UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

January 31, 2019

Jeremy L. Moore
Baker Botts LLP
jeremy.moore@bakerbotts.com

Re: Valero Energy Corporation
Incoming letter dated December 6, 2018

Dear Mr. Moore:

This letter is in response to your correspondence dated December 6, 2018 concerning the shareholder proposal (the "Proposal") submitted to Valero Energy Corporation (the "Company") by Andre Danesh (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Andre Danesh
***

***FISMA & OMB Memorandum M-07-16

January 31, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Valero Energy Corporation
Incoming letter dated December 6, 2018

The Proposal relates to a stock split.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(f). We note that the Proponent appears to have failed to supply, within 14 days of receipt of the Company's request, documentary support sufficiently evidencing that he satisfied the minimum ownership requirement for the one-year period as required by rule 14a-8(b). Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rules 14a-8(b) and 14a-8(f). In reaching this position, we have not found it necessary to address the alternative bases for omission upon which the Company relies.

Sincerely,

Lisa Krestynick
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

BAKER BOTTS L.L.P.

ONE SHELL PLAZA
910 LOUISIANA
HOUSTON, TEXAS
77002-4995

TEL +1 713.229.1234
FAX +1 713.229.1522
BakerBotts.com

AUSTIN
BEIJING
BRUSSELS
DALLAS
DUBAI
HONG KONG
HOUSTON
LONDON
MOSCOW
NEW YORK
PALO ALTO
RIYADH
SAN FRANCISCO
WASHINGTON

Jeremy L. Moore
TEL +1 713.229.1626
FAX +1 713.229.2826
jeremy.moore@bakerbotts.com

December 6, 2018

1934 Act
Rule 14a-8(b)
Rule 14a-8(f)(1)
Rule 14a-8(i)(13)
Rule 14a-8(i)(3)

BY EMAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: Valero Energy Corporation
Stockholder Proposal of Andre Danesh Pursuant to Rule 14a-8 Regarding a Two for One Stock Split

Ladies and Gentlemen:

We are writing on behalf of our client, Valero Energy Corporation (the "***Company***"), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, to inform the Staff of the Division of Corporation Finance (the "***Staff***") of the Securities and Exchange Commission (the "***Commission***") that, pursuant to Rules 14a-8(b), 14a-8(f)(1), 14a-8(i)(13) and 14a-8(i)(3), the Company plans to omit from its proxy statement and form of proxy for the Company's 2019 annual meeting of stockholders (collectively, the "***2019 Proxy Materials***") the stockholder proposal and the statements in support thereof (the "***Proposal***") submitted by Andre Danesh (the "***Proponent***") by facsimile dated November 9, 2018. A copy of the Proposal is attached hereto as Exhibit A. The Company respectfully requests that the Staff concur with the Company's view that the Proposal may properly be excluded from the Company's 2019 Proxy Materials pursuant to Rules 14a-8(b), 14a-8(f)(1), 14a-8(i)(13) and 14a-8(i)(3).

Pursuant to Rule 14a-8(j) and Staff Legal Bulletin No. 14D, we are submitting this request for no-action relief under Rule 14a-8 by use of the Commission email address, shareholderproposals@sec.gov (in lieu of providing six additional copies of this letter pursuant to Rule 14a-8(j)), and the undersigned has included his name and telephone number both in this letter and the cover email accompanying this letter. We are simultaneously forwarding by both email and facsimile a copy of this letter to the Proponent as notice of the Company's intent to omit the Proposal from the 2019 Proxy Materials.

As detailed below, the Company believes the Proposal may be excluded from the Company's 2019 Proxy Materials because the Proponent (i) failed to provide proof that he held

the Company's common stock for the one-year period preceding and including the date that the Proposal was submitted and (ii) failed to include a written statement that the Proponent intends to continue to hold the Company's common stock through the date of the Company's 2019 annual meeting of stockholders, even after being notified of such deficiencies and being provided an opportunity to remedy such deficiencies in accordance with Rule 14a-8(f)(1). In addition, even if the Proponent were eligible to submit a proposal, the Proposal may be excluded under (i) Rule 14a-8(i)(13) because it relates to specific amounts of stock dividends and (ii) Rule 14a-8(i)(3) because it is misleading and thus contrary to Rule 14a-9.

