

VALERO ENERGY CORP/TX
Form 11-K
June 22, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

Commission File Number 1-13175

PREM COR RETIREMENT SAVINGS PLAN

VALERO ENERGY CORPORATION
One Valero Way
San Antonio, Texas 78249

PREMCOR RETIREMENT SAVINGS PLAN

Table of Contents

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
<u>Statements of Net Assets Available for Benefits as of December 31, 2011 and 2010</u>	<u>2</u>
<u>Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2011 and 2010</u>	<u>3</u>
<u>Notes to Financial Statements</u>	<u>4</u>
<u>Schedule H, Line 4i-Schedule of Assets (Held at End of Year) as of December 31, 2011</u>	<u>15</u>
<u>Signature</u>	<u>16</u>

All other supplemental schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because they are not applicable or not required.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Valero Energy Corporation Benefit Plans Administrative Committee:

We have audited the accompanying statements of net assets available for benefits of the Premcor Retirement Savings Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

San Antonio, Texas
June 22, 2012

PREMCOR RETIREMENT SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2011	2010
Assets		
Investments:		
Mutual funds	\$ 153,533,874	\$ 167,722,417
Common/collective trust	51,186,868	47,887,724
Valero Energy Corporation common stock	15,091,321	16,622,108
Money market security	36,869	40,960
Total investments at fair value	219,848,932	232,273,209
Receivables:		
Participant loans	5,307,078	5,016,290
Employer contributions	150,168	205,309
Participant contributions	1,014	1,278
Total receivables	5,458,260	5,222,877
Total assets reflecting all investments at fair value	225,307,192	237,496,086
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(2,370,278	) (1,885,728)
Net assets available for benefits	\$222,936,914	\$235,610,358

See Notes to Financial Statements.

PREMCOR RETIREMENT SAVINGS PLAN
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years Ended December 31,	
	2011	2010
Investment income:		
Interest income	\$248,732	\$292,772
Dividend income	5,336,606	4,705,150
Net appreciation (depreciation) in fair value of investments	(5,008,061	) 22,454,491
Total investment income	577,277	27,452,413
Contributions:		
Participant	6,040,359	6,219,016
Employer	4,570,909	4,789,563
Total contributions	10,611,268	11,008,579
Total additions	11,188,545	38,460,992
Deductions:		
Withdrawals by participants	(23,861,989	) (33,163,829
Total deductions	(23,861,989	) (33,163,829
Net increase (decrease) in net assets available for benefits	(12,673,444	) 5,297,163
Net assets available for benefits:		
Beginning of year	235,610,358	230,313,195
End of year	\$222,936,914	\$235,610,358

See Notes to Financial Statements.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The Premcor Retirement Savings Plan (the Plan) is a qualified profit-sharing plan covering Valero Energy Corporation's eligible United States (U.S.) employees. (See "Eligibility and Participation" below for a description of employees eligible for participation in the Plan.) The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As used in this report, the term "Valero" may refer, depending upon the context, to Valero Energy Corporation, one or more of its consolidated subsidiaries, or all of them taken as a whole.

The description of the Plan included in these notes to financial statements provides only general information. Participants should refer to the plan document for a complete description of the Plan's provisions.

Plan Administration

Valero is the plan sponsor. Valero is a publicly held independent petroleum refining and marketing company with approximately 22,000 employees. As of December 31, 2011, Valero owned 16 refineries with a combined total throughput capacity of approximately 3.0 million barrels per day. Valero markets refined products through an extensive bulk and rack marketing network and and sells refined products through a network of approximately 6,800 retail and wholesale branded outlets in the U.S., Canada, the United Kingdom, Aruba, and Ireland under various brand names including Valero®, Diamond Shamrock®, Shamrock®, Ultramar®, Beacon®, and Texaco®. Valero also produces ethanol and operates ten ethanol plants in the U.S. with a combined nameplate production capacity of approximately 1.1 billion gallons per year.

Valero's common stock trades on the New York Stock Exchange under the symbol "VLO."

