

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): MARCH 10, 2003

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  
(I.R.S. Employer  
Identification No.)

ONE VALERO PLACE  
SAN ANTONIO, TEXAS  
(Address of principal executive offices)

78212  
(Zip Code)

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

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) EXHIBIT

Exhibit No.	Description of Exhibit
99.1	Presentation by Valero L.P. (the "Partnership") in March 2003.

ITEM 9. REGULATION FD DISCLOSURE.

The Partnership is furnishing herewith certain data being presented to analysts and investors in March 2003. This information, which is incorporated by reference into this Item 9 from Exhibit 99.1 hereof, is not filed but is furnished pursuant to Regulation FD.

The 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 the Partnership. 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 related to the offering for which the presentation was given, the Partnership's 2002 annual report on Form 10-K and subsequent filings with the Securities and Exchange Commission.

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 thereunto duly authorized.

Valero L.P.

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

By: Valero GP, LLC  
its general partner

Dated: March 10, 2003

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

EXHIBIT INDEX

NUMBER -----	EXHIBIT -----
99.1	Presentation by Valero L.P. in March 2003

# Valero **LP**



*Management Presentation*  
*March 2003*

# 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 related to this offering, Valero L.P.'s 2002 annual report on Form 10-K and subsequent filings with the Securities and Exchange Commission.***

## **Non-Solicitation Provision**

***No offer is being made with respect to the concurrent offering of notes. The notes are being offered only to Qualified Institution Buyers under Rule 144A and to non-U.S. persons under Regulation S.***

# Offering Summary

<b>Securities Offered:</b>	<b>5,750,000 Common Units</b>
<b>Last Price:</b>	<b>\$36.78 (March 7)</b>
<b>Most Recent Quarterly Distribution:</b>	<b>\$0.70 per unit (\$2.80 per unit per year)</b>
<b>Current Equity Yield:</b>	<b>~ 7.6%</b>
<b>Tax Shield:</b>	<b>At least 80% through 2005</b>
<b>Over-allotment Option:</b>	<b>862,500 (15%)</b>
<b>Expected Pricing:</b>	<b>Week of March 10, 2003</b>
<b>Use of Proceeds:</b>	<b>Partially finance two asset contributions from Valero Energy</b>
<b>Underwriters:</b>	<b>Lehman Brothers (Bookrunner)</b>
	<b>Goldman, Sachs &amp; Co.</b>
	<b>Morgan Stanley</b>
	<b>Salomon Smith Barney</b>
	<b>UBS Warburg</b>
	<b>Credit Suisse First Boston</b>
	<b>RBC Capital Markets</b>
	<b>Sanders Morris Harris</b>

# Management Representatives

<u>Name</u>	<u>Title</u>
Curt Anastasio	President and Chief Executive Officer
Steve Blank	Senior Vice President and Chief Financial Officer
Eric Fisher	Director, Investor Relations

# Key Investment Highlights

- ◆ Track record of value creation
- ◆ Balanced portfolio of assets
- ◆ History of accretive transactions with Valero Energy
  - Current transaction expected to add at least 30 cents of accretion to annual cash available for distribution per LP unit
- ◆ Competitive current yield (over 7.5%) and tax deferral (over 80%)
  - Subordination period ends 2006 (no early conversion)
- ◆ 1.2x distribution coverage on total units
- ◆ Strong sponsor support
- ◆ Solid financial position
- ◆ Opportunities for further distribution growth
  - Management intends to recommend to its Board an increase in the quarterly distribution of 5 cents per LP unit for the distribution with respect to the second quarter

