

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

**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): **November 2, 2006**

**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 Way**  
**San Antonio, Texas**  
(Address of principal executive offices)

**78249**  
(Zip Code)

Registrant's telephone number, including area code: **(210) 345-2000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01                      Entry into a Material Definitive Agreement.**

Upon recommendation from its Compensation Committee, the board of directors (the “Board”) of Valero GP, LLC (“Valero GP”), the general partner of Riverwalk Logistics, L.P., the general partner of the registrant, Valero L.P., approved certain long-term incentive awards for its executive officers and employees, effective November 2, 2006.

*Unit Options.* Options to purchase common units of Valero L.P. (the “Options”) were issued to executives of Valero GP in the quantities listed below. The Options were granted pursuant to the Valero GP, LLC 2000 Long-Term Incentive Plan (the “2000 LTIP”). The Options have a term of seven years and will vest in annual one-fifth increments beginning on the first anniversary of the grant date. The Options have an exercise price of \$55.92, representing the closing price of Valero L.P.’s common units on the New York Stock Exchange on November 2, 2006. The Options are subject to forfeiture as provided in the 2000 LTIP.

<u>Name, Title</u>	<u>Unit Options</u>
Curtis V. Anastasio, Chief Executive Officer	11,000
Bradley C. Barron, Vice President, General Counsel and Secretary	2,100
Steven A. Blank, Senior Vice President, Chief Financial Officer and Treasurer	5,125
James R. Bluntzer, Senior Vice President—Operations	4,050
Mary F. Morgan, Vice President—Marketing and Business Development	2,875
Thomas R. Shoaf, Vice President and Controller	2,000

*Restricted units.* Restricted units of Valero L.P. (“Restricted Units”) were issued to executives of Valero GP in the quantities listed below. The Restricted Units were granted pursuant to the 2000 LTIP. The Restricted Units will vest in annual one-fifth increments beginning on the first anniversary of the grant date. The Restricted Units are subject to forfeiture prior to vesting per the terms of the 2000 LTIP.

<u>Executive</u>	<u>Restricted Units</u>
Curtis V. Anastasio, Chief Executive Officer	4,190
Bradley C. Barron, Vice President, General Counsel and Secretary	800
Steven A. Blank, Senior Vice President, Chief Financial Officer and Treasurer	1,950
James R. Bluntzer, Senior Vice President—Operations	1,550
Mary F. Morgan, Vice President—Marketing and Business Development	1,090

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(d) Exhibits.

- 10.01    Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan- incorporated by reference to Exhibit 10.01 to Valero L.P.'s Current Report on Form 8-K dated September 28, 2006 and filed October 3, 2006.
- \*10.02    Form of Unit Option Award Agreement under the Valero GP, LLC Second Amended and Restated Long-Term Incentive Plan.
- \*10.03    Form of Restricted Unit Award Agreement under the Valero GP, LLC Second Amended and Restated Long-Term Incentive Plan.

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\* Filed herewith.

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**SIGNATURE**

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: November 3, 2006

By: /s/Amy L. Perry

Name: Amy L. Perry  
Title: Assistant Secretary

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## EXHIBIT INDEX

<b><u>Number</u></b>	<b><u>Exhibit</u></b>
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10.01	Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan- incorporated by reference to Exhibit 10.01 to Valero L.P.'s Current Report on Form 8-K dated September 28, 2006 and filed October 3, 2006.
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<a href="#"><u>*10.02</u></a>	Form of Unit Option Award Agreement under the Valero GP, LLC Second Amended and Restated Long-Term Incentive Plan.
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<a href="#"><u>*10.03</u></a>	Form of Restricted Unit Award Agreement under the Valero GP, LLC Second Amended and Restated Long-Term Incentive Plan.
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\* Filed herewith

Notice of Grant of Unit Option  
and Unit Option Agreement

Valero GP, LLC  
ID: 74-2958816  
P.O. Box 696000  
San Antonio, TX 78269-6000

First Name, Middle Name, Last Name  
EXTRA FIELD 2  
EXTRA FIELD 3

Option Number: NUM  
Plan: PLAN NAME  
ID: SSN

Effective Option Date, you have been granted an Option to buy Shares Granted Units of Valero L.P. at Option Price per Unit.