The Valero Energy Corporation Benefit Plans Administrative Committee (the Administrative Committee) consisting of persons selected by Valero is the administrator of the Plan. The members of the Administrative Committee serve without compensation for services in that capacity. Vanguard Fiduciary Trust Company (Vanguard) is the trustee and record keeper under the Plan and has custody of the securities and investments of the Plan through a trust.

Eligibility and Participation

Valero's employees at its Port Arthur and Memphis Refineries represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union and its Local 13-423, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union and its Local 9-00631, respectively, are eligible to participate in the Plan after completing six months of service. Participation in the Plan is voluntary.

Contributions

Participants can make pre-tax contributions from 1 percent to 50 percent of their annual eligible compensation as defined in the plan document, subject to certain limitations under the Internal Revenue Code of 1986, as amended (the Code). Participants may also make designated Roth 401(k) contributions to the Plan, which are included in the participant's gross income at the time of the contribution. Participants also can elect to make after-tax contributions up to 5 percent of their eligible compensation; however, Valero does not match these contributions. Total participant

contributions cannot exceed 50 percent of eligible compensation.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

Any employee can make rollover contributions and eligible Roth 401(k) rollover contributions to the Plan. For the years ended December 31, 2011 and 2010, rollover contributions totaled \$145,869 and \$6,841, respectively, and are included in participant contributions.

The Code establishes an annual limitation on the amount of individual pre-tax and/or Roth 401(k) salary deferral contributions. The limit was \$16,500 for each of the years ended December 31, 2011 and 2010. Participants who attained or were over age 50 before the end of the year were eligible to make catch-up contributions of up to \$5,500 for each of the years ended December 31, 2011 and 2010.

Valero matches 200 percent of the first 3 percent of eligible compensation that a participant contributes on a pre-tax basis to the Plan. Valero also matches 100 percent of eligible compensation above 3 percent up to a maximum of 6 percent that union participants at the Port Arthur Refinery contribute to the Plan. Employer contributions are made in cash and are invested according to the investment options elected for participant contributions.

Participant Accounts

Individual accounts are maintained for each participant. Each participant's account is adjusted to reflect participant contributions, employer contributions, withdrawals, income, expenses, gains, and losses attributable to the participant's account.

Vesting

Participants are vested 100 percent in their participant account at all times. Participants vest in their employer account at the rate of 20 percent per year and are 100 percent vested after five years of service.

On June 1, 2010, Valero sold its Delaware City Refinery to wholly owned subsidiaries of PBF Energy Partners LP. As a result of the sale, employees at the Delaware City Refinery were terminated by Valero. Those terminated employees who were participants in the Plan became fully vested in their employer accounts if they were not yet fully vested.

Forfeitures

The Plan provides that if a participant incurs a break in service prior to becoming vested in any part of his employer account, the participants' prior continuous service will not be disregarded for purposes of the Plan until the break in service equals or exceeds five successive years. Upon a participant's termination of employment for other than death, total and permanent disability, or retirement, the nonvested portion of the participant's employer account is forfeited. In the event the participant is reemployed prior to incurring a break in service of five successive years, any amounts forfeited under this provision will be reinstated.

Forfeited nonvested accounts of terminated participants can be used to pay the Plan's administrative expenses or reduce employer contributions. Employer contributions for the years ended December 31, 2011 and 2010 were reduced by \$9,000 and \$3,625, respectively, from forfeited nonvested accounts. As of December 31, 2011 and 2010, forfeited nonvested accounts available to reduce future employer contributions were \$2,395 and \$9,183, respectively.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

Investment Options

Participants direct the investment of 100 percent of their participant and employer contributions and may transfer existing account balances to any of the investment options offered. The investment options include mutual funds, a common/collective trust, Valero common stock, and a money market security.

Participants may not designate more than 20 percent of their contributions to be invested in Valero common stock. Transfers into Valero common stock will not be permitted to the extent a transfer would result in more than 50 percent of the aggregate value of the participant's account being invested in Valero common stock.

