

March 1, 2012



Open Letter to the Community

Today, I became the CEO of Sunoco, a 125-year-old Philadelphia company with a venerable brand and a distinguished history. Our company has been under a serious economic threat in the last few years, and I wanted to reach out to you to tell you what we have been doing to protect the future of the company.

A Most Difficult Decision

Despite the best efforts of Sunoco's refinery employees, our Northeast refining business has lost nearly \$1 billion in the past three years. These losses have threatened Sunoco's existence. Three basic factors have contributed to staggering losses:

- 1. Expensive crude oil.** Our refineries were designed to process light sweet crude oil and cannot use lower-cost heavy sour crude oils. This makes our refineries uncompetitive.
- 2. Declining demand for gasoline.** Cars are becoming more efficient and a greater portion of gasoline is now composed of ethanol. Demand for refined gasoline on the East Coast has declined 12% since 2007 and is expected to decline as much as 20% over the next several years.
- 3. Overcapacity in our industry.** The refining business is global and new, modern capacity continues to be added. In the U.S. alone, there is over 2 million barrels per day of excess refining capacity which is equivalent to more than a dozen Marcus Hook-sized refineries.

With our losses projected to continue, the threat to the company was so grave that we were forced to make a very difficult choice: Stay in the refining business and put the entire company at risk (including our 7,600 non-refining employees and their families) or exit the refining business, stop the financial losses, and start building a more viable future.

A Thorough Sales Process

Sunoco has conducted a comprehensive sales process to find a buyer for our refineries. We have contacted more than 150 potential buyers from around the world, including integrated oil companies, national oil companies, independent refiners, and private equity groups. We are also exploring alternative uses for the facilities and are working closely with government officials to find solutions that preserve jobs. For our employees whose jobs are eliminated in this process, we will ensure they are treated with dignity and respect.

Positioned for a Strong Future

Sunoco recently announced that we will focus on our profitable logistics and retail businesses. These are strong businesses that we can continue to grow in Pennsylvania, Delaware, New Jersey and beyond. To prepare for our future and to better serve our customers, we streamlined the company, repaid loans and strengthened our balance sheet while also setting aside funds for our retirees and to handle our environmental responsibilities.

While the times have been challenging, our commitment to this community, our customers, franchisees and distributors is steadfast. The new Sunoco is strong and growing, and our goal is to play a vital part in the economic well-being of this region for many years to come.

All of us at Sunoco thank you for your continued support.

Sincerely,

A handwritten signature in black ink that reads "Brian P. MacDonald". The signature is written in a cursive, slightly slanted style.

Brian P. MacDonald
President and Chief Executive Officer
Sunoco, Inc.