, partially offset by higher gasoline margins, higher discounts on crude oils and other feedstocks, and lower operating expenses (excluding depreciation and amortization expense).

- *Renewable Diesel segment.* Renewable Diesel segment operating income decreased by $89 million primarily due to lower product prices (primarily renewable diesel), higher operating expenses (excluding depreciation and amortization expense), and higher depreciation and amortization expense, partially offset by lower feedstock costs and higher sales volumes.

- *Ethanol segment.* Ethanol segment operating income increased by $196 million primarily due to lower corn prices, higher production volumes, and lower operating expenses (excluding depreciation and amortization expense), partially offset by lower ethanol and corn related co-product prices.

First Nine Months Results

For the first nine months of 2023, we reported net income attributable to Valero stockholders of $7.6 billion compared to $8.4 billion for the first nine months of 2022. The decrease of $782 million was primarily due to a decrease in operating income of $1.1 billion, partially offset by an increase in “other income, net” of $270 million and a decrease in income tax expense of $122 million. The details of our operating income and adjusted operating income by segment and in total are reflected below (in millions). Adjusted operating income excludes the adjustments reflected in the table in note (f) beginning on page 54.

	Nine Months Ended September 30,		
	2023	2022	Change
Refining segment:			
Operating income	$ 9,934	$ 11,473	$ (1,539)
Adjusted operating income	9,951	11,407	(1,456)
Renewable Diesel segment:			
Operating income	768	513	255
Ethanol segment:			
Operating income	363	103	260
Adjusted operating income	364	82	282
Total company:			
Operating income	10,305	11,395	(1,090)
Adjusted operating income	10,323	11,328	(1,005)

While our operating income decreased by $1.1 billion in the first nine months of 2023 compared to the first nine months of 2022, adjusted operating income decreased by $1.0 billion primarily due to the following:

- *Refining segment.* Refining segment adjusted operating income decreased by $1.5 billion primarily due to lower gasoline and distillate (primarily diesel) margins, partially offset by higher discounts on a decline in crude oils oil and other feedstocks, an increase feedstock differentials, and a decrease in throughput volumes, and partially offset by lower operating expenses (excluding depreciation and amortization expense).

- *Renewable Diesel segment.* Renewable Diesel segment operating income increased by $255 million primarily due to lower feedstock costs and higher sales volumes, partially offset by lower product prices (primarily renewable diesel), higher operating expenses (excluding depreciation and amortization expense), and higher depreciation and amortization expense.

- *Ethanol segment.* Ethanol segment adjusted operating income increased by $282 million primarily due to lower corn prices, higher production volumes, and lower operating expenses (excluding depreciation and amortization expense), partially offset by lower ethanol and corn related co-product prices.

Outlook

Many uncertainties remain with respect to the supply and demand imbalance balances in the petroleum-based products market worldwide. While it is difficult to predict future worldwide economic activity and its impact on product supply and demand, as well as any effect that the uncertainty described in Note 2 of Condensed Notes to Consolidated Financial Statements or other political or regulatory developments may have on us, we have noted several factors below that have impacted or may impact our results of operations during the fourth second quarter of 2023. 2024.

- Gasoline and diesel demand have returned to pre-pandemic levels and are expected to follow typical seasonal patterns. Jet fuel demand continues to improve and is approaching pre-pandemic levels in the U.S.

- Combined light product (primarily diesel) (gasoline, diesel, and jet fuel) inventories in the U.S. and Europe are remain below historical levels reflecting tight global petroleum petroleum-based product balances, which should support continued high utilization of refining capacity.

- After narrowing early this year on reduced Crude oil differentials have increased, consistent with typical seasonal patterns; however, continued sour crude oil production from cuts by OPEC+ suppliers, crude oil discounts have recently begun the start-up of the Trans Mountain Pipeline expansion, and the return to widen; however, high utilization of refining capacity following industry-wide refinery maintenance activity in the renewed first quarter of 2024 may lead to a decline in such differentials. In addition, potential sanctions adjustments related to Iran, Russia, and Venezuela, the Russia-Ukraine conflict, and conflict in the Middle East, will likely cause including impacts on shipping routes and freight costs, could result in increased volatility in the crude oil market and potentially impact crude oil discounts. differentials.

Table of Contents

- Renewable diesel margins are demand is expected to remain consistent with current levels.

- Ethanol demand is expected to follow typical seasonal patterns.

RESULTS OF OPERATIONS

The following tables, including the reconciliations of non-GAAP financial measures to their most directly comparable GAAP financial measures in note (f) (c) beginning on page 54 41, highlight our results of operations, our operating performance, and market reference prices that directly impact our operations. Note references in this section can be found on pages 53 40 through 56 43.

Third First Quarter Results -
Financial Highlights By by Segment and Total Company
(millions of dollars)

	Three Months Ended September 30, 2023				
	Refining	**Renewable Diesel**	**Ethanol**	**Corporate and Eliminations**	**Total**
	Three Months Ended March 31, 2024				
	Three Months Ended March 31, 2024				
	Three Months Ended March 31, 2024				
	Refining	**Renewable Diesel**	**Ethanol**	**Corporate and Eliminations**	**Total**
Revenues: Revenues:					
Revenues from external customers					
Revenues from external customers					
Revenues from external customers Revenues from external customers	$36,521	$ 759	$ 1,124	$ —	$38,404
Intersegment revenues Intersegment revenues	8	672	310	(990)	—
Total revenues Total revenues	36,529	1,431	1,434	(990)	38,404
Cost of sales: Cost of sales:					
Cost of materials and other Cost of materials and other	31,115	1,169	1,092	(991)	32,385
Cost of materials and other					
Cost of materials and other					
Operating expenses (excluding depreciation and amortization expense reflected below)					
Operating expenses (excluding depreciation and amortization expense reflected below)					
Operating expenses (excluding depreciation and amortization expense reflected below) Operating expenses (excluding depreciation and amortization expense reflected below)	1,366	84	125	3	1,578
Depreciation and amortization expense Depreciation and amortization expense	597	55	20	(1)	671
Total cost of sales Total cost of sales	33,078	1,308	1,237	(989)	34,634

Other operating expenses	Other operating expenses	6	—	—	—	6
General and administrative expenses (excluding depreciation and amortization expense reflected below)	General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	250	250
Depreciation and amortization expense	Depreciation and amortization expense	—	—	—	11	11
Operating income by segment	Operating income by segment	$ 3,445	$ 123	$ 197	$ (262)	3,503
Other income, net	Other income, net					122
Interest and debt expense, net of capitalized interest	Interest and debt expense, net of capitalized interest					(149)
Income before income tax expense	Income before income tax expense					3,476
Income tax expense	Income tax expense					813
Net income	Net income					2,663
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests					41
Net income attributable to Valero Energy Corporation stockholders	Net income attributable to Valero Energy Corporation stockholders					$ 2,622

39 34

Third First Quarter Results -
Financial Highlights By by Segment and Total Company (continued)
(millions of dollars)

	Three Months Ended September 30, 2022				
	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
	Three Months Ended March 31, 2023				

		Three Months Ended March 31, 2023				
		Three Months Ended March 31, 2023				
	Refining	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Revenues:	Revenues:					
Revenues from external customers						
Revenues from external customers						
Revenues from external customers	Revenues from external customers	$42,280	$ 967	$ 1,207	$ —	$44,454
Intersegment revenues	Intersegment revenues	9	508	179	(696)	—
Total revenues	Total revenues	42,289	1,475	1,386	(696)	44,454
Cost of sales:	Cost of sales:					
Cost of materials and other	Cost of materials and other	36,389	1,161	1,203	(689)	38,064
Cost of materials and other						
Cost of materials and other						
Operating expenses (excluding depreciation and amortization expense reflected below)						
Operating expenses (excluding depreciation and amortization expense reflected below)						
Operating expenses (excluding depreciation and amortization expense reflected below)	Operating expenses (excluding depreciation and amortization expense reflected below)	1,516	69	162	(1)	1,746
Depreciation and amortization expense	Depreciation and amortization expense	568	33	20	—	621
Total cost of sales	Total cost of sales	38,473	1,263	1,385	(690)	40,431
Other operating expenses	Other operating expenses	6	—	—	—	6
General and administrative expenses (excluding depreciation and amortization expense reflected below)	General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	214	214
Depreciation and amortization expense	Depreciation and amortization expense	—	—	—	11	11

Operating income by segment	Operating income by segment	$ 3,810	$ 212	$ 1	$ (231)	3,792
Other income, net (d)						74
Other income, net (a)						
Interest and debt expense, net of capitalized interest	Interest and debt expense, net of capitalized interest					(138)
Income before income tax expense	Income before income tax expense					3,728
Income tax expense	Income tax expense					816
Net income	Net income					2,912
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests					95
Net income attributable to Valero Energy Corporation stockholders	Net income attributable to Valero Energy Corporation stockholders					$ 2,817

