
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): **August 18, 2003**

Commission file number 1-14380

CITGO Petroleum Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

73-1173881

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

One Warren Place, 6100 South Yale Avenue, Tulsa, Oklahoma 74136

(Address of principal executive office) (Zip Code)

(918) 495-4000

(Registrant's telephone number, including area code)

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

c. Exhibits

Exhibit 99.1 News Release issued by CITGO Petroleum Corporation dated August 18, 2003, entitled "CITGO Announces Second Quarter 2003 Results."

Item 12. Results of Operations and Financial Condition.

On August 18, 2003, CITGO Petroleum Corporation issued a News Release announcing its earnings for the second quarter 2003. A copy of the News Release is filed as Exhibit 99.1 hereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CITGO PETROLEUM CORPORATION

Date: August 18, 2003

/s/ Larry Krieg
Larry Krieg
Controller (Chief Accounting Officer)

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	News Release issued by CITGO Petroleum Corporation dated August 18, 2003, entitled "CITGO Announces Second Quarter 2003 Results."

Exhibit 99.1

FOR IMMEDIATE RELEASE:

August 18, 2003

CITGO Announces Second Quarter 2003 Results

TULSA, Okla., -- CITGO Petroleum Corporation today reported net income of \$109 million for the second quarter of 2003 compared with \$96 million for the second quarter of 2002. For the six month period ending June 30, 2003, CITGO reported net income of \$249 million compared with \$81 million in 2002.

Operating income (income before interest and income taxes) for the second quarter of 2003 was \$204 million, which includes depreciation and amortization expenses totaling \$84 million. In comparison, 2002 second quarter operating income was \$170 million, which includes depreciation and amortization expenses totaling \$73 million.

Second quarter market conditions and outstanding operating performance contributed to CITGO's favorable financial results relative to the same quarter of 2002. Crack spreads were 21-percent higher in Chicago and relatively constant in the Gulf Coast when compared with the same time period in 2002. Additionally, crude differentials for both sour and Canadian crudes were improved relative to last year.

"CITGO capitalized on the market conditions by optimizing its refineries' production as well as increasing its product sales," stated Luis Marín, President and Chief Executive Officer. "Our refinery utilization rate for the second quarter averaged 97-percent, continuing our excellent operational performance from the first quarter and exceeding the industry's utilization rate of slightly under 95-percent," said Marín.

"In addition, our heavy-sour crude runs in the second quarter were up 137,000 barrels per day (bpd) compared with the same time period in 2002. We are also very pleased with the start up and production rates from the new mixed xylene unit at our Lake Charles, La. refinery," Marín said.

"Another bright spot during the quarter was a 15-percent increase in our total refined product sales volumes, led primarily by a 33-percent increase in diesel and #2 fuel sales. When taken together, these factors generated a very good second quarter for CITGO," said Marín.

Additional second quarter highlights include:

- Second quarter wholesale refined product sales increased by five-percent to 3.6 billion gallons, with gasoline sales to existing branded marketers comprising the largest increase.
- Lubricant sales volumes were relatively flat for the first six months of 2003 when compared with the same time period in 2002; however, industry sales volumes were down eight-percent compared with the same period in 2002.

“CITGO’s corporate debt ratings were upgraded during the second quarter, recognizing continued excellent operations and reflecting the company’s improved financial condition,” said Marín. “In fact, after the quarter ended CITGO paid a \$500 million dividend to its direct parent company, PDV America, Inc. CITGO’s liquidity (cash plus available borrowing capacity) was \$526 million after the dividend payment,” Marín concluded.

CITGO’s capital expenditures for the second quarter of 2003 were \$118 million compared with \$229 million for same quarter in 2002. Capital expenditures for the first six months of 2003 were \$209 million compared with \$350 million for the first six months of 2002. This decrease reflects CITGO’s commitment to reduce 2003 planned capital spending by approximately \$250 million.

For the six months ending June 30, 2003, CITGO reported operating income of \$447 million, including depreciation and amortization expenses totaling \$163 million. In comparison, in the first six months of 2002, CITGO’s operating income was \$163 million, including depreciation and amortization expenses totaling \$145 million.

