

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

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,982	\$ 5,850
Receivables, net	7,345	6,922
Inventories	6,532	6,384
Prepaid expenses and other	816	156
Total current assets	17,675	19,312
Property, plant, and equipment, at cost	42,473	40,010
Accumulated depreciation	(13,625)	(12,530)
Property, plant, and equipment, net	28,848	27,480
Deferred charges and other assets, net	3,632	3,366
Total assets	\$ 50,155	\$ 50,158
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and capital lease obligations	\$ 238	\$ 122
Accounts payable	8,594	8,348
Accrued expenses	630	712
Taxes other than income taxes payable	1,213	1,321
Income taxes payable	49	568
Total current liabilities	10,724	11,071
Debt and capital lease obligations, less current portion	8,871	8,750
Deferred income tax liabilities	4,962	4,708
Other long-term liabilities	2,867	2,729
Commitments and contingencies		
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	7	7
Additional paid-in capital	7,048	7,039
Treasury stock, at cost; 255,905,051 and 239,603,534 common shares	(14,925)	(13,315)
Retained earnings	31,044	29,200
Accumulated other comprehensive loss	(1,507)	(940)
Total Valero Energy Corporation stockholders' equity	21,667	21,991
Noncontrolling interests	1,064	909
Total equity	22,731	22,900
Total liabilities and equity	\$ 50,155	\$ 50,158

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2018	2017	2016
Revenues (a)	\$ 117,033	\$ 93,980	\$ 75,659
Cost of sales:			
Cost of materials and other	104,732	83,037	65,962
Operating expenses (excluding depreciation and amortization expense reflected below)	4,690	4,504	4,251
Depreciation and amortization expense	2,017	1,934	1,846
Lower of cost or market inventory valuation adjustment	—	—	(747)
Total cost of sales	111,439	89,475	71,312
Other operating expenses	45	61	—
General and administrative expenses (excluding depreciation and amortization expense reflected below)	925	829	709
Depreciation and amortization expense	52	52	48
Asset impairment loss	—	—	56
Operating income	4,572	3,563	3,534
Other income, net	130	112	94
Interest and debt expense, net of capitalized interest	(470)	(468)	(446)
Income before income tax expense (benefit)	4,232	3,207	3,182
Income tax expense (benefit)	879	(949)	765
Net income	3,353	4,156	2,417
Less: Net income attributable to noncontrolling interests	231	91	128
Net income attributable to Valero Energy Corporation stockholders	\$ 3,122	\$ 4,065	\$ 2,289
Earnings per common share	\$ 7.30	\$ 9.17	\$ 4.94
Weighted-average common shares outstanding (in millions)	426	442	461
Earnings per common share – assuming dilution	\$ 7.29	\$ 9.16	\$ 4.94
Weighted-average common shares outstanding – assuming dilution (in millions)	428	444	464
Supplemental information:			
(a) Includes excise taxes on sales by certain of our international operations	\$ 5,626	\$ 5,573	\$ 5,493

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	\$ 3,353	\$ 4,156	\$ 2,417
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	2,069	1,986	1,894
Lower of cost or market inventory valuation adjustment	—	—	(747)
Asset impairment loss	—	—	56
Deferred income tax expense (benefit)	203	(2,543)	230
Changes in current assets and current liabilities	(1,297)	1,289	976
Changes in deferred charges and credits and other operating activities, net	43	594	(6)
Net cash provided by operating activities	4,371	5,482	4,820
Cash flows from investing activities:			
Capital expenditures	(1,628)	(1,353)	(1,278)
Deferred turnaround and catalyst costs	(915)	(523)	(718)
Investments in joint ventures	(181)	(406)	(4)
Capital expenditures of certain variable interest entities (VIEs)	(124)	(26)	—
Peru Acquisition, net of cash acquired	(468)	—	—
Acquisition of ethanol plants	(320)	—	—
Acquisitions of undivided interests	(212)	(72)	—
Minor acquisitions	(88)	—	—
Other investing activities, net	8	(2)	(6)
Net cash used in investing activities	(3,928)	(2,382)	(2,006)
Cash flows from financing activities:			
Proceeds from debt issuances and borrowings (excluding borrowings of certain VIEs)	1,258	380	2,153
Proceeds from borrowings of certain VIEs	109	—	—
Repayments of debt and capital lease obligations	(1,359)	(21)	(1,475)
Purchases of common stock for treasury	(1,708)	(1,372)	(1,336)
Common stock dividends	(1,369)	(1,242)	(1,111)
Contributions from noncontrolling interests	32	30	—
Distributions to noncontrolling interests	(116)	(67)	(65)
Other financing activities, net	(15)	20	(178)
Net cash used in financing activities	(3,168)	(2,272)	(2,012)
Effect of foreign exchange rate changes on cash	(143)	206	(100)
Net increase (decrease) in cash and cash equivalents	(2,868)	1,034	702
Cash and cash equivalents at beginning of year	5,850	4,816	4,114
Cash and cash equivalents at end of year	\$ 2,982	\$ 5,850	\$ 4,816

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