40 35

Third First Quarter Results -
Average Market Reference Prices and Differentials

	Three Months Ended September 30,			
	2023	2022		
	Three Months Ended March 31,		Three Months Ended March 31,	
	2024		2024	2023
Refining	**Refining**			
Feedstocks (dollars per barrel)	**Feedstocks (dollars per barrel)**			
Feedstocks (dollars per barrel)				
Feedstocks (dollars per barrel)				
Brent crude oil				
Brent crude oil				

Brent crude oil	Brent crude oil	$86.18	$97.59
Brent less West Texas Intermediate (WTI) crude oil	Brent less West Texas Intermediate (WTI) crude oil	3.72	5.83
Brent less WTI Houston crude oil	Brent less WTI Houston crude oil	2.21	3.69
Brent less Dated Brent crude oil	Brent less Dated Brent crude oil	(0.78)	(2.97)
Brent less Argus Sour Crude Index (ASCI) crude oil		3.43	8.23
Brent less Argus Sour Crude Index crude oil			
Brent less Argus Sour Crude Index crude oil			
Brent less Argus Sour Crude Index crude oil			
Brent less Maya crude oil	Brent less Maya crude oil	8.77	13.11
Brent less Western Canadian Select (WCS) Houston crude oil		9.98	17.68
Brent less Western Canadian Select Houston crude oil			
WTI crude oil	WTI crude oil	82.46	91.76
Natural gas (dollars per million British Thermal Units (MMBTu))		2.38	7.31
Natural gas (dollars per million British Thermal Units)			
Natural gas (dollars per million British Thermal Units)			
Natural gas (dollars per million British Thermal Units)			
Renewable volume obligation (RVO) (dollars per barrel) (e)		7.42	8.11
Renewable volume obligation (RVO) (dollars per barrel) (b)			

Renewable volume obligation (RVO) (dollars per barrel) (b)			
Renewable volume obligation (RVO) (dollars per barrel) (b)			
Product margins (RVO adjusted unless otherwise noted) (dollars per barrel)	**Product margins (RVO adjusted unless otherwise noted) (dollars per barrel)**		
Product margins (RVO adjusted unless otherwise noted) (dollars per barrel)			
Product margins (RVO adjusted unless otherwise noted) (dollars per barrel)			
U.S. Gulf Coast:	U.S. Gulf Coast:		
U.S. Gulf Coast:			
U.S. Gulf Coast:			
Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent			
Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent			
Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent	Conventional Blendstock of Oxygenate Blending (CBOB) gasoline less Brent	14.70	5.70
Ultra-low-sulfur (ULS) diesel less Brent	Ultra-low-sulfur (ULS) diesel less Brent	30.87	41.01
Propylene less Brent (not RVO adjusted)	Propylene less Brent (not RVO adjusted)	(57.98)	(46.73)
U.S. Mid-Continent:	U.S. Mid-Continent:		
CBOB gasoline less WTI	CBOB gasoline less WTI	25.46	19.27
CBOB gasoline less WTI			
CBOB gasoline less WTI			

ULS diesel less WTI	ULS diesel less WTI	37.10	52.25
North Atlantic:	North Atlantic:		
CBOB gasoline less Brent	CBOB gasoline less Brent	22.93	20.17
CBOB gasoline less Brent			
CBOB gasoline less Brent			
ULS diesel less Brent	ULS diesel less Brent	33.91	44.19
U.S. West Coast:	U.S. West Coast:		
California Reformulated Gasoline Blendstock of Oxygenate Blending (CARBOB) 87 gasoline less Brent		43.33	41.48
California Air Resources Board (CARB) diesel less Brent		47.66	43.68
California Reformulated Gasoline Blendstock of Oxygenate Blending 87 gasoline less Brent			
California Reformulated Gasoline Blendstock of Oxygenate Blending 87 gasoline less Brent			
California Reformulated Gasoline Blendstock of Oxygenate Blending 87 gasoline less Brent			
California Air Resources Board diesel less Brent			

41 36

Third First Quarter Results -
Average Market Reference Prices and Differentials (continued)

	Three Months Ended September 30,	
	2023	2022
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
Renewable Diesel		

Renewable Diesel			
Renewable Diesel	**Renewable Diesel**		
New York Mercantile Exchange ULS diesel (dollars per gallon)	New York Mercantile Exchange ULS diesel (dollars per gallon)	$ 3.03	$ 3.55
New York Mercantile Exchange ULS diesel (dollars per gallon)			
New York Mercantile Exchange ULS diesel (dollars per gallon)			
Biodiesel RIN (dollars per RIN)			
Biodiesel RIN (dollars per RIN)			
Biodiesel RIN (dollars per RIN)	Biodiesel RIN (dollars per RIN)	1.40	1.71
California LCFS carbon credit (dollars per metric ton)	California LCFS carbon credit (dollars per metric ton)	74.46	86.21
California LCFS carbon credit (dollars per metric ton)			
California LCFS carbon credit (dollars per metric ton)			
U.S. Gulf Coast (USGC) used cooking oil (UCO) (dollars per pound)		0.64	0.73
USGC distillers corn oil (DCO) (dollars per pound)		0.72	0.73
USGC fancy bleachable tallow (Tallow) (dollars per pound)		0.68	0.78
U.S. Gulf Coast (USGC) used cooking oil (dollars per pound)			
U.S. Gulf Coast (USGC) used cooking oil (dollars per pound)			
U.S. Gulf Coast (USGC) used cooking oil (dollars per pound)			
USGC distillers corn oil (dollars per pound)			
USGC distillers corn oil (dollars per pound)			
USGC distillers corn oil (dollars per pound)			
USGC fancy bleachable tallow (dollars per pound)			
USGC fancy bleachable tallow (dollars per pound)			
USGC fancy bleachable tallow (dollars per pound)			
Ethanol			
Ethanol			
Ethanol	**Ethanol**		
Chicago Board of Trade corn (dollars per bushel)	Chicago Board of Trade corn (dollars per bushel)	4.99	6.60
Chicago Board of Trade corn (dollars per bushel)			
Chicago Board of Trade corn (dollars per bushel)			

New York Harbor ethanol (dollars per gallon)	New York Harbor ethanol (dollars per gallon)	2.39	2.58
New York Harbor ethanol (dollars per gallon)			
New York Harbor ethanol (dollars per gallon)			

Total Company, Corporate, and Other

The following table includes selected financial data for the total company, corporate, and other for the third first quarter of 2023 2024 and 2022. 2023. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

		Three Months Ended September 30,		
		2023	2022	Change
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,		
	2024	2024	2023	Change
Revenues	Revenues	$38,404	$44,454	$(6,050)
Cost of sales	Cost of sales	34,634	40,431	(5,797)
Cost of sales				
Cost of sales				
Operating income	Operating income	3,503	3,792	(289)
Adjusted operating income (see note (f))		3,509	3,798	(289)
Other income, net (see note (d))		122	74	48
Operating income				
Operating income				
Adjusted operating income (see note (c))				
Net income attributable to noncontrolling interests		41	95	(54)
Income tax expense				
Income tax expense				
Income tax expense				

Revenues decreased by $6.1 $4.7 billion in the third first quarter of 2023 2024 compared to the third first quarter of 2022 2023 primarily due to decreases in product prices for the petroleum-based transportation fuels associated with sales made by our Refining segment. This decrease in revenues was partially offset by a decrease in cost of sales of $5.8 $2.4 billion primarily due to decreases in crude oil and other feedstock costs. These changes resulted in a $289 million $2.4 billion decrease in operating income, from $3.8 $4.0 billion in the third first quarter of 2022 2023 to $3.5 $1.7 billion in the third first quarter of 2023. 2024.

Adjusted operating income also decreased by $289 million, $2.3 billion, from $3.8 $4.1 billion in the third first quarter of 2022 2023 to $3.5 $1.7 billion in the third first quarter of 2023. 2024. The components of this $289 million $2.3 billion decrease in adjusted operating income are discussed by segment in the segment analyses that follow.

Income tax expense decreased by $527 million in the first quarter of 2024 compared to the first quarter of 2023 primarily as a result of a decrease in income before income tax expense.

“Other income, net” increased by $48 million in the third quarter of 2023 compared to the third quarter of 2022 due to the items noted in the following table (in millions):

	Three Months Ended September 30,		
	2023	2022	Change
Interest income on cash	$ 74	$ 36	$ 38
Gain from early retirement of debt (see note (d))	—	26	(26)
Equity income on joint ventures and other	48	12	36
Other income, net	$ 122	$ 74	$ 48

Net income attributable to noncontrolling interests decreased by $54 million in the third quarter of 2023 compared to the third quarter of 2022 primarily due to lower earnings associated with DGD, whose operations compose our Renewable Diesel segment. See Note 6 of Condensed Notes to Consolidated Financial Statements regarding our accounting for DGD and the Renewable Diesel segment analysis beginning on page 44.