INVESTOR CONFERENCE CALL

CITGO’s executive team will conduct an investor conference call to discuss second quarter earnings on Tuesday, August 19, 2003 from 8:00 a.m. to 9:30 a.m. (CDT). Investors may

access the call by dialing 1-877-209-9922. A recorded playback of the conference call will be available beginning on August 19 at 12:15 p.m. (CDT) and ending on September 2 at 11:59 p.m. (CDT). To access the recording inside the U.S. dial 1-800-475-6701, access code 695330. To access the recording outside the U.S. dial 320-365-3844, access code 695330.

ABOUT CITGO

CITGO Petroleum Corporation is a leading energy company based in Tulsa, Okla., with approximately 4,300 employees and annual revenues of nearly \$20 billion. CITGO is a direct, wholly-owned subsidiary of PDV America, Inc., a wholly-owned subsidiary of PDV Holding,

Inc. CITGO's ultimate parent is Petróleos de Venezuela, S.A. (PDVSA), the national oil company of the Bolivarian Republic of Venezuela and its largest supplier of crude oil.

CITGO operates fuels refineries in Lake Charles, La., Corpus Christi, Texas, and Lemont, Ill., and asphalt refineries in Paulsboro, NJ and Savannah, Ga. The company has long-term crude oil supply agreements with PDVSA for a portion of the crude oil requirements at these facilities. CITGO is also a 41-percent participant in LYONDELL-CITGO Refining LP, a joint venture fuels refinery located in Houston, Texas. CITGO's interests in these refineries result in a total crude oil capacity of approximately 865,000 barrels per day.

With more than 13,000 branded, independently owned and operated retail locations, CITGO is also one of the five largest branded gasoline suppliers within the United States.

FORWARD LOOKING STATEMENTS

Certain information included in this release may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act." All statements, other than statements of historical facts, included in this prospectus, are forward-looking statements. When used in this document, the words "anticipate," "estimate," "expect," "project," "believe" and similar expressions are intended to identify forward-looking statements.

These statements are based on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these forward-looking statements. We disclaim any duty to update any forward-looking statements. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by these forward-looking statements include the risk factors discussed under the heading "Risk Factors."

CITGO Petroleum Corporation and Subsidiaries
Statement of Income Data (Unaudited)
(Dollars in Millions)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2003	2002	2003	2002
Net sales	\$ 6,021.1	\$ 4,793.4	\$ 12,396.7	\$ 8,464.9
Cost of sales and operating expenses	5,811.2	4,686.9	12,017.0	8,395.8
Gross margin	209.9	106.5	379.7	69.1
Equity in earnings of LCR	21.6	23.7	30.7	38.1
Equity in earnings of affiliates	9.4	6.6	13.9	11.2
Insurance recoveries	26.6	115.8	144.3	210.5
Other income (expense) - net	0.8	(8.0)	15.7	(14.5)
Subtotal	268.3	244.6	584.3	314.4
Selling, general and administrative	64.1	74.8	137.3	151.3
Operating income	204.2	169.8	447.0	163.1
Interest expense	34.3	19.3	58.7	37.0
Income before income taxes	169.9	150.5	388.3	126.1
Income taxes	61.2	54.2	139.8	45.4
Net Income	<u>\$ 108.7</u>	<u>\$ 96.3</u>	<u>\$ 248.5</u>	<u>\$ 80.7</u>

CITGO Petroleum Corporation and Subsidiaries
Summarized Balance Sheet Data
(Dollars in Millions)

	June 30,	December 31,
	2003	2002
	(Unaudited)	
Current assets	\$2,455.3	\$2,187.5
Total assets	7,308.6	6,986.9
Current liabilities	1,632.3	1,999.1
Total debt	1,515.5	1,347.5
Total liabilities	4,499.6	4,427.8
Shareholder's equity	2,809.0	2,559.2
Total capitalization	4,324.5	3,906.7

CITGO Petroleum Corporation and Subsidiaries
Selected Feedstock, Utilization and Production Volumetric Data (Unaudited)
(Mbbls per day)

