

VALERO ENERGY CORP/TX
Form 4
November 18, 2010

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KLESSE WILLIAM R

2. Issuer Name and Ticker or Trading Symbol
VALERO ENERGY CORP/TX [VLO]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
P.O. BOX 696000
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
11/17/2010

Director 10% Owner
 Officer (give title below) Other (specify below)
COB, CEO & President

SAN ANTONIO, TX 78269-6000
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
| | | | Code | V | Amount or Price | | |
| Common Stock, \$.01 par value | 11/17/2010 | | A | | 149,725 ⁽¹⁾ | D | \$ 0 966,300 |
| Common Stock, \$.01 par value | 11/17/2010 | | F | | 54,574 | D | \$ 18.985 911,726 ⁽²⁾ |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| | | | | Code V | (A) (D) | Date Exercisable Expiration Date | Title Amount Number of Shares |
| Employee Stock Option (right to buy) | \$ 18.985 | 11/17/2010 | | A | 149,725 | (3) 11/17/2020 | Common Stock 149,725 |
| Performance Shares | (4) | 11/17/2010 | | A | 299,450 | (4) 01/31/2014 | Common Stock (4) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|-------------------------------------------------------------------|---------------|-----------|----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KLESSE WILLIAM R P.O. BOX 696000 SAN ANTONIO, TX 78269-6000 | X | | COB, CEO & President | |

Signatures

J. Stephen Gilbert, as Attorney-in-Fact for William R. Klesse
 11/18/2010

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Award of restricted stock subject to time vesting.
- (2) The 911,726 amount does not include 24,783.5860 shares indirectly owned by the reporting person in a thrift plan.
- (3) The stock options vest annually in equal increments over a three-year period beginning in November 2011.
- (4) The performance shares vest annually in one-third increments beginning in January 2012 and are payable in shares of common stock in amounts ranging from zero to 200 percent of the performance shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.