Refining Segment Results

The following table includes selected financial and operating data of our Refining segment for the third first quarter of 2023 2024 and 2022. 2023. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

	Three Months Ended September 30,		
	2023	2022	Change
Operating income	$3,445	$3,810	$ (365)
Adjusted operating income (see note (f))	3,451	3,816	(365)
Refining margin (see note (f))	5,414	5,900	(486)

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
2024	2024	2023	Change
Operating income			
Operating income			
Operating income			
Adjusted operating income (see note (c))			
Refining margin (see note (c))			
Refining margin (see note (c))			

Refining margin (see note (c))				
Operating expenses (excluding depreciation and amortization expense reflected below)	Operating expenses (excluding depreciation and amortization expense reflected below)	1,366	1,516	(150)
Depreciation and amortization expense	Depreciation and amortization expense	597	568	29
Throughput volumes (thousand barrels per day) (see note (g))		3,022	3,005	17
Throughput volumes (thousand barrels per day) (see note (d))				
Throughput volumes (thousand barrels per day) (see note (d))				
Throughput volumes (thousand barrels per day) (see note (d))				

Refining segment operating income decreased by $365 million $2.3 billion in the third first quarter of 2023 2024 compared to the third first quarter of 2022. 2023. Refining segment adjusted operating income, which excludes the adjustment in the table in note (f) (c), also decreased by $365 million $2.3 billion in the third first quarter of 2023 2024 compared to the third first quarter of 2022. 2023. The components of this decrease in the adjusted results, along with the reasons for the changes in those components, are outlined below.

- Refining segment margin decreased by $486 million $2.4 billion in the third first quarter of 2023 2024 compared to the third first quarter of 2022. 2023.

  Refining segment margin is primarily affected by the prices for the petroleum-based transportation fuels that we sell and the cost of crude oil and other feedstocks that we process. The table on page 41 36 reflects market reference prices and differentials that we believe impacted our Refining segment margin in the third first quarter of 2023 2024 compared to the third first quarter of 2022. 2023.

The decrease in Refining segment margin was primarily due to the following:

- A decrease in distillate (primarily diesel) margins had an unfavorable impact of approximately $1.3 billion. $705 million.
- An increase A decrease in gasoline margins had a favorable an unfavorable impact of approximately $534 $577 million.
- Higher discounts on A decline in crude oils oil differentials had a favorable an unfavorable impact of approximately $180 $275 million.
- Higher discounts on other feedstocks A decrease in throughput volumes of 170,000 barrels per day had a favorable an unfavorable impact of approximately $150 $218 million.

◦ A decline in other feedstock differentials had an unfavorable impact of approximately $131 million.

- Refining segment operating expenses (excluding depreciation and amortization expense) decreased by $150$77 million primarily due to a decrease in energy costs (primarily natural gas) of $208 million, partially offset by increases in certain employee compensation expenses of $15 million and chemicals and catalyst costs of $14 million..

Renewable Diesel Segment Results

The following table includes selected financial and operating data of our Renewable Diesel segment for the thirdfirst quarter of 20232024 and 2022.2023. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

		Three Months Ended September 30,		
		2023	2022	Change
		Three Months Ended March 31,		
		Three Months Ended March 31,		
		Three Months Ended March 31,		
	2024	2024	2023	Change
Operating income	Operating income	$ 123	$ 212	$ (89)
Operating income				
Operating income				
Renewable Diesel margin (see note (f))		262	314	(52)
Renewable Diesel margin (see note (c))				
Renewable Diesel margin (see note (c))				
Renewable Diesel margin (see note (c))				
Operating expenses (excluding depreciation and amortization expense reflected below)	Operating expenses (excluding depreciation and amortization expense reflected below)	84	69	15
Depreciation and amortization expense	Depreciation and amortization expense	55	33	22

Sales volumes (thousand gallons per day) (see note (g))	2,992	2,231	761
Sales volumes (thousand gallons per day) (see note (d))			
Sales volumes (thousand gallons per day) (see note (d))			
Sales volumes (thousand gallons per day) (see note (d))			

Renewable Diesel segment operating income decreased by $89 $15 million in the third first quarter of 2024 compared to the first quarter of 2023 compared due to the third quarter of 2022. The components of this a decrease along with the reasons for the changes in those components, are outlined below.

- Renewable Diesel segment margin decreased by $52 of $4 million and a net increase in the third quarter operating expenses (excluding depreciation and amortization expense) and depreciation and amortization expense of 2023 compared to the third quarter of 2022. $11million.

Renewable Diesel segment margin is primarily affected by the price for the renewable diesel that we sell and the cost of the feedstocks that we process. The table on page 42 37 reflects market reference prices that we believe impacted our Renewable Diesel segment margin in the third first quarter of 2023 2024 compared to the third first quarter of 2022. 2023.

The decrease in Renewable Diesel segment margin was primarily due to the following:

◦ • A decrease in product prices, primarily renewable diesel, had an unfavorable impact of approximately $393 million.

◦ A decrease in the cost of feedstocks we process had a favorable impact of approximately $234 million.

◦ An increase in sales volumes of 761,000 gallons per day had a favorable impact of approximately $118 million. The increase in sales volumes was primarily due to the additional production resulting from the completion of the new DGD Port Arthur Plant that commenced operations in the fourth quarter of 2022, partially offset by the effect of unplanned downtime resulting from a fire at the DGD St. Charles Plant in the third quarter of 2023.

- Renewable Diesel segment operating expenses (excluding depreciation and amortization expense) increased by $15 million primarily due to increased costs resulting from the new DGD Port Arthur Plant that commenced operations in the fourth quarter of 2022.

- Renewable Diesel segment depreciation and amortization expense increased by $22 million primarily due to depreciation expense associated with the new DGD Port Arthur Plant that commenced operations in the fourth quarter of 2022.

Ethanol Segment Results

The following table includes selected financial and operating data of our Ethanol segment for the third quarter of 2023 and 2022. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

	Three Months Ended September 30,		
	2023	2022	Change
Operating income	$ 197	$ 1	$ 196
Ethanol margin (see note (f))	342	183	159
Operating expenses (excluding depreciation and amortization expense reflected below)	125	162	(37)

Depreciation and amortization expense	20	20	—
Production volumes (thousand gallons per day) (see note (g))	4,329	3,498	831

Ethanol segment operating income increased by $196 million in the third quarter of 2023 compared to the third quarter of 2022. The components of this increase, along with the reasons for the changes in those components, are outlined below.

- Ethanol segment margin increased by $159 million in the third quarter of 2023 compared to the third quarter of 2022. Ethanol segment margin is primarily affected by prices for the ethanol and corn related co-products that we sell and the cost of corn that we process. The table on page 42 reflects market reference prices that we believe impacted our Ethanol segment margin in the third quarter of 2023 compared to the third quarter of 2022.

  The increase in Ethanol segment margin was primarily due to the following:

  - Lower corn prices had a favorable impact of approximately $184 million.

  - An increase in production volumes of 831,000 gallons per day had a favorable impact of approximately $71 million.
  - Lower ethanol prices had an unfavorable impact of approximately $69 million.
  - Lower prices for the co-products that we produce, primarily dry distillers grains (DDGs), had an unfavorable impact of approximately $29$900 million.

- Ethanol segment operating expenses (excluding depreciation and amortization expense) decreased by $37 million primarily due to a decrease in energy costs (primarily natural gas).

First Nine Months Results -
Financial Highlights By Segment and Total Company
(millions of dollars)

	Nine Months Ended September 30, 2023				
	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Revenues:					
Revenues from external customers	$ 102,924	$ 2,990	$ 3,438	$ —	$ 109,352
Intersegment revenues	8	2,367	790	(3,165)	—
Total revenues	102,932	5,357	4,228	(3,165)	109,352
Cost of sales:					
Cost of materials and other	87,398	4,143	3,422	(3,143)	91,820
Operating expenses (excluding depreciation and amortization expense reflected below)	3,832	274	383	6	4,495
Depreciation and amortization expense	1,751	172	59	(3)	1,979
Total cost of sales	92,981	4,589	3,864	(3,140)	98,294
Other operating expenses	17	—	1	—	18
General and administrative expenses (excluding depreciation and amortization expense reflected below)	—	—	—	703	703
Depreciation and amortization expense	—	—	—	32	32
Operating income by segment	$ 9,934	$ 768	$ 363	$ (760)	10,305
Other income, net (d)					357
Interest and debt expense, net of capitalized interest					(443)

Income before income tax expense	10,219
Income tax expense	2,288
Net income	7,931
Less: Net income attributable to noncontrolling interests	298
Net income attributable to Valero Energy Corporation stockholders	$ 7,633

First Nine Months Results -
Financial Highlights By Segment and Total Company (continued)
(millions of dollars)