Effective February 10, 2012, the Vanguard Target Retirement 2005 Fund was merged into the Vanguard Target Retirement Income Fund (the Income Fund). The two mutual funds have nearly identical asset allocations. Each Vanguard Target Retirement Fund is designed to reach the asset allocation of the Income Fund about seven years after its target date. As each Vanguard Target Retirement Fund completes this process, Vanguard expects to merge it into the Income Fund.

Also effective February 10, 2012, the Vanguard Asset Allocation Fund was closed and its assets transferred to the Vanguard Balanced Index Fund, a mutual fund, which was added to the Plan's investment options.

In February 2012, the Vanguard Target Retirement 2060 Fund was added to the Plan's investment options.

Withdrawals and Distributions

A participant may withdraw any after-tax contributions and under certain circumstances may withdraw pre-tax contributions after submitting a request to Vanguard. A participant may withdraw up to 100 percent of his vested matching contribution account. Withdrawals of pre-tax contributions or designated Roth 401(k) contributions before employment ends are limited to hardship withdrawals, under which certain criteria must be met, or attainment of age 59½.

Upon a participant's death, total and permanent disability, or retirement, the participant or the beneficiary of a deceased participant is entitled to a distribution of the entire value of the participant's account and employer account regardless of whether or not the accounts are fully vested. Upon a participant's termination for any other reason, the participant is entitled to a distribution of only the value of the participant's account and the vested portion of the participant's employer account. Distributions resulting from any of these occurrences may be received in a single sum. Alternatively, a participant or beneficiary may elect to receive this distribution in the form of equal monthly installments over a period not to exceed fifteen years. In addition, when the value of a distribution to a participant exceeds \$1,000, the distribution to a participant who has terminated employment prior to his death, disability, or normal retirement age may be made only with the participant's consent.

Terminated participants may elect to have the Plan trustee hold their accounts for distribution to them at a date not later than April 1 of the calendar year after which they attain age 70½. In this event, terminated participants continue to share in the income, expenses, gains, and losses of the Plan until their accounts are distributed.

The Plan allows participants who are called to active duty military service and who are on military leave for a period of 179 days or more to make withdrawals of all or any portion of their account.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

Participant Loans

Participants may borrow, subject to certain limitations, amounts credited to their pre-tax contribution account or designated Roth 401(k) contribution account. The maximum loan amount a participant may have outstanding is restricted to the lesser of:

- (a) \$50,000, reduced by the excess of (i) the highest outstanding balance of the participant's loans during a one-year period over (ii) the participant's then currently outstanding loan balance on the day any new loan is made, or
- (b) one-half of the current value of the participant's vested interest in his Plan accounts.

The term of any loan may not exceed five years unless the loan is for the purchase of a participant's principal residence, in which case the term may be longer than five years. Effective January 1, 2010, the repayment period for a loan used to acquire a participant's principal residence may be up to 15 years. The balance of the participant's account and vested portion of his employer account serve as security for the loan. Loans bear interest at a reasonable rate as established by the Administrative Committee, presently at prime plus 1%. As of December 31, 2011, interest rates on outstanding participant loans ranged from 4.25% to 9.25% and maturity dates ranged from January 2012 to July 2026. Loan repayments of principal and interest are made through payroll deductions or as otherwise determined. A participant may continue to make loan repayments following termination of employment pursuant to procedures established by Valero.

Plan Expenses

Plan administrative expenses, including trustee fees and administrative fees, may be paid by the Plan unless paid by Valero. For the years ended December 31, 2011 and 2010, Valero paid \$53,877 and \$31,495, respectively. Valero also provides certain other services at no cost to the Plan. Investment expenses relating to individual participant accounts, such as investment management expenses, have been deducted from interest income or dividend income. Individual participant transaction fees, such as overnight delivery fees, redemption fees, and annual loan maintenance fees, are deducted from the respective participant's account and are included in withdrawals by participants.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Management has evaluated events that occurred after December 31, 2011 through the date these financial statements were available to be issued on June 22, 2012. Any material subsequent events that occurred during this time have been properly recognized or disclosed in these financial statements.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

Significant Accounting Policies

Reclassifications

Certain amounts previously reported in our annual report on Form 11-K for the year ended December 31, 2010 have been reclassified to conform to the 2011 presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates that affect the amounts of assets and changes therein reported in the financial statements and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Valuation of Investments

The Plan's investments are stated at fair value as described in Note 4.

