

SUNOCO INC
Form 10-Q
November 05, 2009
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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 September 30, 2009

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
incorporation or organization)

23-1743282
(I.R.S. Employer
Identification No.)

1735 MARKET STREET, SUITE LL, PHILADELPHIA, PA 19103-7583

(Address of principal executive offices)

(Zip Code)

(215) 977-3000

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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 September 30, 2009, there were 116,909,190 shares of Common Stock, \$1 par value outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****Sunoco, Inc. and Subsidiaries**

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

	For the Nine Months Ended September 30	
	2009	2008*
	(UNAUDITED)	
REVENUES		
Sales and other operating revenue (including consumer excise taxes) (Note 13)	\$ 22,244	\$ 42,379
Interest income	5	16
Other income, net	90	40
	22,339	42,435
COSTS AND EXPENSES		
Cost of products sold and operating expenses	19,295	38,596
Consumer excise taxes	1,804	1,826
Selling, general and administrative expenses	553	567
Depreciation, depletion and amortization	393	369
Payroll, property and other taxes	110	111
Provision for asset write-downs and other matters (Notes 4 and 7)	659	(18)
Interest cost and debt expense	107	83
Interest capitalized	(34)	(26)
	22,887	41,508
Income (loss) from continuing operations before income tax expense (benefit)	(548)	927
Income tax expense (benefit) (Note 5)	(272)	302
Income (loss) from continuing operations	(276)	625
Income from discontinued operations, net of income tax expense (Note 2)	20	21
Net income (loss) (Note 1)	(256)	646
Less: Net income attributable to noncontrolling (minority) interests	99	74
Net income (loss) attributable to Sunoco, Inc. shareholders	\$ (355)	\$ 572
Earnings (loss) attributable to Sunoco, Inc. shareholders per share of common stock:		
Basic:		
Income (loss) from continuing operations	\$ (3.21)	\$ 4.71
Income from discontinued operations	.17	.18

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Net income (loss)	\$ (3.04)	\$ 4.89
Diluted:		
Income (loss) from continuing operations	\$ (3.21)	\$ 4.70
Income from discontinued operations	.17	.18
Net income (loss)	\$ (3.04)	\$ 4.88
Weighted-average number of shares outstanding (Notes 6 and 11):		
Basic	116.9	117.0
Diluted	116.9	117.1
Cash dividends paid per share of common stock (Note 6)	\$.90	\$.875

* Restated to conform to 2009 presentation (Notes 1 and 2).
(See Accompanying Notes)

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****Sunoco, Inc. and Subsidiaries**

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

	For the Three Months Ended September 30	
	2009	2008*
	(UNAUDITED)	
REVENUES		
Sales and other operating revenue (including consumer excise taxes) (Note 13)	\$ 8,634	\$ 15,135
Interest income	1	4
Other income, net	60	13
	8,695	15,152
COSTS AND EXPENSES		
Cost of products sold and operating expenses	7,683	13,267
Consumer excise taxes	630	631
Selling, general and administrative expenses	192	203
Depreciation, depletion and amortization	124	125
Payroll, property and other taxes	34	37
Provision for asset write-downs and other matters (Notes 4 and 7)	511	
Interest cost and debt expense	37	27
Interest capitalized	(12)	(9)
	9,199	14,281
Income (loss) from continuing operations before income tax expense (benefit)	(504)	871
Income tax expense (benefit) (Note 5)	(218)	311
Income (loss) from continuing operations	(286)	560
Income from discontinued operations, net of income tax expense (Note 2)		16
Net income (loss) (Note 1)	(286)	576
Less: Net income attributable to noncontrolling (minority) interests	26	27
Net income (loss) attributable to Sunoco, Inc. shareholders	\$ (312)	\$ 549
Earnings (loss) attributable to Sunoco, Inc. shareholders per share of common stock:		
Basic:		
Income (loss) from continuing operations	\$ (2.67)	\$ 4.56
Income from discontinued operations		.14
Net income (loss)	\$ (2.67)	\$ 4.70
Diluted:		
Income (loss) from continuing operations	\$ (2.67)	\$ 4.56
Income from discontinued operations		.14

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Net income (loss)	\$ (2.67)	\$ 4.70
Weighted-average number of shares outstanding (Notes 6 and 11):		
Basic	116.9	116.9
Diluted	116.9	116.9
Cash dividends paid per share of common stock (Note 6)	\$.30	\$.30

* Restated to conform to 2009 presentation (Notes 1 and 2).
(See Accompanying Notes)

Table of Contents**CONDENSED CONSOLIDATED BALANCE SHEETS****Sunoco, Inc. and Subsidiaries**

(Millions of Dollars)

	At September 30 2009 (UNAUDITED)	At December 31 2008*
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 178	\$ 240
Accounts and notes receivable, net	1,907	1,636
Inventories:		
Crude oil	463	303
Petroleum and chemical products	349	327
Materials, supplies and other	200	191
Deferred income taxes	168	138
Total Current Assets	3,265	2,835
Investments and long-term receivables	183	173
Properties, plants and equipment	12,073	12,013
Less accumulated depreciation, depletion and amortization	4,470	4,214
Properties, plants and equipment, net	7,603	7,799
Deferred charges and other assets	318	343
Total Assets	\$ 11,369	\$ 11,150
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,939	\$ 2,409
Accrued liabilities (Note 7)	566	731
Short-term borrowings (Note 8)	503	310
Current portion of long-term debt	6	148
Taxes payable	113	339
Total Current Liabilities	4,127	3,937
Long-term debt (Note 8)	2,093	1,705
Retirement benefit liabilities (Note 9)	879	836
Deferred income taxes	743	859
Other deferred credits and liabilities (Note 7)	527	533
Commitments and contingent liabilities (Note 7)		
Equity (Note 1):		
Sunoco, Inc. shareholders' equity	2,443	2,842
Noncontrolling (minority) interests	557	438
Total Equity	3,000	3,280

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Total Liabilities and Equity	\$	11,369	\$	11,150
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* Restated to conform to 2009 presentation (Note 1).
(See Accompanying Notes)

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****Sunoco, Inc. and Subsidiaries**

(Millions of Dollars)

	For the Nine Months Ended September 30	
	2009	2008*
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (256)	\$ 646
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Gain on divestment of discontinued Tulsa operations	(34)	
Gain on divestment of retail heating oil and propane distribution business	(44)	