	Nine Months Ended September 30, 2022				
	Refining	Renewable Diesel	Ethanol	Corporate and Eliminations	Total
Revenues:					
Revenues from external customers	$ 128,588	$ 2,417	$ 3,632	$ —	$ 134,637
Intersegment revenues	24	1,490	507	(2,021)	—
Total revenues	128,612	3,907	4,139	(2,021)	134,637
Cost of sales:					
Cost of materials and other (a)	111,308	3,129	3,533	(2,011)	115,959
Operating expenses (excluding depreciation and amortization expense reflected below)	4,111	178	464	(2)	4,751
Depreciation and amortization expense (b)	1,682	87	37	—	1,806
Total cost of sales	117,101	3,394	4,034	(2,013)	122,516
Other operating expenses	38	—	2	—	40
General and administrative expenses (excluding depreciation and amortization expense reflected below) (c)	—	—	—	652	652
Depreciation and amortization expense	—	—	—	34	34
Operating income by segment	$ 11,473	$ 513	$ 103	$ (694)	11,395
Other income, net (d)					87
Interest and debt expense, net of capitalized interest					(425)
Income before income tax expense					11,057
Income tax expense					2,410
Net income					8,647
Less: Net income attributable to noncontrolling interests					232
Net income attributable to Valero Energy Corporation stockholders					$ 8,415

First Nine Months Results -
Average Market Reference Prices and Differentials

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Refining		
Feedstocks (dollars per barrel)		
Brent crude oil	$ 82.12	$ 102.21
Brent less WTI crude oil	4.68	3.91
Brent less WTI Houston crude oil	3.19	2.28
Brent less Dated Brent crude oil	(0.10)	(2.92)
Brent less ASCI crude oil	5.53	6.58
Brent less Maya crude oil	14.16	9.84
Brent less WCS Houston crude oil	12.19	13.22
WTI crude oil	77.44	98.29
Natural gas (dollars per MMBtu)	2.21	6.29
RVO (dollars per barrel) (e)	7.77	7.45
Product margins (RVO adjusted unless otherwise noted) (dollars per barrel)		
U.S. Gulf Coast:		
CBOB gasoline less Brent	12.57	12.82
ULS diesel less Brent	25.26	36.89
Propylene less Brent (not RVO adjusted)	(46.32)	(38.04)
U.S. Mid-Continent:		
CBOB gasoline less WTI	22.25	19.04
ULS diesel less WTI	32.12	41.81
North Atlantic:		
CBOB gasoline less Brent	18.96	21.73
ULS diesel less Brent	28.19	44.22
U.S. West Coast:		
CARBOB 87 gasoline less Brent	32.89	36.59
CARB diesel less Brent	31.43	39.70

First Nine Months Results -
Average Market Reference Prices and Differentials (continued)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Renewable Diesel		

New York Mercantile Exchange ULS diesel (dollars per gallon)	$ 2.80	$ 3.54
Biodiesel RIN (dollars per RIN)	1.51	1.61
California LCFS carbon credit (dollars per metric ton)	73.65	109.71
USGC UCO (dollars per pound)	0.61	0.77
USGC DCO (dollars per pound)	0.65	0.77
USGC Tallow (dollars per pound)	0.62	0.76
Ethanol		
CBOT corn (dollars per bushel)	5.95	7.02
New York Harbor ethanol (dollars per gallon)	2.42	2.60

Total Company, Corporate, and Other

The following table includes selected financial data for the total company, corporate, and other for the first nine months of 2023 and 2022. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

	Nine Months Ended September 30,		
	2023	2022	Change
Revenues	$ 109,352	$ 134,637	$ (25,285)
Cost of sales (see notes (a) and (b))	98,294	122,516	(24,222)
Operating income	10,305	11,395	(1,090)
Adjusted operating income (see note (f))	10,323	11,328	(1,005)
Other income, net (see note (d))	357	87	270
Income tax expense	2,288	2,410	(122)
Net income attributable to noncontrolling interests	298	232	66

Revenues decreased by $25.3 billion in the first nine months of 2023 compared to the first nine months of 2022 primarily due to decreases in product prices for the petroleum-based transportation fuels associated with sales made by our Refining segment. This decrease in revenues was partially offset by a decrease in cost of sales of $24.2 billion primarily due to decreases in crude oil and other feedstock costs. These changes resulted in a $1.1 billion decrease in operating income, from $11.4 billion in the first nine months of 2022 to $10.3 billion in the first nine months of 2023.

Adjusted operating income decreased by $1.0 billion, from $11.3 billion in the first nine months of 2022 to $10.3 billion in the first nine months of 2023. The components of this $1.0 billion decrease in adjusted operating income are discussed by segment in the segment analyses that follow.

“Other income, net” increased by $270 million in the first nine months of 2023 compared to the first nine months of 2022 primarily due to the items noted in the following table (in millions):

	Nine Months Ended September 30,		
	2023	2022	Change
Interest income on cash	$ 197	$ 49	$ 148
Net gain (loss) from early retirement of debt (see note (d))	11	(24)	35
Equity income on joint ventures and other	149	62	87
Other income, net	$ 357	$ 87	$ 270

Income tax expense decreased by $122 million in the first nine months of 2023 compared to the first nine months of 2022 primarily as a result of lower income before income tax expense.

Net income attributable to noncontrolling interests increased by $66 million in the first nine months of 2023 compared to the first nine months of 2022 primarily due to higher earnings associated with DGD, whose operations compose our Renewable Diesel segment. See Note 6 of Condensed Notes to Consolidated Financial Statements regarding our accounting for DGD and the Renewable Diesel segment analysis beginning on page 51.

Refining Segment Results

The following table includes selected financial and operating data of our Refining segment for the first nine months of 2023 and 2022. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

	Nine Months Ended September 30,		
	2023	**2022**	**Change**
Operating income	$ 9,934	$ 11,473	$ (1,539)
Adjusted operating income (see note (f))	9,951	11,407	(1,456)
Refining margin (see note (f))	15,534	17,200	(1,666)
Operating expenses (excluding depreciation and amortization expense reflected below)	3,832	4,111	(279)
Depreciation and amortization expense	1,751	1,682	69
Throughput volumes (thousand barrels per day) (see note (g))	2,974	2,923	51

Refining segment operating income decreased by $1.5 billion in the first nine months of 2023 compared to the first nine months of 2022. Refining segment adjusted operating income, which excludes the adjustments in the table in note (f), also decreased by $1.5 billion in the first nine months of 2023 compared to the first nine months of 2022. The components of this decrease, along with the reasons for the changes in those components, are outlined below.

- Refining segment margin decreased by $1.7 billion in the first nine months of 2023 compared to the first nine months of 2022.

  Refining segment margin is primarily affected by the prices for the petroleum-based transportation fuels that we sell and the cost of crude oil and other feedstocks that we process.

  The table on page 48 reflects market reference prices and differentials that we believe impacted our Refining segment margin in the first nine months of 2023 compared to the first nine months of 2022.

  The decrease in Refining segment margin was primarily due to the following:

  - A decrease in distillate (primarily diesel) margins had an unfavorable impact of approximately $3.6 billion.
  - A decrease in gasoline margins had an unfavorable impact of approximately $237 million.
  - Higher discounts on crude oils had a favorable impact of approximately $1.6 billion.
  - An increase in throughput volumes of 51,000 barrels per day had a favorable impact of approximately $266 million.
  - Higher discounts on other feedstocks had a favorable impact of approximately $364 million.

- Refining segment operating expenses (excluding depreciation and amortization expense) decreased by $279 million primarily due to a decrease in energy costs of $473 million (primarily natural gas), partially offset by increases in chemicals and catalyst costs of $81 million, maintenance expense of $32 million, and certain employee compensation expenses of $22 million.

Renewable Diesel Segment Results

The following table includes selected financial and operating data of our Renewable Diesel segment for the first nine months of 2023 and 2022. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

	Nine Months Ended September 30,		
	2023	2022	Change
Operating income	$ 768	$ 513	$ 255
Renewable Diesel margin (see note (f))	1,214	778	436
Operating expenses (excluding depreciation and amortization expense reflected below)	274	178	96
Depreciation and amortization expense	172	87	85
Sales volumes (thousand gallons per day) (see note (g))	3,460	2,084	1,376

Renewable Diesel segment operating income increased by $255 million in the first nine months of 2023 compared to the first nine months of 2022. The components of this increase, along with the reasons for the changes in those components, are outlined below.

- Renewable Diesel segment margin increased by $436 million in the first nine months of 2023 compared to the first nine months of 2022.

Renewable Diesel segment margin is primarily affected by the price for the renewable diesel that we sell and the cost of the feedstocks that we process. The table on page 49 reflects market reference prices that we believe impacted our Renewable Diesel segment margin in the first nine months of 2023 compared to the first nine months of 2022.

The increase in Renewable Diesel segment margin was primarily due to the following:

- ◦ A decrease in the cost of the feedstocks that we process had a favorable impact of approximately $1.2 billion. $779 million.
- ◦ • An increase in sales volumes of 1.4 million 741,000 gallons per day had a favorable impact of approximately $515 $120 million. The increase in higher sales volumes was primarily were due to the impact of additional production resulting volumes from the completion of the new DGD Port Arthur Plant that commenced operations plant, which started up in the fourth quarter of 2022 partially offset by the effect of unplanned downtime resulting from a fire at the DGD St. Charles Plant and was in the third process of ramping up production rates in the first quarter of 2023.

◦ A decrease in product prices, primarily renewable diesel, had an unfavorable impact of approximately $1.3 billion.