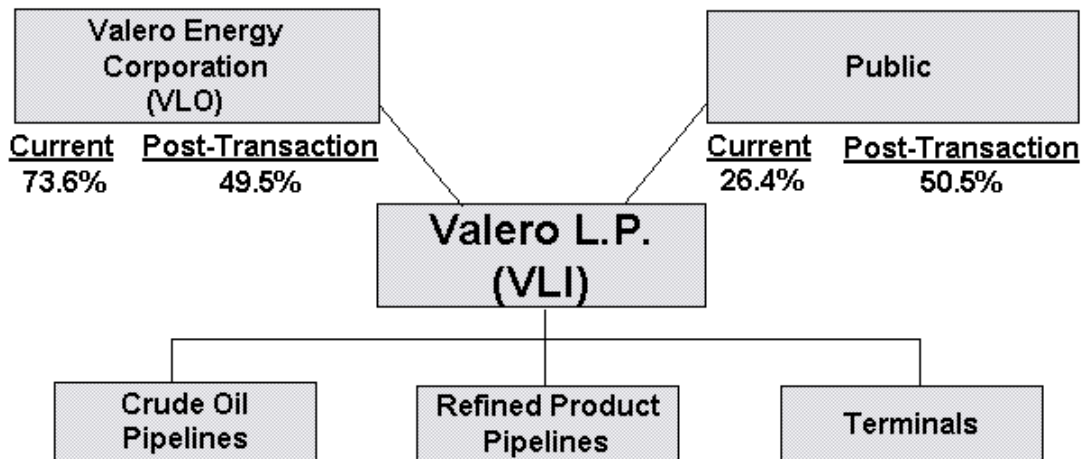


## Valero LP History

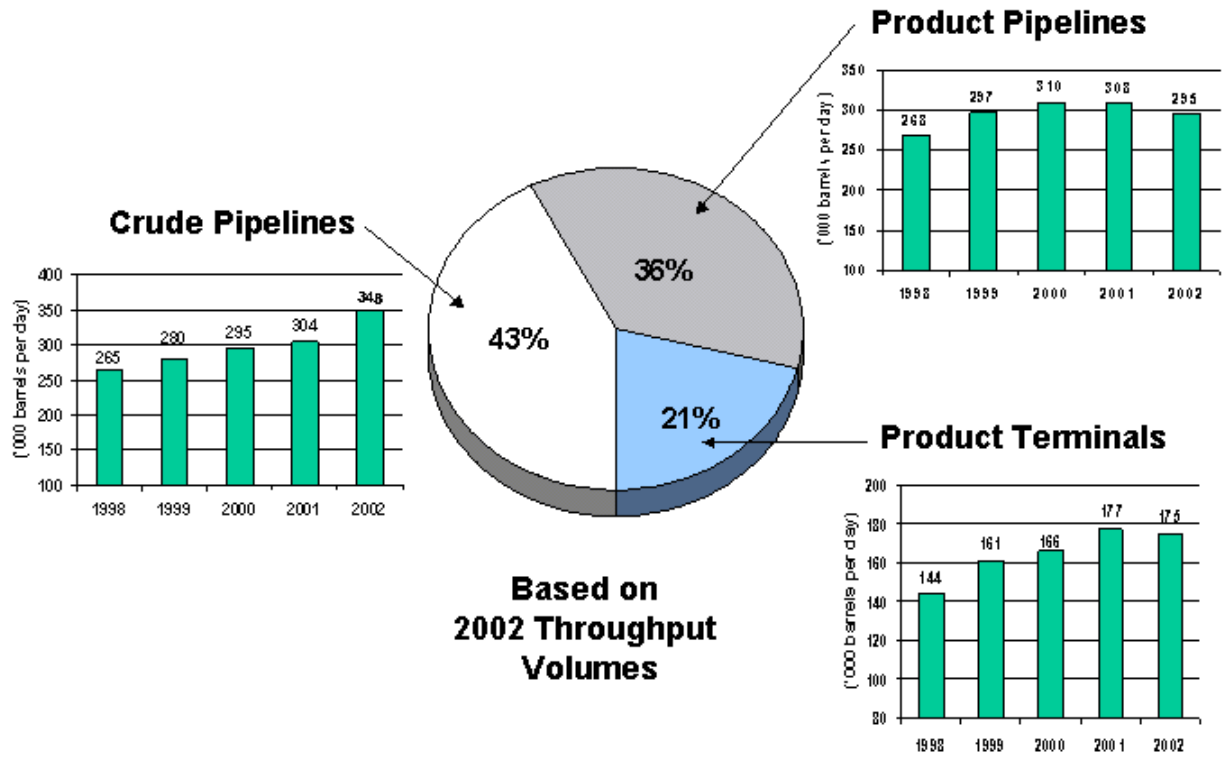
- ◆ **Originally created by UDS as Shamrock Logistics, L.P. to support growth of logistics business**
  - **IPO April 16, 2001 at \$24.50 per unit; currently \$37 per unit**
  - **Equity market cap at IPO of \$470 million; currently over \$700 million**
- ◆ **Valero Energy acquired UDS December 31, 2001**
  - **Shamrock Logistics, L.P. renamed Valero L.P. (NYSE:VLI)**
- ◆ **Portfolio of assets, mainly serving three key Valero Energy refineries in Southwestern U.S.**
  - **Crude oil pipelines, refined products pipelines and terminals**
  - **Completed over \$100 million of accretive acquisitions to date**

