

VALERO ENERGY CORP/TX
Form 10-Q/A
May 10, 2004

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

**FORM 10-Q/A
(Amendment No. 1)**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-13175

VALERO ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation or
organization)

74-1828067

(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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's only class of common stock, \$0.01 par value, outstanding as of April 30, 2004 was 128,728,899.

Explanatory Note

This amendment to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 is being filed solely to include Exhibits 3.1, 31.1 and 32.1, which were inadvertently omitted from the Form 10-Q filed on May 7, 2004. No revisions have been made to the Registrant's financial statements or any other disclosure contained in such Form 10-Q.

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VALERO ENERGY CORPORATION AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VALERO ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars, Except Par Value)

	March 31,	December
	2004	31,
	<u> </u>	<u> </u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and temporary cash investments	\$ 239.0	\$ 369.2
Restricted cash	34.5	43.7
Receivables, net	1,679.4	1,327.7
Inventories	2,444.3	1,913.1
Deferred income taxes	211.9	118.7
Prepaid expenses and other	58.7	44.9
	<u> </u>	<u> </u>
Total current assets	4,667.8	3,817.3
	<u> </u>	<u> </u>
Property, plant and equipment, at cost	11,004.5	9,748.1
Accumulated depreciation	(1,647.7)	(1,553.0)
	<u> </u>	<u> </u>
Property, plant and equipment, net	9,356.8	8,195.1
	<u> </u>	<u> </u>
Intangible assets, net	311.7	320.2
Goodwill	2,400.3	2,401.7
Investment in Valero L.P.	264.6	264.5
Deferred charges and other assets, net	778.0	665.4
	<u> </u>	<u> </u>
Total assets	\$17,779.2	\$15,664.2
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 201.6	\$ -
Accounts payable	3,012.4	2,288.2
Accrued expenses	342.8	355.6
Taxes other than income taxes	374.0	364.8
Income taxes payable	27.9	55.7
	<u> </u>	<u> </u>
Total current liabilities	3,958.7	3,064.3
	<u> </u>	<u> </u>
Long-term debt, less current portion	4,673.1	4,239.1
	<u> </u>	<u> </u>
Capital lease obligations, less current portion	8.6	6.0
	<u> </u>	<u> </u>
Deferred income tax liabilities	1,774.8	1,604.6
	<u> </u>	<u> </u>

VALERO ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars, Except Par Value)

Other long-term liabilities	925.1	1,015.0
	<u> </u>	<u> </u>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.01 par value;		
20,000,000 shares authorized;		
10,000,000 shares issued	202.4	200.5
Common stock, \$0.01 par value;		
300,000,000 shares authorized;		
130,224,254 and 121,154,904 shares issued	1.3	1.2
Additional paid-in capital	4,357.1	3,922.6
Treasury stock, at cost; 5,174 and 888,467 shares	(0.3)	(41.4)
Retained earnings	1,712.2	1,482.7
Accumulated other comprehensive income	166.2	169.6
	<u> </u>	<u> </u>
Total stockholders' equity	6,438.9	5,735.2
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$17,779.2	\$15,664.2
	<u> </u>	<u> </u>

See Condensed Notes to Consolidated Financial Statements.

**VALERO ENERGY CORPORATION AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
INCOME**
(Millions of Dollars, Except per Share
Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2004	2003
	<u> </u>	<u> </u>
Operating revenues	\$ 11,081.5	\$ 9,693.1
Costs and expenses:		
Cost of sales	9,758.9	8,582.7
Refining operating expenses	496.4	389.2
Retail selling expenses	165.1	171.2
Administrative expenses	83.2	74.8
Depreciation and amortization expense	140.7	117.1
	<u> </u>	<u> </u>
Total costs and expenses	10,644.3	9,335.0
	<u> </u>	<u> </u>
Operating income	437.2	358.1
Equity in earnings of Valero L.P.	9.8	1.5
Other income (expense), net	(0.1)	0.3
Interest and debt expense:		
Incurred	(71.1)	(79.0)
Capitalized	9.3	3.9
Minority interest in net income of Valero L.P.	-	(2.4)
Distributions on preferred securities of subsidiary trusts	-	(7.5)
	<u> </u>	<u> </u>
Income before income tax expense	385.1	274.9
Income tax expense	137.0	104.5
	<u> </u>	<u> </u>
Net income	248.1	170.4
Preferred stock dividends	3.1	-
	<u> </u>	<u> </u>
Net income applicable to common stock	\$ 245.0	\$ 170.4

**VALERO ENERGY CORPORATION AND
SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF
INCOME**
**(Millions of Dollars, Except per Share
Amounts)**
(Unaudited)

Earnings per common share	\$ 1.95	\$ 1.58
Weighted-average common shares outstanding (in millions)	125.8	107.7

Earnings per common share - assuming dilution	\$ 1.82	\$ 1.51
Weighted-average common equivalent shares outstanding (in millions)	136.1	112.8

Dividends per common share	\$ 0.12	\$ 0.10
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See Condensed Notes to Consolidated Financial Statements.

VALERO ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)
(Unaudited)

	Three Months Ended March 31,	
	2004	2003
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Net income	\$ 248.1	\$ 170.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	140.7	117.1
Equity in earnings of Valero L.P. in excess of distributions	(0.1)	(1.5)
Minority interest in net income of Valero L.P.	-	2.4
Noncash interest expense and other income, net	2.4	4.8
Deferred income tax expense	98.2	58.2
Changes in current assets and current liabilities	(81.8)	135.0
Changes in deferred charges and credits and other, net	(77.9)	16.8
	<u> </u>	<u> </u>
Net cash provided by operating activities	329.6	503.2
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Capital expenditures	(246.0)	(127.9)
Deferred turnaround and catalyst costs	(120.4)	(27.3)
Exercise of purchase options under structured lease arrangements	(567.1)	-
Aruba Acquisition, net of cash acquired	(567.3)	-

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**Three Months
Ended March 31,**

Proceeds from contribution and sale of assets to Valero L.P.	-	350.0
Contingent payments in connection with acquisitions	(8.7)	-
Proceeds from dispositions of property, plant and equipment	6.6	-
Minor acquisitions and other investing activities, net	(1.6)	(9.2)
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	(1,504.5)	185.6
	<u> </u>	<u> </u>
Cash flows from financing activities:		
Decrease in short-term debt, net	-	(153.0)
Repayment of capital lease obligations	(0.1)	(289.3)
Long-term debt borrowings, net of issuance costs	2,520.1	449.6
Long-term debt repayments	(1,909.0)	(456.5)
Proceeds from the issuance of common units by Valero L.P., net of issuance costs	-	200.3
Cash distributions to minority interest in Valero L.P.	-	(3.6)
Proceeds from the sale of common stock, net of issuance costs	405.9	250.2
Issuance of common stock in connection with employee benefit plans	60.6	30.5
Common stock dividends	(15.5)	(10.7)
Preferred stock dividends	(1.3)	-
	(12.1)	(4.3)

**Three Months
Ended March 31,**

Purchase of
treasury stock