- Renewable Diesel segment operating expenses (excluding depreciation and amortization expense) increased by $96 million primarily due to increased costs resulting from the new DGD Port Arthur Plant that commenced operations in the fourth quarter of 2022.

- Renewable Diesel segment depreciation and amortization expense increased by $85 million primarily due to depreciation expense associated with the new DGD Port Arthur Plant that commenced operations in the fourth quarter of 2022.

Ethanol Segment Results

The following table includes selected financial and operating data of our Ethanol segment for the first nine months quarter of 2023 2024 and 2022. 2023. The selected financial data is derived from the Financial Highlights by Segment and Total Company tables, unless otherwise noted.

	Nine Months Ended September 30,		
	2023	2022	Change
Operating income	$ 363	$ 103	$ 260
Adjusted operating income (see note (f))	364	82	282
Ethanol margin (see note (f))	806	606	200
Operating expenses (excluding depreciation and amortization expense reflected below)	383	464	(81)
Depreciation and amortization expense (see note (b))	59	37	22
Production volumes (thousand gallons per day) (see note (g))	4,319	3,799	520

	Three Months Ended March 31,		
	2024	2023	Change
Operating income	$ 10	$ 39	$ (29)
Adjusted operating income (see note (c))	39	39	—
Ethanol margin (see note (c))	195	189	6
Operating expenses (excluding depreciation and amortization expense reflected below)	137	130	7
Depreciation and amortization expense	19	20	(1)
Production volumes (thousand gallons per day) (see note (d))	4,466	4,183	283

Ethanol segment operating income increased decreased by $260 $29 million in the first nine months quarter of 2023 2024 compared to the first nine months quarter of 2022; 2023; however, Ethanol segment adjusted operating income, which excludes the adjustments adjustment in the table in notenote (f)(c), increased by $282 million in was the same for the first nine months quarter of 2023

compared to 2024 and the first nine months quarter of 2022. The components of this 2023. While there was an increase in the adjusted results, along with the reasons for the changes in those components, are outlined below.

- Ethanol segment margin increased of $6 million, it was offset by $200 million a net increase in the first nine months operating expenses (excluding depreciation and amortization expense) and depreciation and amortization expense of 2023 compared to the first nine months of 2022. $6million.

Ethanol segment margin is primarily affected by prices for the ethanol and corn related co-products that we sell and the cost of corn that we process. The table on page 49 37 reflects market reference prices that we believe impacted our Ethanol segment margin in the first nine months quarter of 2023 2024 compared to the first nine months quarter of 2022. 2023.

The increase in Ethanol segment margin was primarily due to the following:

◦• Lower corn prices had a favorable impact of approximately $326 $314 million.

  ◦• An increase in production volumes of 520,000 283,000 gallons per day had a favorable impact of approximately $117 $10 million.

  ◦• Lower ethanol prices had an unfavorable impact of approximately $182 $240 million.

◦ • Lower prices for the co-products that we produce, primarily dry distillers grains and inedible DCO and DDGs, had distillers corn oils, had an unfavorable impact of approximately $64 million.

• Ethanol segment operating expenses (excluding depreciation and amortization expense) decreased by $81 million primarily due to a decrease in energy costs (primarily natural gas) of $99 million, partially offset by increases in chemical and catalyst costs of $6 million and certain employee compensation expenses of $6 $78 million.

The following notes relate to references on pages 39 34 through 52 40.

(a) Under the RFS program, the EPA is required to set annual quotas for the volume of renewable fuels that obligated parties, such as us, must blend into petroleum-based transportation fuels consumed in the U.S. The quotas are used to determine an obligated party's RVO. The EPA released a final rule on June 3, 2022 that, among other things, modified the volume standards for 2020 and, for the first time, established volume standards for 2021 and 2022.

In 2020, we recognized the cost of the RVO using the 2020 quotas set by the EPA at that time, and in 2021 and the three months ended March 31, 2022, we recognized the cost of the RVO using our estimates of the quotas. As a result of the final rule released by the EPA as noted above, we recognized a benefit of $104 million in the nine months ended September 30, 2022 primarily related to the modification of the 2020 quotas.

(b) Depreciation and amortization expense for the nine months ended September 30, 2022 includes a gain of $23 million on the sale of our ethanol plant located in Jefferson, Wisconsin.

(c) General and administrative expenses (excluding depreciation and amortization expense) for the nine months ended September 30, 2022 includes a charge of $20 million for an environmental reserve adjustment associated with a non-operating site.

(d) "Other income, net" includes the following:

◦ a net gain of $11 million in the nine three months ended September 30, 2023 March 31, 2023 related to the early retirement of $199 million aggregate principal amount of various series of our senior notes; and

◦ a gain of $26 million in the three months ended September 30, 2022 and a net charge of $24 million in the nine months ended September 30, 2022 related to the early retirement of $1.25 billion and $2.65 billion, respectively, aggregate principal amount of various series of our senior notes.

(e) (b) The RVO cost represents the average market cost on a per barrel basis to comply with the RFS program. The RVO cost is calculated by multiplying (i) the average market price during the applicable period for the RINs associated with each class of renewable fuel (i.e., biomass-based diesel, cellulosic biofuel, advanced biofuel,

and total renewable fuel) by (ii) the quotas for the volume of each class of renewable fuel that must be blended into petroleum-based transportation fuels consumed in the U.S., as set or proposed by the EPA, on a percentage basis for each class of renewable fuel and adding together the results of each calculation.

(f) (c) We use certain financial measures (as noted below) that are not defined under 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 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 GAAP measures nor should they be considered in isolation or as a substitute for an analysis of our results of operations as reported under 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 (in millions):

- **Refining margin** is defined as Refining segment operating income excluding the modification of RVO adjustment, operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses, as reflected in the table below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of Refining operating income to Refining margin				
Refining operating income	$ 3,445	$ 3,810	$ 9,934	$ 11,473
Adjustments:				
Modification of RVO (see note (a))	—	—	—	(104)
Operating expenses (excluding depreciation and amortization expense)	1,366	1,516	3,832	4,111
Depreciation and amortization expense	597	568	1,751	1,682
Other operating expenses	6	6	17	38
Refining margin	$ 5,414	$ 5,900	$ 15,534	$ 17,200

	Three Months Ended March 31,	
	2024	2023
Reconciliation of Refining operating income to Refining margin		
Refining operating income	$ 1,745	$ 4,057
Adjustments:		
Operating expenses (excluding depreciation and amortization expense)	1,184	1,261
Depreciation and amortization expense	600	572
Other operating expenses	5	10
Refining margin	$ 3,534	$ 5,900

- **Renewable Diesel margin** is defined as Renewable Diesel segment operating income excluding operating expenses (excluding depreciation and amortization expense) and depreciation and amortization expense, as reflected in the table below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	2024	2024	2023

Reconciliation of Renewable Diesel operating income to Renewable Diesel margin	**Reconciliation of Renewable Diesel operating income to Renewable Diesel margin**				
Renewable Diesel operating income	Renewable Diesel operating income	$ 123	$ 212	$ 768	$513
Renewable Diesel operating income					
Renewable Diesel operating income					
Adjustments:	Adjustments:				
Operating expenses (excluding depreciation and amortization expense)					
Operating expenses (excluding depreciation and amortization expense)					
Operating expenses (excluding depreciation and amortization expense)	Operating expenses (excluding depreciation and amortization expense)	84	69	274	178
Depreciation and amortization expense	Depreciation and amortization expense	55	33	172	87
Renewable Diesel margin	Renewable Diesel margin	$ 262	$ 314	$1,214	$778
Renewable Diesel margin					
Renewable Diesel margin					

- **Ethanol margin** is defined as Ethanol segment operating income excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, and other operating expenses, as reflected in the table below.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
	Three Months Ended March 31,			

	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024		2024	2023
Reconciliation of Ethanol operating income to Ethanol margin				
Ethanol operating income				
Ethanol operating income	$ 197	$ 1	$363	$103
Adjustments:				
Operating expenses (excluding depreciation and amortization expense)	125	162	383	464
Depreciation and amortization expense (see note (b))	20	20	59	37
Operating expenses (excluding depreciation and amortization expense)				
Operating expenses (excluding depreciation and amortization expense)				
Depreciation and amortization expense				
Other operating expenses	—	—	1	2
Ethanol margin	$ 342	$ 183	$806	$606

- **Adjusted Refining operating income** is defined as Refining segment operating income excluding the modification of RVO adjustment and other operating expenses, as reflected in the table below.

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
2024	2024	2023

Reconciliation of Refining operating income to adjusted Refining operating income

Refining operating income

Refining operating income

Refining operating income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of Refining operating income to adjusted Refining operating income				
Refining operating income	$3,445	$3,810	$9,934	$11,473
Adjustments:				
Modification of RVO (see note (a))	—	—	—	(104)
Adjustment: Other operating expenses				
Other operating expenses	6	6	17	38
Adjustment: Other operating expenses				
Adjustment: Other operating expenses				
Adjusted Refining operating income Adjusted Refining operating income	$3,451	$3,816	$9,951	$11,407

- **Adjusted Ethanol operating income** is defined as Ethanol segment operating income excluding the gain on sale of ethanol plant and other operating expenses, as reflected in the table below.

