

SECURITIES AND EXCHANGE COMMISSION

**FORM 424B5**

Prospectus filed pursuant to Rule 424(b)(5)

Filing Date: **1994-03-16**  
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**FILER**

**SUN CO INC**

CIK: **95304** | IRS No.: **231743282** | State of Incorporation: **PA** | Fiscal Year End: **1231**  
Type: **424B5** | Act: **33** | File No.: **002-98425** | Film No.: **94516281**  
SIC: **2911** Petroleum refining

Business Address  
*TEN PENN CENTER  
1801 MARKET ST  
PHILADELPHIA PA 19103-1699  
2159776111*

\$100,000,000

SUN COMPANY, INC.  
7-1/8% NOTES DUE 2004

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Interest Payable March 15 and September 15  
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The Notes may not be redeemed prior to maturity by the Company and do not provide for any sinking fund.  
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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discount	Proceeds to Company(1) (2)
Per Note.....	99.498%	.650%	98.848%
Total.....	\$99,498,000	\$650,000	\$98,848,000

(1) Plus accrued interest, if any, from March 22, 1994 to date of delivery.

(2) Before deduction of expenses payable by the Company estimated at \$90,000.  
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The Notes offered by this Prospectus Supplement are offered by the Underwriters subject to prior sale, withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters and to certain further conditions. It is expected that delivery of the Notes will be made at the offices of Lehman Brothers Inc., New York, New York on or about March 22, 1994.  
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Lehman Brothers

CS First Boston

J.P. Morgan Securities Inc.

March 15, 1994

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

#### DESCRIPTION OF NOTES

The following description of the terms of the 7 1/8% Notes Due 2004 (the "Notes") offered hereby supplements and modifies the description of the general terms and provisions of the Debt Securities set forth in the accompanying Prospectus to which reference is hereby made.

#### GENERAL

The Notes will be limited to \$100,000,000 aggregate principal amount and will mature on March 15, 2004. The Notes will bear interest at the rate of 7 1/8% per annum from March 22, 1994 or from the most recent interest payment date to which interest has been paid or provided for, payable semi-annually on March 15 and September 15 of each year, commencing on September 15, 1994, to the persons in whose names the Notes are registered at the close of business on the March 1 or September 1, as the case may be, next preceding such interest payment date. The Notes will be issued only in registered form without coupons in denominations of \$1,000 and integral multiples thereof.

Principal and interest will be payable, and the Notes will be transferable or exchangeable, at the office or agency of the Company maintained for such purposes in the Borough of Manhattan, The City of New York, provided that payment of interest on any Notes may, at the option of the Company, be made by check mailed to the registered Holders thereof. The Notes may not be redeemed by the Company prior to maturity and are not subject to any sinking fund.

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UNDERWRITING

The Underwriters named below have severally agreed to purchase from the Company the following respective principal amounts of the Notes:

UNDERWRITERS -----	PRINCIPAL AMOUNT -----
Lehman Brothers Inc.....	\$ 33,400,000
CS First Boston Corporation.....	33,300,000
J.P. Morgan Securities Inc.....	33,300,000
	-----
Total.....	\$100,000,000 =====

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent, and that the Underwriters will be obligated to purchase all of the Notes if any are purchased.

The Company has been advised by the Underwriters that the Underwriters propose to offer the Notes to the public initially at the offering price set forth on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession of .40% of the principal amount of the Notes; that the Underwriters and such dealers may allow a discount of .25% of such principal amount on sales to certain other dealers; and that the public offering price and concession and discount to dealers may be changed by the Underwriters.

The Notes are a new issue of securities with no established market. The Underwriters have advised the Company that one or more of them intends to act as a market maker for the Notes. However, the Underwriters are not obligated to do so and may discontinue any market making activity at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

The Company has agreed to indemnify the Underwriters against certain liabilities, including civil liabilities under the Securities Act, or contribute to payments which the Underwriters may be required to make in respect thereof.