The total Option price of the Units granted is Total Option Price.

Your Options will vest on the dates shown below.

Units	Grant Date	Vest Type	Full Vest	Expiration
<u>Shares Period 1</u>	<u>Option Date</u>	<u>Vest Type Period 1</u>	<u>Date Period 1</u>	<u>Expiration Date Period 1</u>
<u>Shares Period 2</u>	<u>Option Date</u>	<u>Vest Type Period 2</u>	<u>Date Period 2</u>	<u>Expiration Date Period 2</u>
<u>Shares Period 3</u>	<u>Option Date</u>	<u>Vest Type Period 3</u>	<u>Date Period 3</u>	<u>Expiration Date Period 3</u>
<u>Shares Period 4</u>	<u>Option Date</u>	<u>Vest Type Period 4</u>	<u>Date Period 4</u>	<u>Expiration Date Period 4</u>
<u>Shares Period 5</u>	<u>Option Date</u>	<u>Vest Type Period 5</u>	<u>Date Period 5</u>	<u>Expiration Date Period 5</u>

By your signature and the Company’s signature below, you and the Company agree that the Option referenced above is granted under and governed by the terms and conditions of the **Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan**, as amended, and the Unit Option Agreement attached hereto, all of which are made a part of this agreement.

By:

VALERO GP, LLC

Curtis V. Anastasio  
President & Chief Executive Officer

First Name, Middle Name, Last Name  
Participant

Option Date

Date

Date

## Unit Option Agreement

THIS AGREEMENT is between Valero GP, LLC, a Delaware limited liability company (the “Company”) and the person whose signature is set forth on the signature page hereof (“Participant”).

### RECITALS

WHEREAS, the Company has adopted the **Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan** (the “Plan”) which provides for the grant of Options to certain Employees and Directors; and

WHEREAS, the Company wishes to grant to Participant an Option to purchase Units of Valero L.P. (the “Partnership”) on the terms and conditions specified herein;

NOW THEREFORE, the parties agree as follows (any capitalized terms used herein but not defined herein shall have the respective meanings given in the Plan):

1. Option

a. Grant. Subject to the terms and conditions of this Agreement and the Plan, the Company hereby grants to Participant an Option to purchase all or any part of the Units set forth on the signature page hereof, at the exercise price set forth thereon. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code.

b. Term. The term of the Option shall expire at 11:59 p.m. on the seventh anniversary of the Grant Date set forth on the signature page.

2. Exercise. Participant may, subject to the limitations of this Agreement and the Plan, exercise all or any portion of the Option by following the applicable exercise provisions specifying the number of Units with respect to which the Option is being exercised and accompanied by payment of the exercise price for such Units. The method or methods by which payment of the exercise price may be made will include any method acceptable to the Company and the Partnership at the time of exercise of the Option.

3. Retirement, Death, Disability. If a Participant’s employment is terminated because of retirement, death or disability, any Option held by the Participant shall remain outstanding and vest or become exercisable according to the Option’s original terms.

4. Limited Interest.

a. The grant of the Option shall not be construed as giving Participant any interest other than as provided in this Agreement.

b. Participant shall have no rights as a Unit holder as a result of the grant of the Option, until the Option is exercised, the exercise price is paid, and the Units issued thereunder.

c. The grant of the Option shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company’s or the Partnership’s capital structure or its business, or any merger, consolidation or business combination of the Company or the Partnership’s, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the Units or the rights of the holders thereof, or the dissolution or liquidation of the Company or the Partnership, or any sale or transfer of all or any part of its assets or business or any other act or proceeding of the Company or the Partnership, whether of a similar character or otherwise.

5. Incorporation by Reference. The terms of the Plan, as amended, to the extent not stated herein are expressly incorporated herein by reference and in the event of any conflict between this Agreement and the Plan, the Plan shall govern.