Three Months Ended March 31,

Three Months Ended March 31,

Three Months Ended March 31,

	2024	2024	2023
Reconciliation of Ethanol operating income to adjusted Ethanol operating income			
Ethanol operating income			
Ethanol operating income			
Ethanol operating income			

	Three Months Ended September 30,		Nine Months Ended September 30,	
Adjustment: Other operating expenses				
	2023	2022	2023	2022
Reconciliation of Ethanol operating income to adjusted Ethanol operating income				
Ethanol operating income	$ 197	$ 1	$363	$103
Adjustments:				
Gain on sale of ethanol plant (see note (b))	—	—	—	(23)
Adjustment: Other operating expenses				
Other operating expenses	—	—	1	2
Adjustment: Other operating expenses				
Adjusted Ethanol operating income / Adjusted Ethanol operating income	$ 197	$ 1	$364	$ 82

- **Adjusted operating income** is defined as total company operating income excluding the modification of RVO adjustment, the gain on sale of ethanol plant, the environmental reserve adjustment, and other operating expenses, as reflected in the table below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of total company operating income to adjusted operating income				
Total company operating income	$ 3,503	$ 3,792	$ 10,305	$ 11,395

Adjustments:				
Modification of RVO (see note (a))	—	—	—	(104)
Gain on sale of ethanol plant (see note (b))	—	—	—	(23)
Environmental reserve adjustment (see note (c))	—	—	—	20
Other operating expenses	6	6	18	40
Adjusted operating income	$ 3,509	$ 3,798	$ 10,323	$ 11,328

	Three Months Ended March 31,	
	2024	2023
Reconciliation of total company operating income to adjusted operating income		
Total company operating income	$ 1,679	$ 4,043
Adjustment: Other operating expenses	34	10
Adjusted operating income	$ 1,713	$ 4,053

(g) (d) 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.

56

LIQUIDITY AND CAPITAL RESOURCES

Our Liquidity

Our liquidity consisted of the following as of September 30, 2023 March 31, 2024 (in millions):

Available capacity from our committed facilities (a):	
Valero Revolver	$ 3,996 3,997
Canadian Revolver (b)	107
Accounts receivable sales facility	1,300
Total available capacity	5,403 5,297
Cash and cash equivalents (c) (b)	5,608 4,712
Total liquidity	$ 11,011 10,009

(a) Excludes the committed facilities of the consolidated VIEs.

(b) The amount for our Canadian Revolver is shown in U.S. dollars. As set forth in the summary of our credit facilities in Note 4 of Condensed Notes to Consolidated Financial Statements, the availability under our Canadian Revolver as of September 30, 2023 in Canadian dollars was C$145 million.

(c) Excludes $223 $205 million of cash and cash equivalents related to the consolidated VIEs that is for their use only.

Information about our outstanding borrowings, letters of credit issued, and availability under our credit facilities is reflected in Note 4 of Condensed Notes to Consolidated Financial Statements.

We believe we have sufficient funds from operations and from available capacity under our credit facilities to fund our ongoing operating requirements and other commitments over the next 12 months and thereafter for the foreseeable future. We expect that, to the extent necessary, we can raise additional cash through equity or debt financings in the public and private capital markets or the arrangement of additional credit facilities. However, there can be no assurances regarding the availability of any future financings or additional credit facilities or whether such financings or additional credit facilities can be made available on terms that are acceptable to us.

57 43

Cash Flows

Components of our cash flows are set forth below (in millions):

		Nine Months Ended September 30,			
		2023	2022		
	Three Months Ended March 31,				Three Months Ended March 31,
	2024			2024	2023
Cash flows provided by (used in):	Cash flows provided by (used in):				
Operating activities					
Operating activities					
Operating activities	Operating activities	$7,990	$8,478		
Investing activities	Investing activities	(1,382)	(2,070)		
Financing activities:	Financing activities:				
Debt issuances and borrowings		2,336	2,596		
Debt borrowings					
Debt borrowings					
Debt borrowings					
Repayments of debt and finance lease obligations (including premiums paid on early retirement of debt)	Repayments of debt and finance lease obligations (including premiums paid on early retirement of debt)	(2,609)	(5,051)		
Return to stockholders:	Return to stockholders:				
Purchases of common stock for treasury					
Purchases of common stock for treasury					
Purchases of common stock for treasury	Purchases of common stock for treasury	(4,180)	(2,769)		
Common stock dividend payments	Common stock dividend payments	(1,106)	(1,186)		

Return to stockholders	Return to stockholders	(5,286)	(3,955)
Other financing activities	Other financing activities	(86)	141
Financing activities	Financing activities	(5,645)	(6,269)
Effect of foreign exchange rate changes on cash	Effect of foreign exchange rate changes on cash	6	(292)
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	$ 969	$ (153)

Cash Flows for the Nine Three Months Ended September 30, 2023 March 31, 2024

In the first nine months quarter of 2023, 2024, we used the $8.0 $1.8 billion of cash generated by our operations, and the $2.3 $1.4 billion in debt borrowings, and $507 million of cash on hand to make $1.4 billion $637 million of investments in our business, repay $2.6 $1.7 billion of debt and finance lease obligations, (including premiums paid on the early retirement of debt), and return $5.3 $1.4 billion to our stockholders through purchases of our common stock for treasury and dividend payments, and increase our available cash on hand by $969 million. payments. The debt borrowings and repayments are described in Note 4 of Condensed Notes to Consolidated Financial Statements.

As previously noted, our operations generated $8.0 $1.8 billion of cash in the first nine months quarter of 2023, 2024, driven primarily by net income of $7.9 $1.3 billion and noncash charges to income of $1.8 billion, $676 million, partially offset by an unfavorable change in working capital of $1.7 billion. $160 million. Noncash charges primarily included $2.0 billion of depreciation and amortization expense. Details regarding the components of the change in working capital, along with the reasons for the changes in those components, are described in Note 10 of Condensed Notes to Consolidated Financial Statements. In addition, see "RESULTS OF OPERATIONS" for an analysis of the significant components of our net income.

Our investing activities primarily consisted of $1.4 billion in capital investments, as defined below under "Capital Investments," of which $239 $695 million related to capital investments made by DGD.

Cash Flows for the Nine Months Ended September 30, 2022

In the first nine months of 2022, we used the $8.5 billion of cash generated by our operations, $2.6 billion in debt issuances and borrowings, and $153 million of cash on hand to make $2.1 billion of investments in our business, repay $5.1 billion of debt and finance lease obligations (including premiums paid on the early retirement of debt), and return $4.0 billion to our stockholders through purchases of our common stock for treasury and dividend payments. The debt issuance, borrowings, and repayments are described in Note 4 of Condensed Notes to Consolidated Financial Statements.

58

As previously noted, our operations generated $8.5 billion of cash in the first nine months of 2022, driven primarily by net income of $8.6 billion and noncash charges to income of $1.4 billion, partially offset by an unfavorable change in working capital of $1.6 billion. Noncash charges primarily included $1.8 billion of depreciation and amortization expense, partially offset by a $161 $69 million deferred income tax benefit. Details regarding the components of the change in working capital, along with the reasons for the changes in those components, are described in Note 10 of Condensed Notes to Consolidated Financial Statements. In addition, see "RESULTS OF OPERATIONS" for an analysis of the significant components of our net income.

Our investing activities of $637 million primarily consisted of $2.1 billion $661 million in capital investments, as defined on the following page under "Capital Investments," of which $695 $78 million related to capital investments made by DGD DGD.

Cash Flows for the Three Months Ended March 31, 2023

In the first quarter of 2023, we used the $3.2 billion of cash generated by our operations and $30 the $914 million in debt borrowings to make $549 million of investments in our business, repay $1.2 billion of debt and finance lease obligations (including premiums paid on the early retirement of debt), return $1.8 billion to our stockholders through purchases of our common stock for treasury and dividend

44

payments, and increase our available cash on hand by $659 million. The debt borrowings and repayments are described in Note 4 of Condensed Notes to Consolidated Financial Statements.

As previously noted, our operations generated $3.2 billion of cash in the first quarter of 2023, driven primarily by net income of $3.1 billion and noncash charges to income of $558 million, partially offset by an unfavorable change in working capital of $534 million. Noncash charges primarily included $660 million of depreciation and amortization expense and $54 million of deferred income tax expense. Details regarding the components of the change in working capital, along with the reasons for the changes in those components, are described in Note 10 of Condensed Notes to Consolidated Financial Statements. In addition, see "RESULTS OF OPERATIONS" for an analysis of the significant components of our net income.

Our investing activities of $549 million primarily consisted of $524 million in capital investments, of which $114 million related to capital expenditures of VIEs other than investments made by DGD.

Our Capital Resources

Our material cash requirements as of September 30, 2023 March 31, 2024 primarily consisted of working capital requirements, capital investments, contractual obligations, and other matters, as described below. Our operations have historically generated positive cash flows to fulfill our working capital requirements and other uses of cash as discussed below.

