

SUNOCO INC  
Form 10-Q  
May 14, 2003  
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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, 2003

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)

**PENNSYLVANIA**  
(State or other jurisdiction of incorporation  
or organization)

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

**TEN PENN CENTER, 1801 MARKET STREET, PHILADELPHIA, PA 19103-1699**  
(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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

At March 31, 2003, there were 76,651,120 shares of Common Stock, \$1 par value outstanding.

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FINANCIAL INFORMATION****Item 1.****Financial Statements****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****Sunoco, Inc. and Subsidiaries**

(Millions of Dollars and Shares Except Per Share Amounts)

	<b>For the Three Months Ended March 31</b>	
	<b>2003</b>	<b>2002*</b>
	<b>(UNAUDITED)</b>	
<b>REVENUES</b>		
Sales and other operating revenue (including consumer excise taxes)	\$ 4,560	\$ 2,918
Interest income	3	1
Other income (Note 2)	7	12
	<u>4,570</u>	<u>2,931</u>
<b>COSTS AND EXPENSES</b>		
Cost of products sold and operating expenses (Note 3)	3,701	2,380
Consumer excise taxes	437	428
Selling, general and administrative expenses (Note 2)	160	154
Depreciation, depletion and amortization	84	79
Payroll, property and other taxes	27	28
Interest cost and debt expense	28	26
Interest capitalized	(1 )	
	<u>4,436</u>	<u>3,095</u>
Income (loss) before income tax expense (benefit)	134	(164 )
Income tax expense (benefit)	48	(57 )
<b>NET INCOME (LOSS)</b>	<u>\$ 86</u>	<u>\$ (107 )</u>
Net income (loss) per share of common stock:		
Basic	\$ 1.12	\$ (1.41 )
Diluted	\$ 1.12	\$ (1.41 )
Weighted average number of shares outstanding (Note 4):		
Basic	76.5	75.9
Diluted	77.1	75.9
Cash dividends paid per share of common stock	\$ .25	\$ .25

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\*

Restated to reflect the adoption of the fair value method of accounting for employee stock compensation plans effective January 1, 2002 (Note 3).

(See Accompanying Notes)

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

<b>(Millions of Dollars)</b>	<b>At March 31 2003</b>	<b>At December 31 2002</b>
	<b>(UNAUDITED)</b>	
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 459	\$ 390
Accounts and notes receivable, net	1,102	923
Inventories:		
Crude oil	146	153
Petroleum and chemical products	207	227
Materials, supplies and other	107	111
Deferred income taxes	94	94
	<hr/>	<hr/>
Total Current Assets	2,115	1,898
Investments and long-term receivables	221	220
Properties, plants and equipment	7,610	7,522
Less accumulated depreciation, depletion and amortization	3,496	3,423
	<hr/>	<hr/>
Properties, plants and equipment, net	4,114	4,099
Prepaid retirement costs	5	5
Deferred charges and other assets (Note 8)	372	219
	<hr/>	<hr/>
Total Assets	<u>\$ 6,827</u>	<u>\$ 6,441</u>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 1,538	\$ 1,316
Accrued liabilities	338	339
Current portion of long-term debt	3	2
Taxes payable	194	119
	<hr/>	<hr/>
Total Current Liabilities	2,073	1,776
Long-term debt	1,455	1,453
Retirement benefit liabilities	647	653
Deferred income taxes	527	490
Other deferred credits and liabilities	199	196
Commitments and contingent liabilities (Note 5)		
Minority interests (Note 2)	462	479
Shareholders' equity (Note 6)	1,464	1,394
	<hr/>	<hr/>
Total Liabilities and Shareholders' Equity	<u>\$ 6,827</u>	<u>\$ 6,441</u>

(See Accompanying Notes)



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(Millions of Dollars)

	<b>For the Three Months Ended March 31</b>	
	<b>2003</b>	<b>2002*</b>
	<b>(UNAUDITED)</b>	
<b>INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 86	\$ (107 )
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash increase (reduction) in minority interest in cokemaking operations (Note 2)	1	(9 )
Depreciation, depletion and amortization	84	79
Deferred income tax expense (benefit)	39	(11 )
Payments less than (in excess of) expense for retirement plans	(7 )	2
Changes in working capital pertaining to operating activities, net of effect of acquisitions:		
Accounts and notes receivable	(179 )	(68 )
Inventories	42	121
Accounts payable and accrued liabilities	220	34
Taxes payable	75	(4 )
Other	9	(6 )
	<u>370</u>	<u>31</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(68 )	(70 )
Acquisitions, net of seller financing of \$4 in 2003	(194 )	7
Proceeds from divestments	7	4
Other	(5 )	(2 )
	<u>(260 )</u>	<u>(61 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net repayments of short-term borrowings		