Background

The Proponent submitted the Proposal to the Company by letter dated November 9, 2018, via facsimile, which the Company received on that date. The Proposal seeks a stock split pursuant to which each stockholder of the Company would receive a specific ratio of stock, namely two shares for every one share. Specifically, the Proposal requests that the Company's stockholders adopt the following resolution:

> "RESOLVED: Shareholders request that Valero Energy (Valero) amend the Company's Certificate of incorporation and effect a 2 for 1 stock split of the issued and outstanding shares of our Common Stock, par value $0.01 per share, at any time prior to June 30, 2019 (the "Split Proposal"). The stock split, if effected, would affect all of our holders of Common Stock uniformly.
>
> The Proposal includes the following statement in support of the resolution:
>
> "Stockholder Supporting Statement:
>
> The primary purpose for effecting the stock split would be to decrease the per share price of our Common Stock. This would make shares more affordable to individual investors even though the underlying value of the company would not change. After a 2 for 1 stock split the Common Stock of Valero would appeal to a broader range of investors and generate greater investor interest in the company. This would have the practical effect of increasing liquidity in the stock."

In the Proposal, the Proponent stated that he and his family beneficially own approximately 1 million shares of the Company's common stock.

Because the Proponent did not appear in the Company's records as a registered stockholder and did not include a statement from the record holder of his shares verifying his ownership, the Company sent a deficiency notice to the Proponent, dated November 14, 2018 (the "***Deficiency Notice***"), via facsimile and followed by United States ("***U.S.***") first class mail, a copy of which is attached hereto as Exhibit B. The Proponent received the Deficiency Notice on November 14, 2018 according to the facsimile notice of transmission, a copy of which is also included with the Deficiency Notice attached hereto as Exhibit B.

In the Deficiency Notice, the Company advised the Proponent that he must provide proof of his eligibility to submit a stockholder proposal to the Company for inclusion in its 2019 Proxy Materials. The Company advised the Proponent that, in order to be eligible to submit a proposal, he must have continuously held at least $2,000 in market value, or 1%, of the Company's securities entitled to be voted for the Proposal for the one-year period preceding and including November 9, 2018 (the date on which the Proposal was submitted) and that he must continue to hold the securities through the date of the Company's 2019 annual meeting. The Company stated that since the Proponent did not appear in the Company's records as a registered stockholder, he needed to provide (i) a written statement from the record holder of his securities (usually a bank or broker) verifying that, at the time he submitted the Proposal, he continuously held the required securities for at least one year or (ii) copies of the documents specified in Rule 14a-8(b)(2)(ii). The Company also indicated that the Proponent must include his own written statement that he intends to continue to hold the securities through the date of the annual meeting.

In accordance with Staff Legal Bulletin No. 14F (October 18, 2011) ("***SLB 14F***"), the Deficiency Notice contained detailed instructions regarding how the Proponent should provide proof of his ownership of the Company's common stock if his stock is held through a bank or broker. Specifically, the Deficiency Notice informed the Proponent that (i) he must provide a written statement from the record holder of his shares, (ii) if his shares are held through a bank or broker that is a participant in the Depository Trust Company ("***DTC***"), one letter from the bank or broker containing all of the required information would be sufficient and (iii) if his shares are held through a bank or broker that is not a DTC participant, two proofs of ownership would need to be submitted - one from the bank or broker confirming the Proponent's ownership and the other from the DTC participant confirming the bank's or broker's ownership. The Deficiency Notice also included information regarding how to determine whether a bank or a broker is a DTC participant and, if the bank or broker holding the Proponent's securities is not a DTC participant, that such bank or broker would likely know who the relevant DTC participant is.

The Company enclosed a copy of Rule 14a-8 and SLB 14F with the Deficiency Notice and advised the Proponent that his response and all proof of eligibility must be postmarked or transmitted electronically to the Company no later than 14 calendar days from the date he received the Deficiency Notice.

The Deficiency Notice also stated that the Company reserves the right to object to the Proposal for any other reason permitted under Rule 14a-8.

The Proponent responded by email on November 28, 2018 (the "***Email Response***") asking that the Company acknowledge receipt of the Email Response as well as a letter dated November 28, 2018 from Wells Fargo Advisors, a trade name used by Wells Fargo Clearing Services, LLC, a DTC participant (the "***Wells Fargo Letter***" and, together with the Email Response, the "***Deficiency Response***"), which letter was attached as a PDF to the Email Response. A copy of the Deficiency Response is attached hereto as Exhibit C. The Wells Fargo Letter states that it should serve "as confirmation that Andre Danesh, his children and related family member accounts currently hold 849,258 common shares of Valero Energy Corp. (VLO)

for the one year period preceding and including November 8, 2018. This information was based on the value of details for each Danesh related accounts as of November 28, 2018."

A representative of the Company replied to the Deficiency Response on November 28, 2018 via email, a copy of which is attached hereto as Exhibit D, acknowledging receipt of the Deficiency Response.

