Lynn L Elsenhans
Chairman and
Chief Executive Officer

Sunoco, Inc.
1818 Market Street Ste 1500
Philadelphia PA 19103-3615

February 16, 2012

Representative Mark Longietti
103 Irvis Office Building
P.O. 202007
Harrisburg, PA 17121-2007

Dear Representative Longietti:

Thank you for your letter of February 3, 2012 and for your interest in the impacts that refinery closures in the Northeast might have on supply sources, distribution logistics and fuel prices. The sale of these facilities as operating refineries has always been our preferred outcome, and we continue working hard on the sales process. Unfortunately, due to a variety of factors, including the specific hardware of these refineries which requires a diet of cost disadvantaged light sweet crudes, the global economic downturn, excess global refining capacity, low refining margins, and expensive capital to meet environmental regulatory requirements, we have yet to find a buyer for these refineries. At this point we think it is unlikely that Marcus Hook will be sold as an operating refinery but we continue to look for alternative uses for the site that might preserve some jobs. There is some limited interested in the Philadelphia refinery, and we continue to pursue the sale of that site as an operating refinery.

The global refining market is very competitive, and there is a significant amount of restructuring and rationalization occurring within our industry. Many refineries in the U.S. and Europe are for sale or in financial distress, the most recent announcement being one from Hovensa, LLC about closing its refinery in the U.S. Virgin Islands. While difficult for many people to grasp, U.S. gasoline demand peaked at 9.29 million barrels per day in 2007 and is projected to decline 16% over the next few years. This decline in demand creates significant excess capacity in the U.S. refining system: currently 2.4 million barrels per day, <u>equivalent to 14 Marcus Hook refineries</u>. As a result of this capacity overhang, refinery utilization has been only 86%. Also, increasing CAFÉ mileage standards are predicted to result in a 13% reduction in current refining capacity (equal to approximately 18 refineries) within the next decade. All of these factors have been magnified for our two refineries on the East Coast, which must process higher cost crudes.

Despite the best efforts of Sunoco's refinery employees and our management team, our Northeast refining business has lost over $900 million in the past three years. In the most recent quarter alone, Sunoco suffered a loss of $117 million in our refining segment. These financial results reinforce in stark terms that the operation of these facilities is simply uneconomic and would jeopardize the future of the entire company.

We have, therefore, determined that operating less complex refineries on the East Coast that can only run expensive light sweet crudes is not a sustainable business for Sunoco. Our view is that the difficult conditions that led to these substantial losses will continue over the next several years. Demand for transportation fuels has been weak as a result of the poor economy, and we anticipate further decline in gasoline demand mileage standards for automobiles double, a greater portion of the fuel mix is composed of biofuels, an incentives increase for electric vehicles. With our losses rising, and projected to continue, the threat to the company as a whole became more evident and imminent and forced us to exit the refining business. Sunoco had to make a choice between putting the entire company at risk (including our 7,600 non-refining employees) or exiting the refining business and putting a stop to the mounting financial losses. As evidenced by the recent bankruptcy of European refiner Petroplus, losses in refining can bring down an entire company, which would be even more damaging to Pennsylvania than our exit from the refining business.

With regard to your supply, distribution and pricing concerns, please understand that Sunoco intends to continue to supply our customers with the quality fuels that it has come to expect from our company. Given the current global overcapacity in refining, we believe that the market will be well able to supply the transportation and other fuels needed in this region. Indeed, one of the reasons we were so transparent and gave early warning about our intention to exit the refining business was to give our refining employees and the market time to respond to this development and make plans for the future. Sunoco is well along in the process of obtaining adequate supplies to provide for our customers needs, and we intend to continue to be a premier fuels provider headquartered in Pennsylvania for many years to come.

We thank you for your interest in this unfolding process, and we will continue to work hard to achieve the best possible outcome for all concerned. This is a very difficult time for Sunoco, for our employees and the community. Frankly, there is a lot of misinformation in the marketplace that is being presented as fact. Please know that we are trying to manage a sales process for assets that are difficult to sell even in a good market, and we are trying to provide dignity and respect to our employees who are affected. Sunoco has been a good corporate citizen for over a century, and we want it to survive, thrive and provide jobs for another hundred years. We appreciate your interest and offer of support. If you have additional questions, please don't hesitate to reach out to me or to our incoming CEO, Mr. Brian P. MacDonald.

Sincerely,

Lynn L. Elsenhans
Chairman and Chief Executive Officer
Sunoco, Inc.