The Underwriters have in the past and may in the future provide investment banking and other related services to the Company in the ordinary course of business for which the Underwriters have received or may receive customary fees and reimbursement of their out-of-pocket expenses.

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PROSPECTUS  
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\$100,000,000  
Sun Company, Inc.  
Debt Securities  
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Sun Company, Inc. (the "Company") may offer from time to time up to \$100,000,000 of its unsecured debt securities ("Debt Securities") on terms to be determined at the time of sale. The Debt Securities may be issued in one or more series with the same or different maturities, at par, at a premium or with an original issue discount. The specific aggregate principal amount, maturity, rate and time of payment of interest, purchase price, any terms for redemption or other special terms and the names of the underwriters, dealers or agents, if any, of the Debt Securities being offered ("Offered Debt

Securities") will be set forth in one or more supplements hereto (the "Prospectus Supplement"), together with the terms of offering of the Offered Debt Securities. The Debt Securities may be sold to underwriters for public offering on terms fixed at the time of sale or may ultimately be sold directly or through agents.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
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The date of this Prospectus is March 15, 1994.

#### AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the Public Reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's Regional Offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained at prescribed rates from the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Reports, proxy material and other information concerning the Company also may be inspected at the respective offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 and the Philadelphia Stock Exchange, Inc., 1900 Market Street, Philadelphia, Pennsylvania 19103.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are incorporated in this Prospectus by reference:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.
2. The Company's Current Report on Form 8-K dated February 24, 1994.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to termination of the offering made hereunder shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, UPON WRITTEN OR ORAL REQUEST, A COPY OF ANY OR ALL OF THE DOCUMENTS INCORPORATED BY REFERENCE (OTHER THAN EXHIBITS TO SUCH DOCUMENTS UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO SUCH DOCUMENTS). REQUESTS SHOULD BE DIRECTED TO:

Sun Company, Inc.  
Ten Penn Center  
1801 Market Street  
Philadelphia, Pennsylvania 19103-1699  
Attention: Corporate Secretary  
Telephone: 215-977-3000

#### THE COMPANY

The Company was incorporated in Pennsylvania in 1971 and it or its predecessors have been active in the petroleum industry since 1886. Its

principal executive offices are located at Ten Penn Center, 1801 Market Street, Philadelphia, PA 19103-1699.

The Company, through its subsidiaries, is principally a petroleum refiner and marketer with interests in oil and gas exploration and oil sands mining. Hereafter, the term "Sun" means the Company and its subsidiaries.

Sun's petroleum refining and marketing operations include the manufacturing and marketing of a full range of petroleum products, including fuels, lubricants and petrochemicals, and the transportation of crude oil and refined products. These operations are conducted in the United States and Canada. Sun's oil and gas exploration and production operations consist of exploration for and development, production and marketing of crude oil and condensate, natural gas and natural gas liquids. Exploration activities are conducted in Canada while development, production and marketing activities are conducted primarily in Canada and the United Kingdom sector of the North Sea. Oil sands mining operations, which consist of production of synthetic crude oil by mining oil sands and upgrading the bitumen extracted from the oil sands, are conducted in western Canada.

Sun also has interests in coal, real estate and leasing operations in the United States. Each of these businesses is subject to a plan of disposition which management is actively pursuing.

#### USE OF PROCEEDS

The net proceeds of the Debt Securities will be added to the general funds of Sun and used for general corporate purposes, including working capital and capital expenditures. The proceeds also may be used to repay short-term and long-term indebtedness of Sun.