The Proposal May Be Omitted Pursuant to Rules 14a-8(b) and 14a-8(f)(1) Because the Proponent Has Failed to Demonstrate Its Eligibility to Submit the Proposal

The Proponent Failed to Provide Proof That He Held the Company's Securities For the One-Year Period Preceding and Including the Date That the Proposal Was Submitted

Under Rule 14a-8(b)(1), a proponent must "have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date [it] submit[s] the proposal." As noted in SLB 14F, "many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted."

The telefax transmission accompanying the Proposal, a copy of which is also included with the Proposal attached as Exhibit A hereto, is dated November 9, 2018. The Proposal itself is also dated November 9, 2018. The Company sent the Deficiency Notice to the Proponent within 14 days of its receipt of the Proposal in accordance with Rule 14a-8(f)(1). In accordance with Staff Legal Bulletin No. 14G (October 16, 2012), the Deficiency Notice requested that the Proponent provide proof of ownership "verifying that, at the time [he] submitted [his] proposal, [he] continuously held the securities for the one-year period preceding and including November 9, 2018." Despite the Deficiency Notice's explicit reference to November 9, 2018 as being the date that the Proposal was submitted, and thus being the appropriate date to reference in the proof of ownership, the Wells Fargo Letter speaks to the Proponent's ownership "for the one year period preceding and including November 8, 2018" which leaves a gap between when the Proposal was submitted and the period for which the Proponent's ownership was verified.

The Staff has consistently granted no-action relief where proponents have failed, following a timely and proper request by a company, to furnish the full and proper evidence of continuous share ownership for the full one-year period preceding and including the submission date of the proposal, even where the date gap was only for one day. For example, in *PepsiCo, Inc.* (January 10, 2013), the proponent submitted the proposal on November 20, 2012, and included a broker letter that established ownership of the company's securities for one year as of November 19, 2012. The company sent a timely deficiency notice to the proponent identifying the date gap, and the proponent did not respond to the deficiency notice. The company argued that the proposal could be excluded because the broker letter was insufficient to prove continuous share ownership for one year preceding and including November 20, 2012, the date the proposal was submitted. The Staff concurred with the exclusion of the proposal under Rules 14a-8(f) and 14a-8(b). Similarly, in *General Electric Co.* (December 16, 2009) the Staff concurred with the exclusion of a shareholder proposal pursuant to Rule 14a-8(f) and 14a-8(b)

where the proponent's cover letter was dated October 27, 2009, the proposal was submitted on October 28, 2009 and the record holder's one-year verification was as of October 27, 2009.

Because (i) the Proponent has not provided the Company proof of his continued ownership of the Company's common stock for the one-year period preceding and including the date that he submitted the Proposal, (ii) the Company timely and adequately provided the Proponent notice of this deficiency through the Deficiency Notice in accordance with Rule 14a-8(f) and (iii) the 14-day period under Rule 14a-8(f) for furnishing such information to the Company has expired, the Proposal may properly be excluded under Rules 14a-8(b)(1) and 14a-8(f).

The Proponent Failed to Provide a Written Statement That He Intends to Continue to Hold the Company's Securities Through the Date of the Annual Meeting

Under Rule 14a-8(b)(2), a proponent must provide "a written statement that [the proponent] intend[s] to continue to hold the securities through the date of the meeting of shareholders."

Neither the Proposal nor the telefax transmission accompanying the Proposal included a statement that the Proponent intends to hold the Company's securities through the date of the Company's 2019 annual meeting. As discussed above, the Company sent the Deficiency Notice to the Proponent within 14 days of its receipt of the Proposal in accordance with Rule 14a-8(f)(1). The Deficiency Notice explicitly informed the Proponent of Rule 14a-8(b)(2)'s requirement, stating "[y]ou must also include your own written statement that you intend to continue to hold the securities through the date of Valero's 2019 annual meeting of stockholders." Despite the statements in the Deficiency Notice, and the opportunity to cure the Proposal's deficiencies that was provided thereby, neither the Email Response nor the Wells Fargo Letter contains any statement with respect to the Proponent's intent to hold the Company's securities through the date of the Company's 2019 annual meeting.

The Staff has repeatedly concurred in the exclusion of stockholder proposals where proponents have, as here, failed to provide the required written statement of intent to continue holding the requisite amount of company shares through the date of the relevant shareholder meeting. *See e.g.*, *The Dow Chemical Company* (February 13, 2015) and *Verizon Communications Inc.* (January 10, 2013) (in each case the Staff concurred in the exclusion of a stockholder proposal where the proponents did not provide a written statement of intent to hold the requisite number of company shares through the date of the meeting at which the proposal would be voted on by stockholders).