	Three Months Ended June 30, 2003				Three Months Ended June 30, 2002			
	Lake	Corpus	Lemont	Total	Lake	Corpus	Lemont	Total
	Charles	Christi			Charles	Christi		
Feedstocks:								
Crude oil throughput								
Sweet (1)	93	2	5	100	99	18	2	119
Light/Medium sour (2)	33	10	83	126	112	25	24	161
Heavy sour (3)	51	6	74	131	11	14	34	59
Contract (heavy sour)	137	128	0	265	103	97	0	200
Total crude oil	314	146	162	622	325	154	60	539
Unfinished feedstocks	55	66	14	135	39	56	29	124
Total feedstocks	<u>369</u>	<u>212</u>	<u>176</u>	<u>757</u>	<u>364</u>	<u>210</u>	<u>89</u>	<u>663</u>
Rated crude capacity at period end	320	157	167	644	320	157	167	644
Utilization of rated crude capacity	98%	93%	97%	97%	102%	98%	36%	84%
Production:								
Light fuels								
Gasoline	183	93	92	368	200	90	57	347
Jet fuel	61	0	1	62	68	0	0	68
Diesel / #2 fuel	56	52	41	149	43	60	6	109
Total light fuels	300	145	134	579	311	150	63	524
Petrochemicals and industrial products	78	65	43	186	65	59	23	147
Total production	<u>378</u>	<u>210</u>	<u>177</u>	<u>765</u>	<u>376</u>	<u>209</u>	<u>86</u>	<u>671</u>

	Six Months Ended June 30, 2003				Six Months Ended June 30, 2002			
	Lake	Corpus	Lemont	Total	Lake	Corpus	Lemont	Total
	Charles	Christi			Charles	Christi		
Feedstocks:								
Crude oil throughput								
Sweet (1)	86	5	6	97	92	11	1	104
Light/Medium sour (2)	51	10	76	137	115	23	13	151
Heavy sour (3)	45	18	78	141	8	8	28	44
Contract (heavy sour)	130	119	0	249	108	113	0	221
Total crude oil	312	152	160	624	323	155	42	520
Unfinished feedstocks	55	64	14	133	24	63	35	122
Total feedstocks	<u>367</u>	<u>216</u>	<u>174</u>	<u>757</u>	<u>347</u>	<u>218</u>	<u>77</u>	<u>642</u>
Rated crude capacity at period end	320	157	167	644	320	157	167	644
Utilization of rated crude capacity	98%	97%	96%	97%	101%	99%	25%	81%
Production:								
Light fuels								
Gasoline	183	94	92	369	183	95	52	330
Jet fuel	64	0	1	65	72	0	0	72
Diesel / #2 fuel	55	57	41	153	46	60	6	112
Total light fuels	302	151	134	587	301	155	58	514
Petrochemicals and industrial products	77	64	41	182	58	62	20	140
Total production	<u>379</u>	<u>215</u>	<u>175</u>	<u>769</u>	<u>359</u>	<u>217</u>	<u>78</u>	<u>654</u>

- (1) Sweet crude has a sulfur content of .5% or less.
- (2) Light sour crude group has an average API gravity of more than 31 degrees.
Medium sour crude group has an average API gravity of more than 25 degrees up to 31 degrees.
- (3) Heavy sour crude group has an average API gravity of 25 degrees or less.

Market Indicators (Dollars per Barrel)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
West Texas Intermediate, "WTI" (sweet)	\$29.02	\$26.30	\$31.51	\$23.92
Crack Spreads:				
Gulf Coast 3/2/1	3.56	3.57	4.51	3.14
Chicago 3/2/1	6.37	5.27	6.37	4.45
Crude Oil Differentials:				
WTI less WTS (sour)	2.28	1.13	2.97	1.23
WTI less Maya (heavy sour)	7.17	4.32	7.37	4.88
WTI less Bow River (Canadian)	6.77	5.39	7.27	5.36
Natural Gas (per mmbtu)	5.74	3.42	5.83	2.95

Source for crude and product indicators is Platts using a business day average.

Source for natural gas is NYMEX using a business day average.