

VALERO GP HOLDINGS LLC
 Form 4
 July 21, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 VALERO ENERGY CORP/TX

2. Issuer Name and Ticker or Trading Symbol
 VALERO GP HOLDINGS LLC
 [VEH]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 07/19/2006

____ Director
 ____ Officer (give title below)
 10% Owner
 ____ Other (specify below)

ONE VALERO WAY

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 ____ Form filed by One Reporting Person
 Form filed by More than One Reporting Person

SAN ANTONIO, TX 78249

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
Units representing limited liability company interests	07/19/2006		S	(A) or (D) 17,250,000	\$ 22 25,250,000	I	See footnotes (1) (2) (3) (4) (5) (6) (7)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) As of July 19, 2006, Valero Energy Corporation directly or indirectly owned 100% of each of Diamond Shamrock Refining and Marketing Company ("DSRMC"), Sigmor Corporation ("Sigmor"), The Shamrock Pipe Line Corporation ("SPLC"), Diamond Shamrock Refining Company, L.P. ("DSRC"), Valero Refining-New Orleans, L.L.C. ("VRNO"), Valero Refining Company-California ("VRCC") and Valero Refining-Texas, L.P. ("VRT").

(2) Prior to the closing of the initial public offering (the "Offering") of units (the "Units") representing limited liability company interests of Valero GP Holdings, LLC (the "Issuer"), the Issuer established that the limited liability company interests of the Issuer were to be represented by Units with DSRMC directly owning 5,159,209 Units, Sigmor directly owning 2,946,653 Units, SPLC directly owning 1,352,948 Units, DSRC directly owning 540,890 Units, and each of VRNO, VRCC, and VRT directly owning 100 Units.

(3) Immediately prior to the closing of the Offering the Issuer effected a 4.25-for-1 Unit split with DSRMC directly owning 21,926,636 Units, Sigmor directly owning 12,523,275 Units, SPLC directly owning 5,750,032 Units, DSRC directly owning 2,298,782 Units, and each of VRNO, VRCC, and VRT owning 425 Units.

(4) Concurrently with the closing of the Offering on July 19, 2006, the underwriters purchased an aggregate of 17,250,000 Units: 9,199,911 Units from Sigmor, 5,750,032 Units from SPLC, 2,298,782 Units from DSRC and 425 Units from each of VRNO, VRCC, and VRT.

(5) After the closing of the Offering, DSRMC directly owned 21,926,636 Units and SPCL directly owned 3,323,364 Units. Valero Energy Corporation indirectly beneficially owns the Units owned by each of DSRMC and SPLC.

(6) The reporting persons disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interests therein, and this report shall not be deemed an admission that the reporting persons are beneficial owners of the reported securities for the purposes of Section 16 or for any other purpose.

(7) After the closing of the Offering, Sigmor and SPCL beneficially own less than 10% of the outstanding Units of the Issuer and, therefore, are no longer subject to Section 16.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.