Since (i) the Proponent has not provided the Company a written statement of its intent to hold the Company's securities through the date of the Company's 2019 annual meeting, (ii) the Company timely and adequately provided the Proponent notice of this deficiency through the Deficiency Notice in accordance with Rule 14a-8(f) and (iii) the 14-day period under Rule 14a-8(f) for furnishing such information to the Company has expired, the Proposal may properly be excluded under Rules 14a-8(b)(2) and 14a-8(f).

The Proposal May Be Omitted Pursuant to Rule 14a-8(i)(13) Because the Proposal Relates to Specific Amounts of Stock Dividends

Rule 14a-8(i)(13) permits a registrant to omit a proposal and any statement in support thereof from its proxy statement and form of proxy "[i]f the proposal relates to specific amounts of cash or stock dividends." For over 35 years, the Staff has recognized that, for purposes of Rule 14a-8(c)(13) (the predecessor of Rule 14a-8(i)(13)), a stock split is equivalent to a stock dividend (*see, e.g., Pan American World Airways, Inc.* (February 17, 1983) in which the Staff stated that "it is the Division's view that a stock split is synonymous with a stock dividend" for purposes of Rule 14a-8(i)(13)).

The Staff has consistently viewed proposals that establish a ratio for a stock split as the equivalent of requesting specific amounts of stock dividends, permitting such proposals to be excluded from proxy materials pursuant to Rule 14a-8(i)(13). *See e.g*, *Luby's, Inc.* (October 2, 2014) (concurring in the omission under Rule 14a-8(i)(13) of a proposal seeking a one for two reverse stock split); *Citigroup Inc.* (January 27, 2014) (concurring in the omission under Rule 14a-8(i)(13) of a proposal seeking a ten for one stock split) and *Berkshire Hathaway Inc.* (January 22, 2008) (concurring in the omission under Rule 14a-8(i)(13) of a proposal seeking a stock split at a ratio within a specified range).[1]

The Proposal expressly seeks a stock split pursuant to which each stockholder of the Company would receive a specific ratio of stock, namely two shares for every one share. Because the Proposal "relates to specific amounts of...stock dividends," it may be omitted from the Company's 2019 Proxy Materials pursuant to Rule 14a-8(i)(13).

The Proposal May Be Omitted Pursuant to Rule 14a-8(i)(3) Because it is Misleading and thus Contrary to Rule 14a-9

Rule 14a-8(i)(3) provides that an issuer may omit a proposal and any statement in support thereof from its proxy statement and form of proxy "[i]f the proposal or supporting statement is contrary to any of the Commission's proxy rules, including [Rule] 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials."

The Proposal's statement in support of the proposed resolution states that a two for one stock split would decrease the per share price of the Company's common stock, without changing the underlying value of the Company, thus allowing the Company's common stock to "appeal to a broader range of investors and generate greater investor interest in the company … [which] would have the practical effect of increasing liquidity in the stock." This statement of support is misleading in several respects.

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[1] *See also NVR, Inc.* (January 11, 2001) (proposing a 3 for 1 stock split); *Hecla Mining Company* (March 9, 2000) (proposing a 1 for 2 stock split); *Fleet Financial Group, Inc.* (December 2, 1998) (proposing a 1 for 20 reverse stock split); *The Quaker Oats Company* (August 20, 1998) (proposing a 2 for 1 stock split when the price reaches $ 60 per share); *Atlantic Richfield Company* (December 28, 1995) (proposing a 3 for 1 stock split); *RJR Nabisco Holdings Corp.* (December 8, 1995) (proposing a 5 for 1 stock split); *NYNEX Corp.* (February 28, 1992) (proposing a 2 for 1 stock split); *Merck & Co., Inc.* (February 25, 1992) (proposing a 3 for 1 stock split); and *Mortgage Trust of America* (March 1, 1979) (proposing a 2 for 1 stock split).

To begin, the Proposal makes the assertion without any support that appealing to a broader range of investors and increasing liquidity in the Company's common stock are beneficial outcomes for the Company and its stockholders. Such conclusion is not at all clear. While there are potential benefits to increasing (i) the pool of investors with the capability of purchasing the Company's common stock and (ii) the ease with which the Company's common stock can be bought and sold by investors in the market, these effects cannot be characterized as inherently beneficial for the Company and its stockholders because they also entail potential consequences that may be adverse on balance. Appealing to a broader group of investors may have the unintended consequence of increasing the number of "day traders" and other short-term investors in the Company's common stock. Such short-term investors often buy and sell securities for reasons detached from the underlying value of the issuer, which could increase the volatility of the Company's common stock and create erratic price swings that are unrelated to the Company's business developments. Each of these would be a negative outcome for the Company and the majority of its stockholders. Moreover, the Proposal assumes, without presenting any data or explanation, that the Company has insufficient liquidity in its common stock. In fact, as of November 30, 2018, the Company's common stock had an average trading volume above several of its peers.[2]