Capital Investments

Capital investments are comprised of our capital expenditures, deferred turnaround and catalyst cost expenditures, and investments in nonconsolidated joint ventures, as reflected in our consolidated statements of cash flows as shown on page 65. Capital investments exclude acquisitions, if any.

We have publicly announced GHG emissions reduction/displacement targets for 2025 and 2035. a long-term ambition. We believe that our expected allocation of growth capital into low-carbon projects is to date has been consistent with such targets. targets and ambition. Certain of these low-carbon projects have been completed or are already in execution and the associated capital investments are included in our expected capital investments for 2023. 2024. Our capital investments in future years consistent with our to achieve these targets and ambition are expected to include investments associated with certain low-carbon projects currently at various stages of progress, evaluation, or approval.

As previously disclosed, in January 2023, we announced that DGD approved a large-scale sustainable aviation fuel (SAF)[1] project. We recently announced that the SAF project is progressing ahead of schedule and is now expected to be operational in the fourth quarter of 2024, with a total cost of $315 million, half of which is attributable to Valero.

Capital Investments Attributable to Valero

Capital investments attributable to Valero is a non-GAAP financial measure that reflects our net share of capital investments and is defined as all capital expenditures, deferred turnaround and catalyst cost expenditures, and investments in nonconsolidated joint ventures, excluding the portion of DGD's capital investments attributable to the other joint venture member and all of the capital expenditures of other consolidated VIEs.

[1] DGD expects to produce synthetic paraffinic kerosene (SPK), a renewable blending component, using the Hydrotreated Esters and Fatty Acids (HEFA) process. SPK is also commonly referred to as "SAF" or "neat SAF." Current aviation regulations allow SPK to be blended up to 50 percent with conventional jet fuel for use in an aircraft. This blend is commonly referred to as "SAF" or "blended SAF." This document refers to both SPK and blended SAF as SAF.

We are a 50 percent joint venture member in DGD and consolidate its financial statements, and DGD's operations compose our Renewable Diesel segment. 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 members 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. Because DGD's operating cash flow is effectively attributable to each member, only 50 percent of DGD's capital investments should be attributed to our net share of capital investments. We also exclude all of the capital expenditures of other VIEs that we consolidate because we do not operate those VIEs. See Note 6 of Condensed Notes to Consolidated Financial Statements for more information about the VIEs that we consolidate. We believe capital investments attributable to Valero is an important measure because it more accurately reflects our capital investments.

59

Capital investments attributable to Valero should not be considered as an alternative to capital investments, which is the most comparable GAAP measure, nor should it be considered in isolation or as a substitute for an analysis of our cash flows as reported under GAAP. In addition, this non-GAAP measure may not be comparable to similarly titled measures used by other companies because we may define it differently, which may diminish its utility.

	Nine Months Ended September 30,	
(millions of dollars)	2023	2022
Reconciliation of capital investments to capital investments attributable to Valero		
Capital expenditures (excluding VIEs)	$ 468	$ 552
Capital expenditures of VIEs:		
DGD	183	682
Other VIEs	4	30
Deferred turnaround and catalyst cost expenditures (excluding VIEs)	665	820
Deferred turnaround and catalyst cost expenditures of DGD	56	13
Investments in nonconsolidated joint ventures	—	1
Capital investments	1,376	2,098
Adjustments:		
DGD’s capital investments attributable to the other joint venture member	(120)	(347)
Capital expenditures of other VIEs	(4)	(30)
Capital investments attributable to Valero	$ 1,252	$ 1,721

The following table (in millions) reconciles our capital investments to capital investments attributable to Valero for the three months ended March 31, 2024 and 2023.

	Three Months Ended March 31,	
	2024	2023
Reconciliation of capital investments to capital investments attributable to Valero		
Capital expenditures (excluding VIEs)	$ 128	$ 175
Capital expenditures of VIEs:		
DGD	69	90
Other VIEs	3	—
Deferred turnaround and catalyst cost expenditures (excluding VIEs)	452	235
Deferred turnaround and catalyst cost expenditures of DGD	9	24
Capital investments	661	524
Adjustments:		
DGD’s capital investments attributable to the other joint venture member	(39)	(57)
Capital expenditures of other VIEs	(3)	—
Capital investments attributable to Valero	$ 619	$ 467

We have developed an extensive multi-year capital investment program, which we update and revise based on changing internal and external factors. As previously disclosed in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023, we expect to incur approximately $2.0 billion for capital investments attributable to Valero during 2023. 2024. Approximately $1.5 $1.6 billion of the expected capital investments attributable to Valero are for sustaining the business and the balance towards growth strategies, of which approximately 40 percent half is allocated to expanding our low-carbon businesses.

46

Contractual Obligations

As of September 30, 2023 March 31, 2024, our contractual obligations included debt obligations, interest payments related to debt obligations, operating lease liabilities, finance lease obligations, other long-term liabilities, and purchase obligations. In the ordinary course of business, we had debt-related activities during the nine three months ended September 30, 2023 March 31, 2024, as described in Note 4 of Condensed Notes to Condensed Consolidated Financial Statements. There were no material changes outside the ordinary course of business with respect to our contractual obligations during the nine three months ended September 30, 2023 March 31, 2024.

In March 2021, we announced our participation in Navigator's proposed large-scale carbon capture and sequestration pipeline system in the Mid-Continent region of the U.S. In October 2023, Navigator announced that due to the unpredictable nature of the regulatory and government processes involved, particularly in South Dakota and Iowa, it has decided to cancel this project. Under the terms of agreements associated with the project, we may have some rights from and obligations to Navigator,

60

including a portion of the aggregate project costs to date, but we do not expect such obligation will be material.

During the nine months ended September 30, 2023, we used cash on hand to purchase and retire $199 million of our public debt. We will continue to evaluate further deleveraging opportunities.

Other Matters Impacting Liquidity and Capital Resources

Stock Purchase Programs

During the three and nine months ended September 30, 2023 March 31, 2024, we purchased for treasury 12,805,162 6,633,843 of our shares for a total cost of $1.8 billion and 32,219,955 of our shares for $4.2 billion, respectively. $1.0 billion. See Note 5 of Condensed Notes to Consolidated Financial Statements for additional information related to our stock purchase programs. As of September 30, 2023 March 31, 2024, we had $649 million $1.2 billion remaining available for purchase under the February September 2023 Program. On September 15, 2023 February 22, 2024, we announced that our Board authorized us to purchase shares of our outstanding common stock for a total cost of up to $2.5 billion with no expiration date, which is in addition to the amount remaining under the February September 2023 Program. We will continue to evaluate the timing of purchases when appropriate. We have no obligation to make purchases under these programs.

Pension Plan Funding

As disclosed in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023, we plan to contribute $108 $113 million to our pension plans and $21 $22 million to our other postretirement benefit plans during 2023. For 2024. No significant contributions were made during the nine three months ended September 30, 2023, we have contributed $94 million to our pension plans and $14 million to our other postretirement benefit plans. March 31, 2024.

Cash Held by Our Foreign Subsidiaries

As of September 30, 2023 March 31, 2024, $4.1 $3.7 billion of our cash and cash equivalents was held by our foreign subsidiaries. Cash held by our foreign subsidiaries can be repatriated to us through dividends without any U.S. federal income tax consequences, but certain other taxes may apply, including, but not limited to, withholding taxes imposed by certain foreign jurisdictions, U.S. state income taxes, and U.S. federal income tax on foreign exchange gains. Therefore, there is a cost to repatriate cash held by certain of our foreign subsidiaries to us.

Environmental Matters

Our operations are subject to extensive environmental regulations by government authorities relating to, among other matters, the discharge of materials into the environment, climate, waste management, pollution prevention measures, GHG and other emissions, our facilities and operations, and characteristics and composition of many of our products. Because environmental laws and regulations are becoming more complex and stringent and new environmental laws and regulations are continuously being enacted or proposed, the level of future costs and expenditures required for environmental matters could increase.

Concentration of Customers

Our operations have a concentration of customers in the refining industry and customers who are refined petroleum product wholesalers and retailers. These concentrations of customers may impact our overall exposure to credit risk, either positively or negatively, in that these customers may be similarly affected by changes in economic or other conditions, including the uncertainties concerning worldwide events causing volatility in the global crude oil markets. However, we believe that our portfolio of accounts receivable is sufficiently diversified to the extent necessary to minimize potential credit risk. Historically, we have not had any significant problems collecting our accounts receivable.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ from those estimates. There have been no changes to the critical accounting policies that involve critical accounting estimates disclosed in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

The following tables provide information about our debt instruments (dollars in millions), the fair values of which are sensitive to changes in interest rates. A 10 percent increase or decrease in our floating interest rates would not have a material effect on to our results of operations. Principal cash flows and related weighted-average interest rates by expected maturity dates are presented. See Note 4 of Condensed Notes to Consolidated Financial Statements for additional information related to our debt.