# Ownership Structure

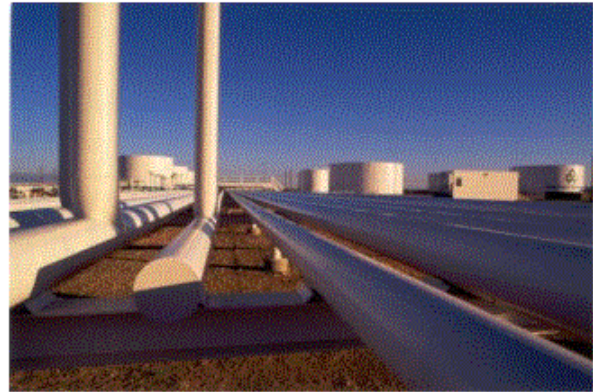
- ◆ VLI currently consolidated on Valero Energy's balance sheet
  - Will de-consolidate for accounting purposes following transactions
  - Enhances VLI's financial flexibility and its ability to grow through acquisitions
- ◆ VLI will redeem common units owned by Valero Energy sufficient to reduce Valero Energy's ownership percentage to 49.5% or less



# Balanced Portfolio of Assets



# Operations Strategically Integrated with Valero



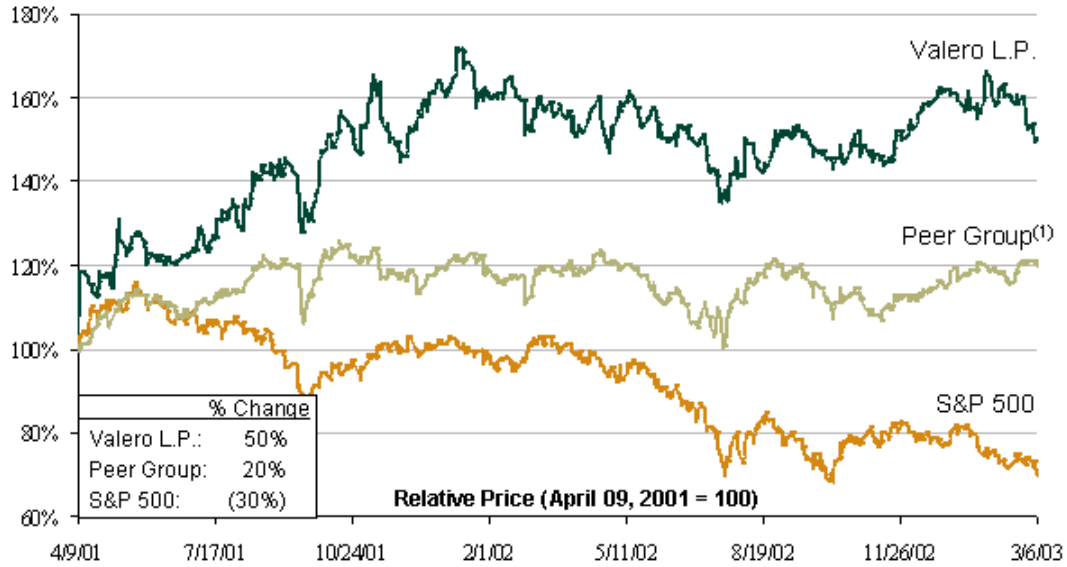
- 18 Product Pipelines - 2,846 Miles
- 9 Crude Oil Pipelines - 783 Miles
- 1 Hydrogen Pipeline - 25 Miles
- 12 Refined Product Terminals
- 5 Crude Oil Storage Facilities