6. Direct Registration. Participant agrees that in lieu of unit certificates, any Units issuable in connection with the exercise of the Options may be issued in uncertificated form pursuant to the Direct Registration Service of the Partnership’s transfer agent.

## RESTRICTED UNIT AWARD AGREEMENT

This Restricted Unit award agreement (“Agreement”), effective as of the date set forth at the end of this Agreement (“Grant Date”), is between Valero GP, LLC (the “Company”) and **First Name, Middle Name, Last Name** (“Participant”), a participant in the **Valero GP, LLC Second Amended and Restated 2000 Long-Term Incentive Plan** (the “Plan”). All capitalized terms contained in this Award shall have the same definitions as are set forth in the Plan unless otherwise defined herein. The terms of this grant are set forth below.

1. Participant is awarded **Shares Granted** Restricted Units under the Plan. Restricted Units are granted hereunder in tandem with an equal number of Distribution Equivalent Rights (“DERs”).
2. The Restricted Units granted hereunder are subject to the following Restricted Periods, and will vest and accrue to Participant in the following increments: **Shares Period 1** Units on **Vest Date Period 1**; **Shares Period 2** Units on **Vest Date Period 2**; **Shares Period 3** Units on **Vest Date Period 3**; **Shares Period 4** Units on **Vest Date Period 4**; and **Shares Period 5** Units on **Vest Date Period 5**. The restrictions may terminate prior to the expiration of such period as set forth in the Plan. Upon the vesting of each Restricted Unit awarded under this Agreement, Participant will be entitled to receive an unrestricted common Unit of Valero L.P.
3. Participant agrees that the unrestricted common Units to which Participant will be entitled in connection with the vesting of each Restricted Unit may be issued in uncertificated form pursuant to the Direct Registration Service of Valero L.P.’s transfer agent.
4. DERs with respect to the Restricted Units will be paid to Participant in cash as of each record payment date during the period such Restricted Units are outstanding. The DERs are subject to the same restrictions as the Restricted Units.
5. In compliance with Section 409A of the Internal Revenue Code, the issuance of Units under this Award shall be made on or as soon as reasonably practical following the applicable date of vesting, but in any event no later than the 15<sup>th</sup> day of the third month following the end of the year in which the applicable date of vesting occurs. With respect to the DERs, the cash payment made in accordance therewith shall be made by the last day of the fiscal quarter during which cash distributions are made by the Partnership, but in any event by no later than the 15<sup>th</sup> day of the third month following the end of the year in which the applicable cash distributions are made by the Partnership. This Agreement and the award evidenced hereby are intended to comply, and shall be administered consistently, in all respects with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. If necessary in order to ensure such compliance, this Agreement may be reformed consistent with guidance issued by the Internal Revenue Service.
6. If Participant’s employment is terminated because of retirement, death or disability, any Restricted Units held by such Participant which remain unvested as of the date of retirement, death or disability shall immediately vest and become non-forfeitable as of such date.
7. Neither this Award nor any right under this Award may be assigned, alienated, pledged, attached, sold, or otherwise transferred or encumbered by you otherwise than by will or by the laws of descent and distribution.
8. The Company will withhold any taxes due from your compensation as required by law, which, in the sole discretion of the Compensation Committee, may include withholding a number of Restricted Units otherwise payable to you.
9. By accepting this Award, you hereby accept and agree to be bound by all of the terms, provisions, conditions, and limitations of the Plan, and any subsequent amendment or amendments thereto, as if it had been set forth verbatim in this Award.
10. This Award shall be binding upon the parties hereto and their respective heirs, legal representatives, and successors.
11. This Award is effective as of **Option Date**.

VALERO GP, LLC

By:

\_\_\_\_\_  
 Curtis V. Anastasio  
 President & Chief Executive Officer

Accepted:

\_\_\_\_\_  
**First Name, Middle Name, Last Name**  
**Option Date**