Furthermore, while the Proposal notes several effects of the stock split, and assumes their beneficial impact, it is silent as to both the actual and implicit costs and expenses that, from a practical perspective, the stock split would necessitate. As of October 31, 2018, the Company had 424,308,242 shares of common stock outstanding. The intricacies of effectuating a stock split of hundreds of millions of publicly traded shares would require the Company to engage the services of lawyers and other advisors, the fees of which can be significant. Even after a stock split is effectuated, the Company would likely face incremental costs and expenses and an enlarged administrative burden as a result of the ongoing need to service a larger number of outstanding shares and investors. The Proposal fails to mention that these actual costs would likely result from the stock split.

Additionally, the stock split could result in implicit costs to the Company in the form of diminished opportunities for important transactions in the Company's common stock. The Company's Restated Certificate of Incorporation, as amended to date (the "***Charter***"), grants the Company the authority to issue up to 1,220,000,000 shares of its common stock and, as noted above, as of October 31, 2018, the Company had 424,308,242 shares of common stock outstanding. The two for one stock split suggested by the Proposal would result in there being 848,616,484 shares of the Company's common stock outstanding, leaving the Company with only 371,383,516 remaining for issuance under the Charter. The Company would need stockholder approval to amend the Charter to issue shares above this amount, which could constrain the Company's ability raise equity capital by issuing additional shares, to utilize its common stock as currency in connection with a merger or acquisition transaction or as compensation to attract and retain talented officers and directors. Such constraints could

[2] Based on information available on https://finance.yahoo.com, as of November 30, 2018 the Company's average trading volume of 3,870,461 was higher than the average trading volume of both HollyFrontier Corporation (2,228,650) and Phillips 66 (2,723,520).

significantly diminish the Company's ability to pursue opportunities that would be beneficial to the Company and its stockholders. The Proposal omits any discussion of this implicit cost.

The Proposal's statement in support of the proposed resolution is therefore misleading and thus contrary to Rule 14a-9 because it overstates the possible benefits, and completely fails to disclose the potential disadvantages, of the proposed stock split. Consequently, the Proposal may be excluded pursuant to Rule 14a-8(i)(3).

Conclusion

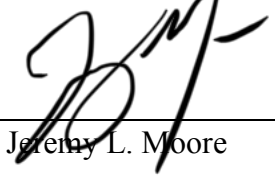
Based upon the foregoing analysis, it is respectfully submitted that the Proposal may be omitted from the Company's 2019 Proxy Materials pursuant to Rules 14a-8(b), 14a-8(f), 14a-8(i)(13) and 14a-8(i)(3). Your confirmation that the Staff will not recommend an enforcement action if the Proposal is omitted from the 2019 Proxy Materials is requested.

In the event the Staff disagrees with any conclusion expressed herein, or should any information in support or explanation of the Company's position be required, we would appreciate an opportunity to confer with the Staff before issuance of its response. If the Staff has any questions regarding this request or requires additional information, please contact the undersigned at 713.229.1626.

We appreciate your attention to this request.

Very truly yours,

BAKER BOTTS L.L.P.

By: 

Jeremy L. Moore

Enclosures

cc: Andre Danesh (via email and facsimile)

J. Stephen Gilbert
Valero Energy Corporation

Exhibit A
The Proposal and Telefax Transmission

ALLIED FINANCIAL CORP.
P.O. BOX 1271 • Brookline, MA 02446

Telephone: 617-734-7771
Telefax: 617-734-7779

TELEFAX TRANSMISSION

DATE: 11/9/18 NO. OF PAGES 3

TO: Mr. Joseph Gorder; Board of directors & Mr. Locket

COMPANY Valero Energy

CITY/STATE

FAX NO.: 210-345-2943

FROM:

SUBJECT:

MESSAGE:

If you do not receive all of the pages, please call
(617)734-7771 as soon as possible

ALLIED FINANCIAL CORP.
P.O. BOX 1271 • Brookline, MA 02446

Telephone: 617-734-7771
Telefax: 617-734-7779

Mr. Joseph W. Gorder
Valero Energy Corporation
One Valero Way
San Antonio, TX

November 9, 2018

Dear Mr. Gorder and Board of Directors,

I am sending you the following Shareholder Proposal for Valero's next annual meeting.