In May 2011, the provisions of Accounting Standards Codification Topic 820, "Fair Value Measurement," were amended to clarify the application of existing fair value measurement requirements and to change certain fair value measurement and disclosure requirements. Amendments that change measurement and disclosure requirements relate to (i) fair value measurement of financial instruments that are managed within a portfolio, (ii) application of premiums and discounts in a fair value measurement, and (iii) additional disclosures about fair value measurements categorized within Level 3 of the fair value hierarchy. These provisions are effective for the first interim or annual period beginning after December 15, 2011. The adoption of this guidance effective January 1, 2012 will not affect the Plan's net assets available for benefits and changes in net assets available for benefits, but may result in additional disclosures.

Income Recognition

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation (depreciation) in fair value of investments consists of net realized gains and losses on the sale of investments and net unrealized appreciation (depreciation) of investments.

Participant Loans

Participant loans are measured at their unpaid principal balance plus any accrued but unpaid interest.

Withdrawals by Participants

Withdrawals by participants are recorded when paid.

Risks and Uncertainties

The Plan's investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS

Investments that represent 5 percent or more of the Plan's net assets available for benefits are as follows:

	December 31,	
	2011	2010
Valero Energy Corporation common stock	\$ 15,091,321	\$ 16,622,108
Vanguard 500 Index Fund Signal Shares	12,061,792	12,189,824
Vanguard International Growth Fund Investor Shares*	10,074,743	13,536,588
Vanguard Morgan Growth Fund Investor Shares	12,040,097	13,440,828
Vanguard PRIMECAP Fund Investor Shares	21,720,083	24,792,656
Vanguard Retirement Savings Trust (contract value of \$48,816,590 and \$46,001,996, respectively)	51,186,868	47,887,724
Vanguard Total Bond Market Index Fund Investor Shares	14,985,275	13,950,709
Vanguard Wellington Fund Investor Shares	24,085,951	26,812,460
Vanguard Windsor II Fund Investor Shares	20,897,819	23,372,925

* As of December 31, 2011, this investment was less than 5 percent of the Plan's net assets available for benefits but is shown in this table for comparative purposes only.

The Plan's investment in shares of Valero common stock represents 6.9 percent and 7.2 percent of total investments at fair value as of December 31, 2011 and 2010, respectively. The closing price for Valero common stock was \$21.05 and \$23.12 on December 31, 2011 and 2010, respectively. As of June 21, 2012, the closing price for Valero common stock was \$22.99.

During the years ended December 31, 2011 and 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	Years Ended December 31,	
	2011	2010
Valero Energy Corporation common stock	\$(1,361,841	) \$4,678,999
Mutual funds	(3,646,220	) 17,775,492
Net appreciation (depreciation) in fair value of investments	\$(5,008,061	) \$22,454,491

For the years ended December 31, 2011 and 2010, dividend income included \$210,531 and \$146,847, respectively, of dividends paid on Valero common stock.

Certain events could limit the ability of the Plan to transact at contract value with the issuers of the contracts held by the Vanguard Retirement Savings Trust. These events include, but are not limited to, layoffs, bankruptcy, plant closings, plan termination, mergers, and early retirement incentives. These events may cause liquidation of all or a portion of a contract at a market value adjustment. As of December 31, 2011,

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

the occurrence of any of these events, which could limit the Plan's ability to transact at contract value with participants, is not considered probable.

4. FAIR VALUE MEASUREMENTS

A fair value hierarchy (Level 1, Level 2, or Level 3) is used to categorize fair value amounts based on the quality of inputs used to measure fair value. Accordingly, fair values determined by Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs are based on quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair values of its applicable assets and liabilities. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The valuation methods used to measure the Plan's financial instruments at fair value are as follows:

Valero Energy Corporation common stock and mutual funds are measured at fair value using a market approach based on quotations from national securities exchanges and are categorized in Level 1 of the fair value hierarchy.