Note: Partnership assets include asphalt terminal located in Northern California near Valero Energy's Benicia refinery.

# Valero L.P. Has Outperformed Peers Since IPO

- ◆ **67% total shareholder return since IPO**

- 50% unit price appreciation; 17% cumulative increase in distribution



(1) Buckeye Partners, Enbridge Energy Partners, Entergy Production Partners, El Paso Energy Partners, Kinder Pipeline Partners, Kinder Morgan Energy Partners, Northern Border Partners, Pacific Energy Partners, Plains All American Pipeline, Sunoco Logistics Partners, TC Pipeline Partners, TEPCO Partners, Williams Energy Partners



## Transaction Summary

- ◆ **Redemption and amendment of partnership agreement allows de-consolidation from Valero Energy**
- ◆ **Accretive asset contributions from Valero Energy**
  - Independent committee approval/fairness opinion
- ◆ **Significant increase in scale and asset diversification**
  - Doubles the number of refineries served to six
  - Enhances stability of earnings
- ◆ **Strong relationship with Valero Energy remains**
  - Support key Valero Energy refineries
  - Long-term handling and throughput agreements
  - Significant retained interest

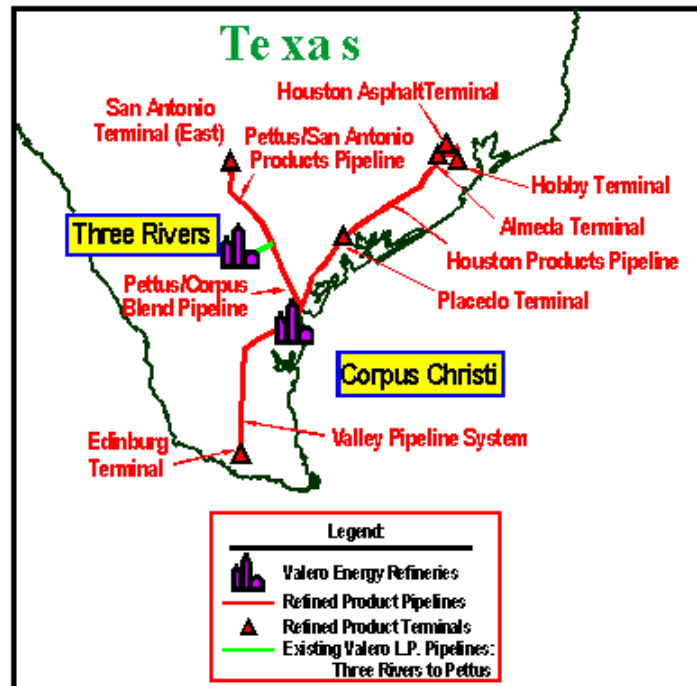
## Overview of Crude and Feedstock Tanks

- ◆ Crude and feedstock tanks at Corpus Christi (West Plant), Texas City and Benicia, CA (\$200 million)
  - 58 tanks with capacity of 11 million bbls
- ◆ Key Valero Energy refineries
  - ≈ 650,000 BPD of combined throughput capacity
  - High performers
- ◆ Long-term handling and throughput agreement with Valero Energy