SHAREHOLDER PROPOSAL
By Andre Danesh and family, Beneficial Owner of approximately one million shares

SHAREHOLDER PROPOSAL

RESOLVED: Shareholders request that Valero Energy (Valero) amend the Company's Certificate of incorporation and effect a 2 for 1 stock split of the issued and outstanding shares of our Common Stock, par value $0.01 per share, at any time prior to June 30, 2019 (the "Split Proposal"). The stock split, if effected, would affect all of our holders of Common Stock uniformly.

Stockholder Supporting Statement:

The primary purpose for effecting the stock split would be to decrease the per share price of our Common Stock. This would make shares more affordable to individual investors even though the underlying value of the company would not change. After a 2 for 1 stock split the Common Stock of Valero would appeal to a broader range of investors and generate greater investor interest in the company. This would have the practical effect of increasing liquidity in the stock.

END OF STOCKHOLDER PROPOSAL

If you need any further information , I would be happy to provide it to you.

Cordially yours,

Andre Danesh

André Danesh

cc: Mr. John Locket
Stephen Goldstein, Esq.

Exhibit B

The Deficiency Notice and Facsimile Notice of Transmission

MEMORY TRANSMISSION REPORT

TIME :11-14-2018 17:45
FAX NO.1 :210-345-2302
NAME :Valero

FILE NO. : 535
DATE : 11.14 17:39
TO :☎ 916177347779
DOCUMENT PAGES : 14
START TIME : 11.14 17:40
END TIME : 11.14 17:45
PAGES SENT : 14
STATUS : OK

SUCCESSFUL TX NOTICE

VALERO ENERGY CORPORATION
ONE VALERO WAY
SAN ANTONIO, TX 78249
J. STEPHEN GILBERT
steve.gilbert@valero.com

FACSIMILE TRANSMITTAL SHEET

TO: Andre Danesh	FROM: Steve Gilbert
COMPANY: Allied Financial Corp.	DATE: November 14, 2018
FAX NUMBER: 617-734-7779	TOTAL NO. OF PAGES INCLUDING COVER: 14
PHONE NUMBER: 617-734-7771	SENDER'S TELEPHONE NUMBER: 210.345.2331
RE: Deficiency Notice Letter	SENDER'S FAX NUMBER: 210.345.3214

☐ ORIGINAL OF THIS DOCUMENT WILL NOT BE SENT ☑ ORIGINAL WILL BE FORWARDED TO YOU

NOTES/COMMENTS:

J. Stephen Gilbert
Senior Vice President-Corporate Law
Valero Services, Inc.
Disclosure and Compliance Officer
Secretary
Valero Energy Corporation

via fax: 617-734-7779
followed by U.S. mail First Class

November 14, 2018

Andre Danesh
Allied Financial Corp.
P.O. Box 1271
Brookline, MA 02446

Re: Stockholder Proposal — Valero Energy Corporation

Dear Mr. Danesh:

Valero Energy Corporation ("Valero") received, on November 9, 2018, your letter dated November 9, 2018, which includes your stockholder proposal for Valero's 2019 annual meeting of stockholders.

Rule 14a-8 under Regulation 14A of the Securities Exchange Act of 1934, as amended, sets forth the requirements for inclusion of a stockholder proposal in a company's proxy statement. A copy of the rule is enclosed with this letter as Annex A.

Rule 14a-8(b) specifies that in order to submit a proposal, a stockholder must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date on which the proposal is submitted and the stockholder must continue to hold the securities through the date of the annual meeting.

Because you do not appear as a registered stockholder in the records of Valero or Computershare Investor Services (the transfer agent for Valero's shares), if you wish to proceed with submitting a stockholder proposal, you need to submit proof of your eligibility to submit a proposal. You must prove your eligibility in one of two ways:

- By submitting a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for the one-year period preceding and including November 9, 2018. You must also include your own written statement that you intend to continue to hold the securities through the date of Valero's 2019 annual meeting of stockholders; or

- By submitting a copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4 and/or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the Securities and Exchange Commission (the "SEC"), you may demonstrate your eligibility by submitting to Valero:

- a copy of the schedule and/or form and any subsequent amendments reporting a change in your ownership level;

- your written statement that you continuously held the required number of shares for the one-year period preceding and including November 9, 2018; and

- your written statement that you intend to continue to hold the shares through the date of Valero's 2019 annual meeting of stockholders.

