

VALERO ENERGY CORPORATION
COMPENSATION COMMITTEE CHARTER

Article I. Purpose

The Compensation Committee of the Board of Directors of Valero Energy Corporation assists the Board with its responsibilities relating to compensation of the Company's executives and directors and oversight of the Company's compensation programs and policies.

Article II. Composition

1. The Committee shall be composed of at least three members of the Board, one of whom shall be designated by the Board as Chair. Committee members shall be appointed by the Board on the recommendation of the Nominating/Governance Committee of the Board. Members of the Compensation Committee may be removed by the Board.
2. Each member shall meet the independence requirements of the New York Stock Exchange and meet any other standards prescribed by applicable law. In addition, all members of the Committee shall meet the definitions of (a) "non-employee director" under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) "outside director" in Section 162(m) of the Internal Revenue Code.

Article III. Duties, Responsibilities, Authority

1. The Committee shall have direct responsibility to review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and together with the other independent directors determine and approve the CEO's overall compensation level based on this evaluation. In determining the incentive components of CEO compensation, factors that will be considered include the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
2. The Committee shall review and approve the annual base salaries and incentive awards for the senior executives of the Company.
3. If any grant or award to an executive is intended to qualify as "performance-based compensation" per Section 162(m) of the Internal Revenue Code, the Committee shall approve such award.

4. The Committee shall review and approve the following as they affect the Company's CEO and senior executives: (a) employment and severance arrangements, and (b) change-of-control agreements and provisions affecting compensation and benefits.
5. The Committee shall approve and administer the Company's compensation plans, including its stock option, restricted stock, incentive bonus and other equity-based plans.
6. The Committee shall (a) review the compensation policies and programs of the Company, (b) review and adopt equity-based compensation plans of the Company, (c) oversee the administration of the Company's equity-based compensation plans, and (d) approve amendments to and interpretations of the Company's equity-based compensation plans.
7. The Committee shall conduct periodic reviews of director compensation and make recommendations to the Board regarding directors' compensation. The Committee shall approve and administer compensation and benefit plans for the Company's non-employee directors, including its non-employee director stock option plan and restricted stock plan.
8. The Committee shall review the Company's management succession planning programs for senior executives.
9. The Committee shall review and discuss with management the disclosures made in the Company's proxy statement under "*Compensation Discussion and Analysis*." The Committee shall issue an annual report on executive compensation for inclusion in the Company's proxy statement.
10. The Committee shall annually review its own performance, which may be done in conjunction with the annual evaluations of the Board and committees thereof conducted under the oversight of the Nominating/Governance Committee. The Committee shall assess annually the adequacy of this Charter.
11. The Committee has sole authority to retain and terminate any consultant that is engaged to evaluate compensation for the Company's CEO, senior executives or directors, and sole authority to approve the consultant's fees and other engagement terms. The Committee also has authority to obtain independent assistance from legal, accounting or other advisors.
12. The Company's bylaws authorize the Committee to delegate to an executive officer of the Company the authority to amend the Company's employee benefit plans in certain circumstances, subject to the various restrictions stated in the bylaws (*e.g.*, the amendments may not materially increase benefits accruing to participants in the plan or require stockholder approval under applicable law or NYSE listing standard).

Article IV. Meetings and Reporting

1. A majority of the members of the Committee will constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee.
2. The Chair shall schedule and preside at all meetings of the Committee. In the absence of the Chair, the majority of the members of the Committee present at a meeting shall appoint a member to preside at the meeting.
3. The Chair of the Committee shall report to the Board following each Committee meeting, and as otherwise required by the Chairman of the Board.