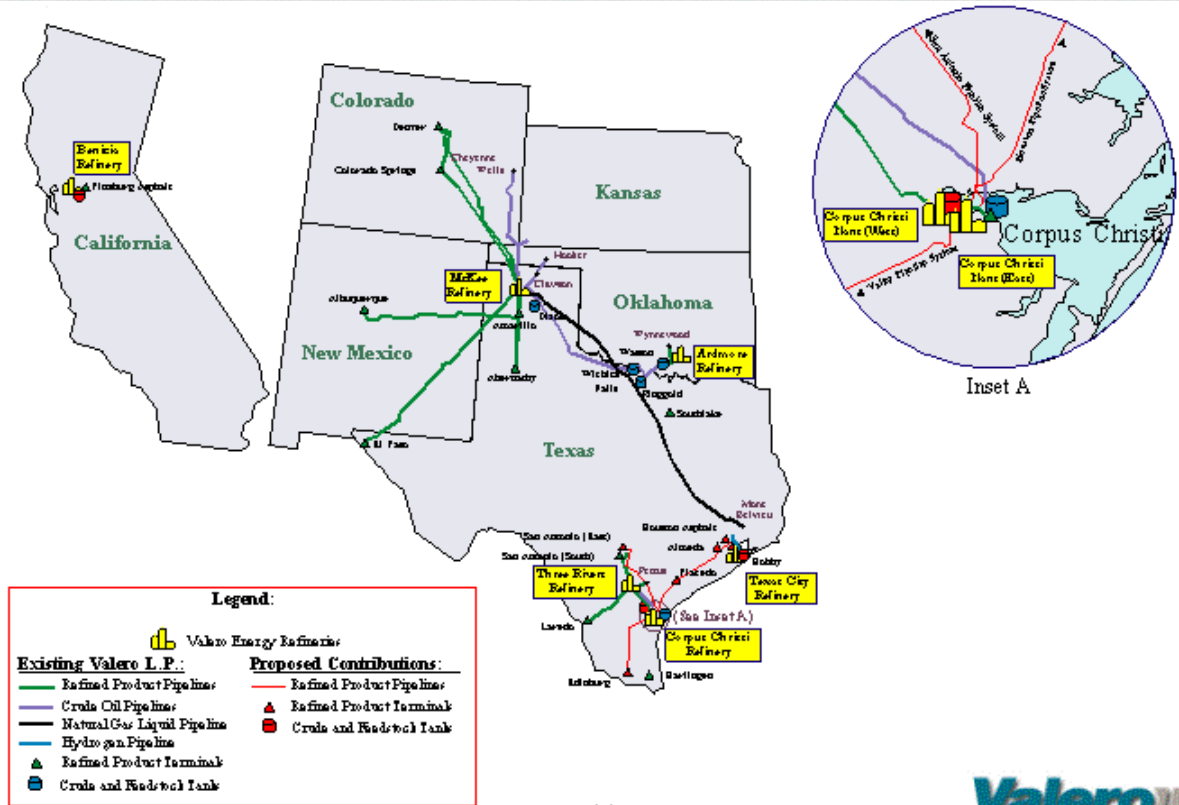
# Overview of South Texas Pipeline System

- ◆ South Texas Pipeline System (\$150 million)
- ◆ Refined product pipelines from Corpus Christi to:
  - Houston (105,000 BPD capacity)
  - San Antonio (and Three Rivers) (24,000 BPD capacity)
  - Valley (27,100 BPD capacity)
- ◆ Five product terminals along pipelines and one asphalt terminal
- ◆ Potential strategic growth projects
- ◆ Long-term handling and throughput agreement with Valero Energy





# Post Transaction Asset Portfolio



# Opportunities for Further Growth

- ◆ **Competitive cost of capital**
  - In low incentive distribution splits (i.e. general partner distribution currently < 5% of distributable cash flow)
- ◆ **Financial flexibility**
  - \$100+ million available under credit facility
  - De-consolidation enhances flexibility
- ◆ **Organic opportunities**
  - Increase utilization rates
  - New projects
- ◆ **External opportunities**
  - Third party acquisitions
  - Valero Energy contributions
- ◆ **Potential distribution growth**