If you are submitting proof through the first alternative above and you hold your securities through a bank or broker that is listed as a participant in the Depository Trust Company ("DTC"), that bank or broker will be considered the "record" holder of your securities. You may determine if your bank or broker is a participant in DTC by checking the website at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.pdf?la=en. If your bank or broker is a participant, you should obtain and provide Valero with one letter from that bank or broker containing all of the information indicated above, in addition to your own statement as to your intent with regards to continued ownership through the date of Valero's 2019 annual meeting of stockholders. However, if your bank or broker is not listed as a participant in DTC, you will need to obtain proof of ownership from the DTC participant through which your securities are held. You should be able to find out who the DTC participant is by asking your bank or broker. In that case, as is most likely, if the DTC participant knows your bank's or broker's holdings but does not know your holdings, you may satisfy the requirements by obtaining and submitting two proof of ownership statements − one from your bank or broker confirming your ownership and the other from the DTC participant confirming the bank's or broker's ownership − in addition to your own statement as to your intent with regards to continued ownership through the date of Valero's 2019 annual meeting of stockholders. A copy of the SEC's Staff Legal Bulletin 14F, which describes these requirements, is also enclosed with this letter as Annex B.

In accordance with Rule 14a-8(f)(1), your response and all proof of eligibility as indicated above must be postmarked or transmitted electronically to me within 14 calendar days after you receive this letter.

If you do not provide your response and this proof within the time period set forth above, Valero intends to make a submission to the SEC pursuant to Rule 14a-8(j) to omit your proposal from Valero's proxy statement as permitted by Rule 14a-8.

If you wish to proceed with submitting a stockholder proposal, please note the full requirements for stockholder proposals set forth in Annex A to this letter.

Please note that Valero also reserves the right to object to your proposal for any other reason permitted under Rule 14a-8.

Very truly yours,

J. Stephen Gilbert
Secretary

Enclosure

One Valero Way, San Antonio, TX 78249
telephone (210) 345-2331, fax (210) 345-3214, steve.gilbert@valero.com

Annex A

§240.14a-8 Shareholder proposals.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1:* What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2:* Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible?

(1) In order to be eligible to submit a proposal, you must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) *Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) *Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) *Question 5:* What is the deadline for submitting a proposal?

(1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§249.308a of this chapter), or in shareholder reports of investment companies under §270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) *Question 6:* What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section?

(1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under §240.14a-8 and provide you with a copy under Question 10 below, §240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) *Question 7:* Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) *Question 8:* Must I appear personally at the shareholders' meeting to present the proposal?

(1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) *Question 9:* If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal?

(1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

> NOTE TO PARAGRAPH (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law:* If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

> NOTE TO PARAGRAPH (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules:* If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest:* If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance:* If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority:* If the company would lack the power or authority to implement the proposal;

(7) *Management functions:* If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections:* If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal:* If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented:* If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (*i.e.,* one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) *Duplication:* If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions:* If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends:* If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10:* What procedures must the company follow if it intends to exclude my proposal?

(1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11:* May I submit my own statement to the Commission responding to the company's arguments?

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(*l*) *Question 12:* If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13:* What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, §240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-6.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 76 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

Annex B

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14F (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 18, 2011

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://tts.sec.gov/cgi-bin/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- Common errors shareholders can avoid when submitting proof of ownership to companies;
- The submission of revised proposals;
- Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and
- The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: SLB No. 14, SLB No. 14A, SLB No. 14B, SLB No. 14C, SLB No. 14D and SLB No. 14E.

B. The types of brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Eligibility to submit a proposal under Rule 14a-8

To be eligible to submit a shareholder proposal, a shareholder must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.[1]

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.[2] Registered owners have a direct relationship with the issuer because their ownership of shares is listed on

the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as "street name" holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement "from the 'record' holder of [the] securities (usually a broker or bank)," verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.[3]

2. The role of the Depository Trust Company

Most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency acting as a securities depository. Such brokers and banks are often referred to as "participants" in DTC.[4] The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a "securities position listing" as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.[5]

3. Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a "record" holder for purposes of Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.[6] Instead, an introducing broker engages another broker, known as a "clearing broker," to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements. Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC's securities position listing, *Hain Celestial* has required companies to accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent's records or against DTC's securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8[7] and in light of the Commission's discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered "record" holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants' positions in a company's securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as "record" holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a "record" holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,[8] under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the "record" holder of the securities held on deposit at DTC for purposes of Rule

14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

How can a shareholder determine whether his or her broker or bank is a DTC participant?

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx.

What if a shareholder's broker or bank is not on DTC's participant list?

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.[9]

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC participant?

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

C. Common errors shareholders can avoid when submitting proof of ownership to companies

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal" (emphasis added).[10] We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals. Although our administration of Rule 14a-8(b) is constrained by the terms of the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker

or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

"As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities]."[11]

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder's securities are held if the shareholder's broker or bank is not a DTC participant.

