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VALERO ENERGY CORP/TX  
Form 424B3  
February 27, 2004

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

PROSPECTUS SUPPLEMENT  
(TO PROSPECTUS DATED OCTOBER 16, 2003)

(VALERO ENERGY CORPORATION LOGO)

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

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

Our common stock currently trades on the New York Stock Exchange under the symbol "VLO." The closing price of the common stock on the New York Stock Exchange was \$59.02 per share on February 26, 2004.

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

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

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February 27, 2004

SELLING SECURITYHOLDER

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

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owned by each such securityholder after completion of the offering.

| NAME                                     | NUMBER OF<br>SHARES OF<br>PREFERRED<br>STOCK<br>BENEFICIALLY<br>OWNED<br>PRIOR TO<br>THE<br>OFFERING | NUMBER OF<br>SHARES OF<br>PREFERRED<br>STOCK BEING<br>OFFERED<br>HEREBY | NUMBER OF<br>SHARES OF<br>PREFERRED<br>STOCK TO BE<br>OWNED AFTER<br>COMPLETION<br>OF THE<br>OFFERING (1) | NUMBER OF<br>SHARES OF<br>COMMON<br>STOCK<br>BENEFICIALLY<br>OWNED<br>PRIOR TO<br>THE<br>OFFERING (2) | NUMBER OF<br>SHARES OF<br>COMMON<br>STOCK BEING<br>OFFERED<br>HEREBY |
|------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Orion Refining Corporation.....          | 1,339,567                                                                                            | 1,339,567                                                               | 0                                                                                                         | 663,755                                                                                               | 663,755                                                              |
| TCW Leveraged Income Trust, LP.....      | 13,311                                                                                               | 13,311                                                                  | 0                                                                                                         | 6,595                                                                                                 | 6,595                                                                |
| TCW Leveraged Income Trust II, LP.....   | 15,292                                                                                               | 15,292                                                                  | 0                                                                                                         | 7,577                                                                                                 | 7,577                                                                |
| TCW Shared Opportunity Fund II, LP.....  | 7,899                                                                                                | 7,899                                                                   | 0                                                                                                         | 3,913                                                                                                 | 3,913                                                                |
| TCW Shared Opportunity Fund IIB, LP..... | 7,011                                                                                                | 7,011                                                                   | 0                                                                                                         | 3,473                                                                                                 | 3,473                                                                |
| TCW Shared Opportunity Fund III, LP..... | 37,508                                                                                               | 37,508                                                                  | 0                                                                                                         | 18,585                                                                                                | 18,585                                                               |
| TCW Leveraged Income Trust IV, LP.....   | 4,563                                                                                                | 4,563                                                                   | 0                                                                                                         | 2,260                                                                                                 | 2,260                                                                |

(1) Based on the assumption that the selling securityholders sell all their shares of convertible preferred stock.

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

(3) Based on the assumption that the selling securityholders sell all their shares of convertible preferred stock or our common stock underlying the convertible preferred stock.