## Sources and Uses of Funds

<u>Sources</u>	<u>Amount (millions)</u>	<u>Uses</u>	<u>Amount (millions)</u>
<b>Common Units Offering</b>	<b>\$210</b>	<b>Crude and Feedstock Tank Assets</b>	<b>\$200</b>
<b>Private Placement of Notes</b>	<b>250</b>	<b>South Texas Pipeline System</b>	<b>150</b>
<b>Borrowings under Revolving Credit Facility</b>	<b>34</b>	<b>Redemption of Common Units from Valero Energy</b>	<b>133</b>
<b>Net General Partner Contribution*</b>	<b>1</b>	<b>Transaction Expenses</b>	<b>12</b>
<b>Total</b>	<b><u>\$495</u></b>	<b>Total</b>	<b><u>\$495</u></b>

\* Reflects the net cash contribution from the general partner to maintain its 2.0% interest.

## Financial Impact of Transaction

(In millions, except as noted)	<u>2002 Actual</u>	<u>Contributions</u>	<u>Financings</u>	<u>Total</u>
<b>EBITDA</b> (adjusted for cash impact of Skelly-Belvieu)	\$77.2	\$43.3	-	\$120.5
Interest Expense	\$4.9	-	\$19.2	\$24.0
Maintenance Capital	\$3.9	\$5.7	-	\$9.6
<b>Distributable Cash Flow</b>	\$68.4	\$37.6	\$(19.2)	\$86.9
Income before Income Tax Expense	\$55.5			N/A
L.P. Units Outstanding	19.2	(3.8)	5.8	21.2
<b>Distributable Cash Flow per L.P. Unit</b>	\$3.27			\$3.65
Total Debt	\$109.7			\$393.7
Total Debt / EBITDA	1.4x			3.3x
Debt-to-Book Capitalization	27.2%			51.5%
<b>Debt-to-Market Capitalization Ratio</b>	13.1%			33.0%
EBITDA / Interest Expense	15.8x			5.0x

\* For reconciliation of EBITDA and distributable cash flow to net income, see page 19.

# Key Assumptions

## Tank Contribution

- ◆ Revenues estimated with 2003E volumes (2002A + 7%)
- ◆ Fees established by contract
- ◆ Operating expenses
  - \$4.2 million per contract
  - \$5.7 million estimated
- ◆ Maintenance capital estimated at \$ 0.60 million
- ◆ No historical financials

## South Texas Pipeline Contribution

- ◆ Revenues estimated with 2003E volumes (2002A + 4%)
- ◆ Tariffs established by contract
- ◆ Operating expenses
  - \$14.2 million estimated (vs. \$15.7 million 2002A)
  - No incremental G & A
- ◆ Maintenance capital estimated at \$5.2 million

## Other

- ◆ Adjustment to terminalling fees of \$1.4 million
- ◆ Equity market capitalization of \$800 million based on \$37 per unit
- ◆ Redemption of 3.8 million of Valero Energy common units
- ◆ 5.75 million units issued

# Reconciliation

	<u>2002 Actual</u>
<b>Income before income tax expense</b>	<b>\$55.5</b>
<b>Plus interest expense, net</b>	<b>4.9</b>
<b>Plus depreciation and amortization</b>	<b><u>16.4</u></b>
<b>EBITDA</b>	<b>76.8</b>
<b>Less equity income for Skelly-Belvieu</b>	<b>(3.2)</b>
<b>Less interest expense, net</b>	<b>(4.9)</b>
<b>Less maintenance capital expenditures</b>	<b>(3.9)</b>
<b>Plus distributions from Skelly - Belvieu</b>	<b><u>3.6</u></b>
<b>Distributable cash flow</b>	<b><u>\$68.4</u></b>

Reconciliation for contributions not available due to insufficient historical information.

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