

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 2, 2004**

**VALERO L.P.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-16417**  
(Commission  
File Number)

**74-2956831**  
(IRS Employer  
Identification No.)

**One Valero Place**  
**San Antonio, Texas**  
(Address of principal executive  
offices)

78212  
Zip Code

Registrant's telephone number, including area code: **(210) 370-2000**

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**Item 7. Financial Statements and Exhibits.**

(c) Exhibit

99.1 Presentation by Valero L.P. (the "Partnership") March 2, 2004.

**Item 9. Regulation FD Disclosure.**

The Partnership is furnishing herewith certain data being presented to analysts and investors on March 2, 2004, at the RBC Capital Markets 2004 Master Limited Partnership Investor Conference. The presentation is set forth in Exhibit 99.1 hereto and incorporated by reference herein. The exhibit is not filed but is furnished pursuant to Regulation FD.

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VALERO L.P.

By: Riverwalk Logistics, L.P.  
its general partner

By: Valero GP, LLC  
its general partner

Date: March 2, 2004

By: /s/Bradley C. Barron  
Name: Bradley C. Barron  
Title: Corporate Secretary

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**EXHIBIT INDEX**

<u>Number</u>	<u>Exhibit</u>
99.1	Presentation by Valero L.P. (the "Partnership") on March 2, 2004.



# Valero LP

*2004 Master Limited Partnership  
Investor Conference  
March 2, 2004*





# Forward Looking Statements



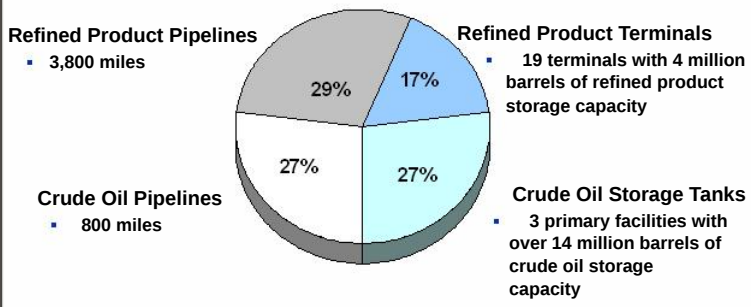
## Cautionary Statement Regarding Forward-Looking Statements

*This presentation includes forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995 regarding future events and the future financial performance of Valero L.P. All forward-looking statements are based on the partnership's beliefs as well as assumptions made by and information currently available to the partnership. These statements reflect the partnership's current views with respect to future events and are subject to various risks, uncertainties and assumptions. These risks, uncertainties and assumptions are discussed in the prospectus and prospectus supplement, Valero L.P.'s 2002 annual report on Form 10-K and subsequent filings with the Securities and Exchange Commission.*



# Balanced Portfolio of Assets




- ◆ Stable, fee-based assets supplying growing markets
  - No direct exposure to commodity price volatility



- ◆ Percentage of total throughputs based on 2003 throughput volume of 1.34 million BPD



## ***Strong Relationship with Valero Energy***

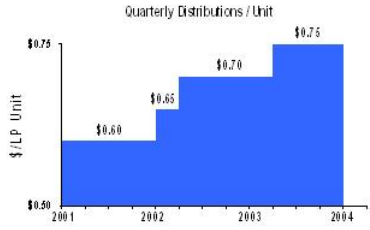
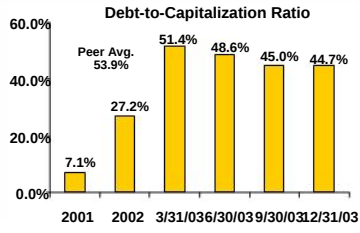
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- ◆ **Valero L.P. assets critical to profitability of 8 Valero Energy refineries**
    - Long-term handling and throughput agreements in place
      - 100% of crude oil and other feedstocks at 3 refineries
      - 75% of feedstocks and production at 3 refineries
  - ◆ **Insurance coverage through Valero Energy's program**
  - ◆ **Pre-existing environmental risk retained by Valero Energy**
  - ◆ **Valero Energy retains all commodity risk**
  - ◆ **Valero Energy maintains a significant retained interest**
    - 46% ownership (44% subordinated common; 2% GP interest)
    - GP incentive distribution at around 6%



# Strong Financial Position (Dollars in millions)

## Capital Structure (12/31/03)

\$175 MM Credit Facility	\$0.0
Note Payable	9.7
6 7/8% notes due 2012	97.9
6.05% notes due 2013	<u>246.6</u>
<b>Total Debt</b>	<b><u>\$354.2</u></b>
Common Units	\$310.6
Subordinated Units	118.0
Generals Partner's Equity	<u>9.6</u>
<b>Total Partner's Equity</b>	<b><u>438.2</u></b>
<b>Total Capitalization</b>	<b><u>\$792.4</u></b>
Debt Rating	<b>Baa3/BBB</b>





# Valero L.P. Has Outperformed Peers Since IPO



- ◆ 148% total shareholder return since IPO
- Includes 25% cumulative increase in distribution



<sup>(1)</sup> Buckeye Partners, Enbridge Energy Partners, Enterprise Products Partners, GulfTerra, Kaneb Pipeline Partners, Kinder Morgan Energy Partners, Magellan Midstream Partners, Northern Border Partners, Pacific Energy Partners, Plains All American Pipeline, Sunoco Logistics Partners, TC Pipeline Partners, TEPPCO Partners.

