

SUNOCO INC  
Form 10-Q  
May 08, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

(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, 2012

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 1-6841

**SUNOCO, INC.**

(Exact name of registrant as specified in its charter)

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**Pennsylvania**  
(State or other jurisdiction of

**23-1743282**  
(I.R.S. Employer

incorporation or organization)

Identification No.)

**1818 Market Street, Suite 1500,**

**Philadelphia, PA**  
(Address of principal executive offices)

**19103**  
(Zip Code)

**Registrant's telephone number, including area code: (215) 977-3000**

**(Former name, former address and former fiscal year, if changed since last report): Not Applicable**

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

At March 31, 2012, there were 105,896,034 shares of Common Stock, \$1 par value outstanding.

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## PART I. FINANCIAL INFORMATION

**Item 1. Financial Statements (Unaudited)****SUNOCO, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Millions of Dollars and Shares, Except Per-Share Amounts)

	For the Three Months Ended March 31,	
	2012	2011*
	(UNAUDITED)	
<b>Revenues</b>		
Sales and other operating revenue (including consumer excise taxes)	\$ 12,198	\$ 9,978
Interest income	3	4
Gain on divestment of Toledo refinery (Note 3)	104	15
Other income, net	16	9
	12,321	10,006
<b>Costs and Expenses</b>		
Cost of products sold and operating expenses	10,896	9,228
Consumer excise taxes	579	547
Selling, general and administrative expenses	128	124
Depreciation, depletion and amortization	61	92
Payroll, property and other taxes	32	30
Provision for asset write-downs and other matters (Note 3)	109	6
Interest cost and debt expense	49	43
Interest capitalized	(2)	(2)
	11,852	10,068
Income (loss) from continuing operations before income tax expense	469	(62)
Income tax expense (Note 4)	170	9
Income (loss) from continuing operations	299	(71)
Income (loss) from discontinued operations, net of income taxes (Note 2)	2	(9)
Net income (loss)	301	(80)
Less: Income from continuing operations attributable to noncontrolling interests	52	29
Income (loss) from discontinued operations attributable to noncontrolling interests	1	(8)
Net income (loss) attributable to Sunoco, Inc. shareholders	\$ 248	\$ (101)
<b>Earnings (loss) attributable to Sunoco, Inc. shareholders per share of common stock:</b>		
Basic:		
Income (loss) from continuing operations	\$ 2.32	\$ (0.83)
Income (loss) from discontinued operations	0.01	(0.01)

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Net income (loss)	\$	2.33	\$	(0.84)
Diluted:				
Income (loss) from continuing operations	\$	2.31	\$	(0.83)
Income (loss) from discontinued operations		0.01		(0.01)
Net income (loss)	\$	2.32	\$	(0.84)
Weighted-average number of shares outstanding (Note 5):				
Basic		106.6		120.9
Diluted		107.1		120.9
Cash dividends paid per share of common stock	\$	0.20	\$	0.15
<b>Comprehensive income (loss):</b>				
Comprehensive income (loss)	\$	343	\$	(73)
Less: Comprehensive income attributable to noncontrolling interests		51		21
Comprehensive income (loss) attributable to Sunoco, Inc. shareholders	\$	292	\$	(94)

\* Reclassified to conform to 2012 presentation (Note 2)

(See Accompanying Notes)

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**SUNOCO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Millions of Dollars)

	At March 31, 2012 (UNAUDITED)	At December 31, 2011
<b>Assets</b>		
Cash and cash equivalents	\$ 1,985	\$ 2,064
Accounts and notes receivable, net	2,849	3,071
Participation payment receivable from divestment of Toledo refinery (Note 3)	104	
Inventories (Note 6)	387	587
Deferred income taxes	257	286
<b>Total current assets</b>	<b>5,582</b>	<b>6,008</b>
Note receivable from sale of Toledo refinery (Note 3)		182
Investments and long-term receivables	118	158
Properties, plants and equipment, cost	5,180	7,010
Less: Accumulated depreciation, depletion and amortization	1,686	2,045
Properties, plants and equipment, net	3,494	4,965
Deferred income taxes	60	68
Deferred charges and other assets	547	601
<b>Total assets</b>	<b>\$ 9,801</b>	<b>\$ 11,982</b>
<b>Liabilities and Equity</b>		
Accounts payable	\$ 3,869	\$ 4,098
Accrued liabilities (Note 7)	546	741
Short-term borrowings		103
Current portion of long-term debt		282
Taxes payable	250	146
<b>Total current liabilities</b>	<b>4,665</b>	<b>5,370</b>
Long-term debt	2,572	3,159
Retirement benefit liabilities (Note 8)	253	542
Deferred income taxes	253	544
Other deferred credits and liabilities (Note 7)	562	567
Commitments and contingent liabilities (Note 7)		
<b>Total liabilities</b>	<b>8,305</b>	<b>10,182</b>
<b>Equity (Note 10)</b>		
Sunoco, Inc. shareholders' equity	720	893
Noncontrolling interests	776	907
<b>Total equity</b>	<b>1,496</b>	<b>1,800</b>
<b>Total liabilities and equity</b>	<b>\$ 9,801</b>	<b>\$ 11,982</b>

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(See Accompanying Notes)

**Table of Contents****SUNOCO, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of Dollars)

	For the Three Months Ended March 31,	
	2012	2011
	(UNAUDITED)	
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 301	\$ (80)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Gain on divestment of Toledo Refinery	(104)	(15)
Provision for asset write-downs and other matters	109	6
Depreciation, depletion and amortization	64	112
Deferred income tax expense (benefit)	45	(133)
Payments less than (in excess of) expense for retirement plans	(197)	3
Changes in working capital pertaining to operating activities:		
Accounts and notes receivable	152	(200)
Inventories	(18)	(743)
Accounts payable and accrued liabilities	(184)	559
Income taxes payable	117	149
Other	(26)	(26)
Net cash provided by (used in) operating activities	259	(368)
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(94)	(150)
Acquisitions		(36)
Proceeds from divestments:		
Toledo refinery and related inventory	182	546
Other divestments	11	6
Other	13	(6)
Net cash provided by investing activities	112	360
<b>Cash Flows from Financing Activities:</b>		
Net repayments of short-term borrowings	(103)	
Net proceeds from issuance of long-term debt	176	70