D. The submission of revised proposals

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company's deadline for receiving proposals. Must the company accept the revisions?

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8(c).[12] If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company's deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.[13]

2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company's notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,[14] it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder "fails in [his or her] promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of [the same shareholder's] proposals from its proxy materials for any meeting held in the following two calendar years." With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.[15]

E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company's no-action request.[16]

F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission's website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

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[1] *See* Rule 14a-8(b).

[2] For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. *See* Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

[3] If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

[4] DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. *See* Proxy Mechanics Concept Release, at Section II.B.2.a.

[5] *See* Exchange Act Rule 17Ad-8.

[6] *See* Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

[7] *See KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden,* 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

[8] *Techne Corp.* (Sept. 20, 1988).

[9] In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. *See* Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

[10] For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

[11] This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

[12] As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

[13] This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

[14] *See, e.g.*, Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

[15] Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

[16] Nothing in this staff position has any effect on the status of any shareholder proposal that is not withdrawn by the proponent or its authorized representative.

Exhibit C
The Deficiency Response

From: Andre Danesh ***
Date: November 28, 2018 at 4:25:27 PM CST
To: steve.gilbert@valero.com
Cc: "Steven D. Goldstein" <sgoldstein@brooklinelaw.com>, Sonya Wilder ***
Subject: Fwd: verification letter

Dear MR Gilbert . Please acknoleg receiving this verification letter .
Thank You

Andre Danesh

Begin forwarded message:

From: matthew.clemens@wellsfargoadvisors.com
Subject: verification letter
Date: November 28, 2018 at 3:30:08 PM EST
To: *
*
*
Andre, please see attached. Thank you.

Matthew Clemens, MBA
First Vice President – Investment Officer
Wells Fargo Advisors
25 Main Street, 2nd Floor
Westlake OH, 44145
Tel 440-808-4526
800-262-6564
Fax 440-835-6734
matthew.clemens@wellsfargoadvisors.com
matthew.clemens@wfadvisors.com
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WELLS FARGO ADVISORS

Wells Fargo Advisors
25 Main Street, 2nd Floor
Westlake, OH 44145
Tel: 440-835-9250
Toll Free: 800-262-6564
Fax: 440-835-6734

Wednesday, November 28, 2018

Andre Danesh
***

RE: Verification of Valero Energy Corp. (VLO) Shares

Dear Andre,

I am writing in response to your request to verify the quantity of Valero Energy Corp. (VLO) share in which you and your family own.

This letter serves as confirmation that Andre Danesh, his children and related family member accounts currently hold 849,258 common shares of Valero Energy Corp. (VLO) for the one year period preceding and including November 8, 2018. This information was based on the value of details for each Danesh related accounts as of November 28, 2018.

If you have any additional questions please feel free to reach me at 440-835-9250.

Tim Adkins
Senior Vice President, Branch Manager
Wells Fargo Advisors
25 Main Street 2nd Floor
Westlake, Ohio 44145
Ph: 440.835.9250 - Fx: 440.835.6734
timothy.adkins@wfadvisors.com

Exhibit D
Company Acknowledgment

From: Gilbert, Steve <Steve.Gilbert@valero.com>
Sent: Wednesday, November 28, 2018 7:33 PM
To: ***
Cc: Moore, Jeremy <jeremy.moore@bakerbotts.com>; Dworaczyk, Jude <jude.dworaczyk@bakerbotts.com>
Subject: Fwd: verification letter

Mr. Danish,
I am confirming receipt of your email and letter attachment.
Best regards,
Steve

Begin forwarded message:

From: Andre Danesh ***
Date: November 28, 2018 at 4:25:27 PM CST
To: steve.gilbert@valero.com
Cc: "Steven D. Goldstein" <sgoldstein@brooklinelaw.com>, Sonya Wilder ***
Subject: Fwd: verification letter

Dear MR Gilbert . Please acknoleg receiving this verification letter .
Thank You

Andre Danesh

Begin forwarded message:

From: matthew.clemens@wellsfargoadvisors.com
Subject: verification letter
Date: November 28, 2018 at 3:30:08 PM EST
To: ***

Andre, please see attached. Thank you.

Matthew Clemens, MBA
First Vice President – Investment Officer
Wells Fargo Advisors
25 Main Street, 2nd Floor
Westlake OH, 44145
Tel 440-808-4526
800-262-6564
Fax 440-835-6734
matthew.clemens@wellsfargoadvisors.com
matthew.clemens@wfadvisors.com

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