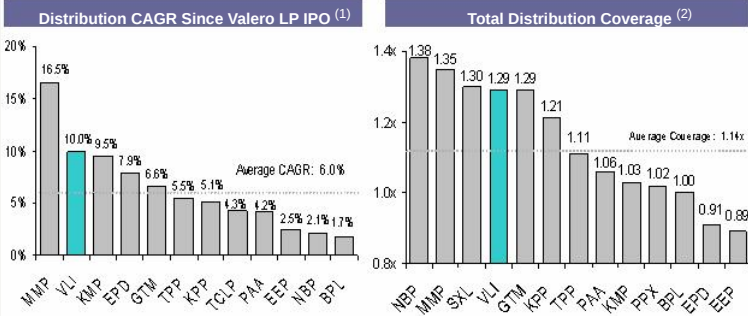




# Strong Distribution Growth



- ◆ Valero L.P. has delivered distribution growth over 1.5x the peer average since its IPO in April 2001
  - Valero L.P. maintains one of the strongest distribution coverage ratios in the peer group



(1) Compound annual growth rates of quarterly distributions to L.P. unitholders since the third quarter distribution of 2001.  
 (2) Based on Lehman Brothers' equity research estimates as of January 27, 2004. Represents total expected 2003 distributable cash flow divided by total 2003 distributions.



# Valero L.P. Strategy



- ◆ **Continued growth through acquisitions**
  - Focus on stable, fee-based assets which are supportive of Valero's refinery system
- ◆ **Increase utilization rates**
  - Expand existing systems
    - South Texas Pipeline System
    - McKee Refinery System
  - Invest in new logistics projects
- ◆ **Control costs**
- ◆ **Leverage economies of scale from incremental acquisitions and expansions**



# Acquisition of Royal Trading

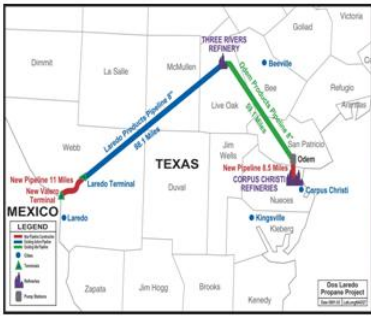


- ◆ Two state-of-the-art asphalt terminals acquired for \$28 million on February 20th
  - Terminal near Tulsa, Oklahoma
    - Storage capacity of 340,000 barrels
    - Four truck loading stations, rail loading facility and barge access
  - Terminal near Santa Fe, New Mexico
    - Storage capacity of 160,000 barrels
    - Two truck loading stations and rail loading facility
- ◆ Long-term supply contracts with Valero
- ◆ Immediately accretive to partnership's earnings and distributable cash flow





# Dos Laredos Project



- ◆ Valero to supply 5 mbpd of LPG for delivery to Pemex Gas at a new 35,000 bbl terminal in Nuevo Laredo, Mexico
- ◆ Construction to be completed by June 1, 2004
- ◆ Total investment estimated to be approximately \$26 million
- ◆ Opportunities to increase volumes and expand deeper into Mexico



## ***Key Investment Highlights***



◆ **Track record of growth and value creation through accretive acquisitions**

- More than doubled in size since IPO in April 2001
- Completed nearly \$530 million of accretive acquisitions



◆ **Balanced portfolio of fee-based assets**

- No exposure to commodity price volatility

◆ **Strong sponsor support**

- 46% owned by Valero Energy

◆ **Solid financial position**

- Modest leverage and conservative capital structure
- Track record of strong and consistent cash flow generation



◆ **Strong distribution coverage**



# *Appendix*



# Financial Performance

(Dollars in millions, except EPU)

	<u>1Q03</u>	<u>2Q03</u>	<u>3Q03</u>	<u>4Q03</u>	<u>FY 03</u>
Total Throughput (MBPD)	884	1,454	1,488	1,523	1,340
Revenue	\$31.8	\$47.5	\$51.7	\$50.4	\$181.5
Operating Expenses	11.7	16.3	19.5	17.2	64.6
G&A	1.8	1.7	1.6	2.4	7.5
Depreciation	4.3	7.2	7.1	7.6	26.3
Operating Income	14.0	22.3	23.5	23.2	83.0
Interest Expense	2.4	4.7	4.5	4.2	15.9
Equity Income from Affiliates	0.7	0.6	0.6	0.4	2.4
Net Income	12.3	18.2	19.6	19.4	69.6
Income Tax Provision	-	-	-	-	-
GP Distribution	0.6	1.1	1.1	1.1	3.9
Net Income applicable to LPs	\$11.7	\$17.1	\$18.5	\$18.3	\$65.6
EPU	\$0.60	\$0.79	\$0.82	\$0.79	\$3.02
Common units (in thousands)	19,556	21,703	22,477	23,041	21,706



# Ownership Structure