	September 30, 2023 (a)							
	Expected Maturity Dates							
	Remainder of 2023	2024	2025	2026	2027	There-after	Total	Fair Value
Fixed rate Fixed rate	$ —	$167	$441	$672	$564	$6,421	$ 8,265	$7,587
Average interest rate Average interest rate	— %	1.2 %	3.2 %	4.2 %	2.2 %	5.3 %	4.8 %	
Floating rate Floating rate	$ 949	$ 13	$—	$—	$—	$ —	$ 962	$ 962

	March 31, 2024 (a)							
	Expected Maturity Dates							
	Remainder of 2024 Remainder of 2024 Remainder of 2024	2025	2026	2027	2028	There-after	Total	Fair Value
Fixed rate	$ —	$ $441	$672	$564	$1,047	$5,374	$8,098	$7,862
Floating rate Floating rate	$ 438	$ —	$ —	$ —	$ —	$ —	$ 438	$ 438

Average interest rate	8.7 %	6.7 %	— %	— %	— %	— %	8.7 %	

December 31, 2023 (a)

December 31, 2022 (a)

December 31, 2023 (a)

	Expected Maturity Dates							
	2023	2024	2025	2026	2027	There-after	Total	Fair Value
Fixed rate	$ —	$167	$441	$672	$578	$6,606	$ 8,464	$8,041
Average interest rate	— %	1.2 %	3.2 %	4.2 %	2.2 %	5.3 %	4.8 %	
Floating rate	$ 861	$—	$—	$—	$—	$ —	$ 861	$ 861
Average interest rate	7.1 %	— %	— %	— %	— %	— %	7.1 %	

December 31, 2023 (a)

	Expected Maturity Dates							
	2024	2025	2026	2027	2028	There-after	Total	Fair Value
Fixed rate	$ 167	$441	$672	$564	$1,047	$5,374	$8,265	$8,079
Floating rate	$1,030	$ —	$ —	$ —	$ —	$ —	$1,030	$1,030

(a) Excludes unamortized discounts and debt issuance costs.

OTHER MARKET RISKS

We are exposed to market risks primarily related to the volatility in the price of commodities, the price of credits needed to comply with the Renewable and Low-Carbon Fuel Programs, and foreign currency exchange rates. There have been no material changes to these market risks disclosed in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. See Note 12 of Condensed Notes to Consolidated Financial Statements for a discussion about these market risks as of September 30, 2023 March 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our management has evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

(b) Changes in internal control over financial reporting.

There has been no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information below describes During the three months ended March 31, 2024, there were no new proceedings or required to be disclosed in this item under SEC regulations and no material developments in proceedings that we previously reported in our annual reports report on Form 10-K for the years year ended December 31, 2022 and December 31, 2021, and that we originally reported in our quarterly report on Form 10-Q for the quarter ended March 31, 2021 December 31, 2023.

Environmental Enforcement Matters

We are reporting the following proceedings to comply with SEC regulations, which require us to disclose certain information about proceedings arising under federal, state, or local provisions regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment if a governmental authority is a party to such proceeding and we reasonably believe that such proceeding will result in monetary sanctions that exceed a specified threshold. Pursuant to SEC regulations, we use a threshold of $1 million for purposes of determining whether disclosure of any such certain environmental proceedings is required. required in this item. We believe any such proceedings less than this threshold are not material to our business and financial condition.

Bay Area Air Quality Management District (BAAQMD) (Benicia Refinery). We originally reported in our quarterly report on Form 10-Q for the quarter ended March 31, 2021, that we received a Notice of Violation (NOV) from the BAAQMD on March 21, 2019, related to atmospheric emissions of hydrogen commingled with non-methane organic compounds at our Benicia Refinery (the 2019 Atmospheric Emissions NOV), as that was the first quarter in which it became reportable. On December 1, 2020, we received an NOV from the BAAQMD related to pressure relief devices in the Benicia Refinery's Hydrogen Unit (the 2020 Pressure Relief Device NOV), which we now reasonably believe will result in penalties that are in excess of $1 million. On June 17, 2021, October 11, 2021, and January 26, 2022, we also received certain other compliance related NOVs related to the 2019 Atmospheric Emissions NOV and the 2020 Pressure Relief Device NOV, which we now reasonably believe will result in penalties that are in excess of $1 million. We are in discussion with the BAAQMD with respect to the foregoing, but it is too early to predict the ultimate outcome thereof.

BAAQMD (Benicia Refinery). We are also currently in the process of working with the BAAQMD to resolve several other NOVs issued by the BAAQMD to our Benicia Refinery in 2020 and 2019, which primarily relate to various emissions and related compliance issues, which we now reasonably believe will result in penalties that are in excess of $1 million.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. However, to the extent SBx 1-2 discussed in Note 2 of Condensed Notes to Consolidated Financial Statements adversely affects our business, financial condition, results of operations, and liquidity, it may also have the effect of heightening many of the other risks described in such risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

Issuer Purchases of Equity Securities

The following table discloses purchases of shares of our common stock made by us or on our behalf during the third first quarter of 2023. 2024.

Period	Total Number of Shares Purchased (a)		Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (c)
July 2023	8,180	$	118.01	—	$2.5 billion
August 2023	4,218,383	$	131.38	4,214,764	$1.9 billion
September 2023	8,578,599	$	143.59	8,576,013	$3.1 billion
Total	12,805,162	$	139.55	12,790,777	$3.1 billion

Period	Total Number of Shares Purchased (a)		Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (c)
January 2024	174,213	$	131.81	78,500	$2.2 billion
February 2024	2,073,624	$	141.34	2,013,851	$4.4 billion
March 2024	4,386,006	$	161.11	4,382,888	$3.7 billion
Total	6,633,843	$	154.16	6,475,239	$3.7 billion

(a) The shares reported in this column include 14,385 158,604 shares related to our purchases of shares from our employees (including former employees) and non-employee directors in connection with the exercise of stock options, the vesting of restricted stock, and other stock compensation transactions in accordance with the terms of our stock-based compensation plans.

(b) The average price paid per share reported in this column excludes brokerage commissions and a one percent excise tax on share purchases.

(c) On February 23, 2023 September 15, 2023, we announced that our Board authorized us to purchase shares of our outstanding common stock for a total cost of up to $2.5 billion with no expiration date. As of September 30, 2023 March 31, 2024, we had $649 million $1.2 billion remaining available for purchase under the February September 2023 Program. On September 15, 2023 February 22, 2024, we announced that our Board authorized us to purchase shares of our outstanding common stock for a total cost of up to $2.5 billion with no expiration date, which is in addition to the amount remaining under the February September 2023 Program.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

(c) During the three months ended September 30, 2023 March 31, 2024, no director or officer (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) of Valero adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) 408 of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description
+10.01	Valero Energy Corporation Supplemental Executive Retirement Plan, as amended and restated effective July 1, 2023–incorporated by reference to Exhibit 10.01 to Valero's quarterly report on Form 10-Q for the quarter ended June 30, 2023 (SEC File No. 001-13175).
22.01	Subsidiary Issuer of Guaranteed Securities–incorporated by reference to Exhibit 22.01 to Valero's annual report on Form 10-K for the year ended December 31, 2020 (SEC File No. 001-13175).
*31.01	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal executive officer.
*31.02	Rule 13a-14(a) Certification (under Section 302 of the Sarbanes-Oxley Act of 2002) of principal financial officer.
**32.01	Section 1350 Certifications (under Section 906 of the Sarbanes-Oxley Act of 2002).
***101.INS	Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
***101.SCH	Inline XBRL Taxonomy Extension Schema Document.
***101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
***101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
***101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
***101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
***104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

*** Submitted electronically herewith.

Certain agreements relating to our long-term debt have not been filed as exhibits as permitted by paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K since the total amount of securities authorized under any such agreements do not exceed 10 percent of our total consolidated assets. Upon request, we will furnish to the SEC all constituent agreements defining the rights of holders of our long-term debt not filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VALERO ENERGY CORPORATION
(Registrant)

By: /s/ Jason W. Fraser

Jason W. Fraser
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and Principal
Financial and Accounting Officer)

Date: October 26, 2023 April 25, 2024

Exhibit 31.01

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, R. Lane Riggs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Valero Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 April 25, 2024

/s/ R. Lane Riggs

R. Lane Riggs
Chief Executive Officer and President

Exhibit 31.02

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jason W. Fraser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Valero Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 April 25, 2024

/s/ Jason W. Fraser

Jason W. Fraser
Executive Vice President and Chief Financial Officer

Exhibit 32.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Valero Energy Corporation (the Company) on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ R. Lane Riggs

R. Lane Riggs
Chief Executive Officer and President
October 26, 2023 April 25, 2024

A signed original of the written statement required by Section 906 has been provided to Valero Energy Corporation and will be retained by Valero Energy Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Valero Energy Corporation (the Company) on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason W. Fraser

Jason W. Fraser
Executive Vice President and Chief Financial Officer
October 26, 2023 April 25, 2024

A signed original of the written statement required by Section 906 has been provided to Valero Energy Corporation and will be retained by Valero Energy Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER