

VALERO ENERGY CORP/TX
Form 424B3
January 22, 2004

Filed pursuant to Rule 424(b)(3)
Registration No. 333-106949

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED OCTOBER 16, 2003)

(LOGO)

2% MANDATORY CONVERTIBLE PREFERRED STOCK
(LIQUIDATION PREFERENCE \$25 PER SHARE)

This document supplements our prospectus dated October 16, 2003, as supplemented by our prospectus supplement dated October 28, 2003, relating to the offering for resale of Valero Energy Corporation's 2% Mandatory Convertible Preferred Stock (liquidation preference \$25 per share) and the shares of our common stock issuable upon conversion of the convertible preferred stock. As used in this prospectus supplement, the terms "Valero," "we," "us" and "our" will each refer to Valero Energy Corporation and its subsidiaries and "Orion" refers to Orion Refining Corporation. The convertible preferred stock was issued to Orion, a debtor in possession, in connection with Valero's purchase of Orion's refinery located in Louisiana. On October 28, 2003, Orion resold 8,460,000 shares of our convertible preferred stock in an underwritten public offering. After the offering, Orion retained 1,540,000 shares of our convertible preferred stock. On December 23, 2003, the United States bankruptcy court for the District of Delaware entered an order authorizing Orion to distribute a portion of its remaining shares of our convertible preferred stock to various creditors in partial satisfaction of its obligations to such creditors. The information in this prospectus supplement replaces and supercedes the information set forth in the fourth paragraph under the caption "Selling Securityholder" in the prospectus dated October 16, 2003.

Our common stock currently trades on the New York Stock Exchange under the symbol "VLO." The closing price of the common stock on the New York Stock Exchange was \$52.10 per share on January 20, 2004.

INVESTING IN OUR PREFERRED OR COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 5 OF THE ACCOMPANYING PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

January 21, 2004

SELLING SECURITYHOLDER

The following table sets forth the names of the selling securityholders, the amount of preferred stock and shares of our common stock beneficially owned by each such selling securityholder prior to the offering, the amount being offered for each of the selling securityholder's account and the amount to be owned by each such securityholder after completion of the offering.

Edgar Filing: VALERO ENERGY CORP/TX - Form 424B3

NAME	NUMBER OF SHARES OF PREFERRED STOCK BENEFICIALLY OWNED PRIOR TO THE OFFERING	NUMBER OF SHARES OF PREFERRED STOCK BEING OFFERED HEREBY	NUMBER OF SHARES OF PREFERRED STOCK TO BE OWNED AFTER COMPLETION OF THE OFFERING (1)	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED PRIOR TO THE OFFERING (2)	NUMBER OF SHARES OF COMMON STOCK BEING OFFERED HEREBY
Orion Refining Corporation.....	1,384,553	1,384,553	0	686,046	686,046
TCW Leveraged Income Trust, LP.....	46,095	46,095	0	22,840	22,840
TCW Leveraged Income Trust II, LP.....	52,953	52,953	0	26,238	26,238
TCW Shared Opportunity Fund II, LP.....	6,100	6,100	0	3,022	3,022
TCW Shared Opportunity Fund IIB, LP.....	5,433	5,433	0	2,692	2,692
TCW Shared Opportunity Fund III, LP.....	29,065	29,065	0	14,401	14,401
TCW Leveraged Income Trust IV, LP.....	15,801	15,801	0	7,829	7,829

-
- (1) Based on the assumption that the selling securityholders sell all their shares of convertible preferred stock.
 - (2) This number is based on a conversion ratio of .4955, the ratio at which a share of convertible preferred stock is convertible into a share of our common stock at any time prior to July 1, 2006, an amount that is subject to change on the mandatory conversion date as described in "Description of the Convertible Preferred Stock -- Mandatory Conversion."
 - (3) Based on the assumption that the selling securityholders sell all their shares of convertible preferred stock or our common stock underlying the convertible preferred stock.