The money market security represents interest-bearing cash and is therefore categorized in Level 1 of the fair value hierarchy.

The Vanguard Retirement Savings Trust, a common/collective trust which primarily holds investments in fully benefit-responsive contracts, is stated at fair value as determined by the issuer of the fund and is categorized in Level 2 of the fair value hierarchy. The fair value of the Vanguard Retirement Savings Trust is calculated by the issuer using a discounted cash flow model, which considers (i) recent fee bids as determined by recognized dealers, (ii) discount rate, and (iii) the duration of the underlying portfolio securities. The fair value of the Plan's investment in the Vanguard Retirement Savings Trust is based on its proportionate ownership of the underlying investments. There are no imposed restrictions as to the redemption of this investment.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

The tables below present information about the Plan's assets measured at fair value on a recurring basis and indicate the fair value hierarchy of the inputs utilized to determine the fair values as of December 31, 2011 and 2010.

	Fair Value Measurements Using			Total as of December 31, 2011
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
Large-cap funds	\$96,793,218	\$—	\$—	\$96,793,218
Mid-cap funds	8,871,818	—	—	8,871,818
Small-cap funds	12,592,576	—	—	12,592,576
Bond funds	14,985,275	—	—	14,985,275
Foreign funds	10,074,743	—	—	10,074,743
Target date retirement funds	10,216,244	—	—	10,216,244
Common/collective trust	—	51,186,868	—	51,186,868
Valero Energy Corporation common stock	15,091,321	—	—	15,091,321
Money market security	36,869	—	—	36,869
Investments at fair value	\$168,662,064	\$51,186,868	\$—	\$219,848,932

	Fair Value Measurements Using			Total as of December 31, 2010
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
Large-cap funds	\$107,753,205	\$—	\$—	\$107,753,205
Mid-cap funds	10,772,769	—	—	10,772,769
Small-cap funds	13,832,354	—	—	13,832,354
Bond funds	13,950,709	—	—	13,950,709
Foreign funds	13,536,588	—	—	13,536,588
Target date retirement funds	7,876,792	—	—	7,876,792
Common/collective trust	—	47,887,724	—	47,887,724
Valero Energy Corporation common stock	16,622,108	—	—	16,622,108
Money market security	40,960	—	—	40,960
Investments at fair value	\$184,385,485	\$47,887,724	\$—	\$232,273,209

During the years ended December 31, 2011 and 2010, there were no transfers between assets classified as Level 1 and Level 2.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

5. PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in mutual funds, a common/collective trust, and a money market security that are managed by an affiliate of Vanguard Fiduciary Trust Company, the Plan's trustee. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. In addition, the Plan allows for loans to participants and investment in Valero's common stock. Valero, the sponsor of the Plan and a party-in-interest to the Plan, provides accounting and administrative services at no cost to the Plan. These transactions are covered by an exemption from the "prohibited transactions" provisions of ERISA and the Code.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, Valero has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of any termination of the Plan or complete discontinuance of employer contributions, participants would become 100 percent vested in their employer accounts. If the Plan were terminated, the Administrative Committee would direct the trustee to distribute the remaining assets, after payment of all Plan expenses, to participants and beneficiaries in proportion to their respective balances.

7. TAX STATUS

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated April 6, 2009 that the Plan is designed in accordance with applicable sections of the Code. Although the Plan has been amended since receiving the determination letter, the Plan sponsor believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code, and therefore believes that the Plan is qualified and the related trust is tax-exempt. As of December 31, 2011 and 2010, there were no unrecognized tax benefits. The Plan sponsor believes the Plan is not subject to tax examinations for plan years prior to 2008.