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#### SUMMARY OF FINANCIAL INFORMATION

The following table presents selected financial data of Sun for each of the five years in the period ended December 31, 1993. Reference is made to the detailed information and financial statements available in the documents described above under "Incorporation of Certain Documents by Reference." Prior to the fourth quarter of 1993, Sun Coal Company and Elk River Resources, Inc. and its subsidiaries (collectively, "Sun Coal") and Radnor Corporation ("Radnor") had been classified as discontinued operations in Sun's consolidated statements of income. In accordance therewith, results of operations of Sun Coal and Radnor subsequent to their measurement dates of December 31, 1992 and September 30, 1991, respectively, had been excluded from the consolidated statements of income. In November 1993, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 93 which requires discontinued operations that have not been divested within one year of their measurement dates to be accounted for prospectively as investments held for sale. As a result, the results of operations for Sun Coal and Radnor for the fourth quarter of 1993 have been included in income from continuing operations. In addition, the net assets and liabilities relating to Sun Coal and Radnor have been segregated on the consolidated balance sheets from their historic classifications to separately identify them as investments in operations held for sale. The following selected financial data reflects this method of presentation.

<TABLE>  
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	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
	(MILLIONS OF DOLLARS EXCEPT RATIOS)				
FOR THE YEAR ENDED DECEMBER 31:					
Sales and other operating revenue (including consumer excise taxes).....	\$9,180	\$10,445	\$11,493	\$12,573	\$10,494
Income (loss) from continuing operations before provision (credit) for income taxes and cumulative effect of change in accounting principle(1).....	\$ 426(2)	\$ (432) (3)	\$ (108) (4)	\$ 393	\$ 236
Net income (loss) (1) (5) (6).....	\$ 288(2)	\$ (559) (3)	\$ (387) (4)	\$ 229	\$ 98
Ratio of earnings to fixed charges(7).....	5.14	N/A	.46	3.91	2.59
AT DECEMBER 31:					
Total assets.....	\$5,900	\$ 6,071	\$ 7,017	\$ 7,852	\$ 7,647
Long-term debt.....	\$ 726	\$ 792	\$ 852	\$ 832	\$ 887
Stockholders' equity.....	\$1,984	\$ 1,896	\$ 2,696	\$ 3,274	\$ 3,254

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(1) Includes impact of provisions for write-down of assets and other matters of \$23 million (\$12 million after tax) in 1993, \$745 million (\$456 million after tax) in 1992, \$156 million (\$103 million after tax) in 1991

and \$162 million (\$103 million after tax) in 1989. (See Note 2 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, incorporated by reference herein.)

- (2) Includes impact of gain on divestments of \$174 million (\$121 million after tax).
- (3) Includes impact of gain on Iranian litigation settlement of \$178 million (\$117 million after tax).
- (4) Includes impact of provision for environmental remediation work at various domestic refining and marketing sites of \$118 million (\$78 million after tax).
- (5) Includes income (loss) from operations held for sale of \$3, \$19, \$(257), \$9 and \$(12) million in 1993, 1992, 1991, 1990 and 1989, respectively. (See Note 2 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, incorporated by reference herein.)
- (6) Includes impact of the cumulative effect of a change: in the method of accounting for income taxes in 1993 (\$5 million tax benefit); in the method of accounting for postretirement health care and life insurance benefits in 1992 (\$261 million after-tax charge); and in the method of accounting for refinery turnaround costs in 1990 (\$30 million after-tax benefit). (See Note 7 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, incorporated by reference herein.)
- (7) The ratio of earnings to fixed charges has been computed using principally pretax earnings from continuing operations before the cumulative effect of a change in accounting principle and before deducting fixed charges. Fixed charges are comprised of interest cost and debt expense of continuing operations (including amounts capitalized) and one-third of rental expense applicable to operating leases (which is that portion deemed to be interest). For 1992 and 1991, earnings were inadequate to cover fixed charges by \$454 million and \$76 million, respectively, as a result of the \$745 million and \$156 million provisions for write-down of assets and other matters.

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#### DESCRIPTION OF DEBT SECURITIES

The Debt Securities will be issued under an Indenture dated as of June 15, 1985 between the Company and Citibank, N.A., Trustee, as amended by the terms of the First Supplemental Indenture dated as of March 15, 1986 and the Second Supplemental Indenture dated as of July 23, 1992 (as so amended, the "Indenture") copies of which are filed as exhibits to the Registration Statement. The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, including the definitions therein of certain terms. Defined terms have the meanings assigned in the Indenture unless otherwise defined. The following sets forth certain general terms and provisions of the Debt Securities. Further terms of the Debt Securities are set forth in the Prospectus Supplement.