PREMCOR RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

Fully benefit-responsive investment contracts are recorded on the Form 5500 at fair value but are adjusted to contract value for financial statement presentation. Deemed distributions of participant loans are recorded on the Form 5500 upon default by participants; such amounts continue to be reported as participant loans in the financial statements until the participants' termination and actual distribution from the Plan.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 Annual Return/Report of Employee Benefit Plan:

	December 31,	
	2011	2010
Net assets available for benefits per the financial statements	\$222,936,914	\$235,610,358
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	2,370,278	1,885,728
Deemed distributions of participant loans	(72,068	) (153,142
Net assets available for benefits per the Form 5500	\$225,235,124	\$237,342,944

The following is a reconciliation of investment income per the financial statements to the Form 5500 Annual Return/Report of Employee Benefit Plan:

	Years Ended December 31,	
	2011	2010
Investment income per the financial statements	\$577,277	\$27,452,413
Adjustment from contract value to fair value for fully benefit-responsive investment contracts as of end of year	2,370,278	1,885,728
Adjustment from contract value to fair value for fully benefit-responsive investment contracts as of beginning of year	(1,885,728	) (1,030,469
Investment income per the Form 5500	\$1,061,827	\$28,307,672

PREMCOR RETIREMENT SAVINGS PLAN
 NOTES TO FINANCIAL STATEMENTS (Continued)

The following is a reconciliation of deemed distributions of participant loans per the financial statements to the Form 5500 Annual Return/Report of Employee Benefit Plan:

	Years Ended December 31,		
	2011	2010	
Deemed distributions of participant loans per the financial statements	\$—	\$—	
Deemed distributions of participant loans as of end of year	72,068	153,142	
Deemed distributions of participant loans as of beginning of year	(153,142) (175,257)
Deemed distributions of participant loans per the Form 5500	\$(81,074) \$(22,115)

PREMCOR RETIREMENT SAVINGS PLAN

EIN: 74-1828067

Plan No. 010

Schedule H, Line 4i—Schedule of Assets (Held at End of Year)

As of December 31, 2011

Identity of Issue/Description of Investment	Current Value
Mutual funds:	
Vanguard 500 Index Fund Signal Shares	\$12,061,792
Vanguard Asset Allocation Fund Investor Shares	5,987,476
Vanguard Explorer Fund Investor Shares	5,844,962
Vanguard International Growth Fund Investor Shares	10,074,743
Vanguard Mid-Cap Index Fund Investor Shares	8,871,818
Vanguard Morgan Growth Fund Investor Shares	12,040,097
Vanguard PRIMECAP Fund Investor Shares	21,720,083
Vanguard Small-Cap Index Fund Investor Shares	6,747,614
Vanguard Target Retirement 2005 Fund	236,667
Vanguard Target Retirement 2010 Fund	1,132,837
Vanguard Target Retirement 2015 Fund	3,721,707
Vanguard Target Retirement 2020 Fund	1,655,352
Vanguard Target Retirement 2025 Fund	1,395,345
Vanguard Target Retirement 2030 Fund	451,806
Vanguard Target Retirement 2035 Fund	400,186
Vanguard Target Retirement 2040 Fund	283,355
Vanguard Target Retirement 2045 Fund	231,840
Vanguard Target Retirement 2050 Fund	219,390
Vanguard Target Retirement 2055 Fund	4,709
Vanguard Target Retirement Income Fund	483,050
Vanguard Total Bond Market Index Fund Investor Shares	14,985,275
Vanguard Wellington Fund Investor Shares	24,085,951
Vanguard Windsor II Fund Investor Shares	20,897,819
Total mutual funds	153,533,874
Common/collective trust:	
Vanguard Retirement Savings Trust	51,186,868
Common stock:	
Valero Energy Corporation	15,091,321
Money market security:	
Vanguard Prime Money Market Fund	36,869
Participant loans (interest rates range from 4.25% to 9.25%; maturity dates range from January 2012 to July 2026)	5,307,078
	\$225,156,010

All investments are party-in-interest to the Plan.

See accompanying report of independent registered public accounting firm.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Valero Energy Corporation Benefit Plans Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PREMCOR RETIREMENT SAVINGS PLAN

By: /s/ Donna M. Titzman
Donna M. Titzman
Chairman of the Valero Energy Corporation
Benefit Plans Administrative Committee
Vice President and Treasurer, Valero Energy Corporation

Date: June 22, 2012