#### GENERAL

The Indenture does not limit the aggregate principal amount of Debt Securities which may be issued thereunder and provides that Debt Securities may be issued from time to time in series. The Debt Securities will be unsecured obligations of the Company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company.

The Prospectus Supplement describes the following terms of the Offered Debt Securities: (1) the title of the Offered Debt Securities; (2) any limit on the aggregate principal amount of the Offered Debt Securities; (3) the date or dates on which the principal of the Offered Debt Securities is payable; (4) the rate or rates at which the Offered Debt Securities will bear interest, if any, and the date from which such interest, if any, will accrue; (5) the dates on which such interest, if any, will be payable and the Regular Record Dates for such Interest Payment Dates; (6) the place or places where the principal of (and premium, if any) and interest, if any, on the Offered Debt Securities shall be payable; (7) any mandatory or optional sinking fund or analogous provisions; and (8) the period or periods within which, the price or prices at which and the terms and conditions upon which the Offered Debt Securities may, pursuant to any optional or mandatory redemption provisions, be redeemed.

Unless otherwise indicated in the Prospectus Supplement, the Debt Securities will be issued only in fully registered form without coupons and in denominations of \$1,000 or any integral multiple thereof. No service charge will be made for any registration of transfer or exchange of the Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. (Sections 302 and 305)

Debt Securities may be issued as Original Issue Discount Debt Securities to be sold at a substantial discount below their principal amount. Any special federal income tax and other considerations applicable thereto will be described in the Prospectus Supplement relating thereto.

#### CERTAIN COVENANTS OF THE COMPANY

Limitations on Liens. Nothing in the Indenture or the Debt Securities in any way restricts or prevents the Company or any Subsidiary from incurring any indebtedness. However, the Indenture provides that neither the Company nor any Restricted Domestic Subsidiary will issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed ("Debt") secured by mortgage, lien, pledge or other encumbrance upon any Restricted Property without effectively providing that the Debt Securities of all series (together with, if the Company so determines, any other indebtedness or obligation then existing or thereafter created, ranking equally with the Debt Securities of all series) shall be secured equally and ratably with (or prior to) such Debt so long as such Debt shall be so secured. This restriction does not, however, apply to (a) mortgages, liens, pledges or other encumbrances ("Mortgages") on property to secure all or part of the cost of exploration, drilling or development thereof or all or part of the cost of altering or repairing equipment used in connection therewith or the cost of improvement of property which, in the opinion of the Board of Directors, is substantially unimproved for the use intended by the Company or to secure Debt incurred to provide funds for any such purpose; (b) Mortgages which secure only indebtedness owing by a Subsidiary to the Company, or to one or more Subsidiaries, or to the Company and one or more Subsidiaries;

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(c) Mortgages on the property of any corporation existing at the time such corporation becomes a Subsidiary; (d) Mortgages on any property to secure Debt or other indebtedness incurred in connection with the construction, installation or financing of pollution control or abatement facilities or other forms of industrial revenue bond financing or Debt issued or guaranteed by the United States, any State or any department, agency or instrumentality of either; and (e) any extension, renewal or replacement of any Mortgage referred to in the foregoing clauses (a) through (d) or of any Mortgage existing on July 23, 1992. Notwithstanding the foregoing, the Company and any one or more Restricted Domestic Subsidiaries may, without securing the Debt Securities of all series, issue, assume or guarantee Debt secured by Mortgages which would otherwise be subject to the foregoing restrictions in an aggregate principal amount which, together with all other such Debt of the Company and its Restricted Domestic Subsidiaries, and the aggregate value of sale and lease-back transactions which would otherwise be subject to the restrictions described under "Limitation on Sale and Lease-Back," does not at the time such Debt is incurred exceed five percent (5%) of the Stockholders' Equity in the Company and its consolidated subsidiary companies as shown in the audited consolidated balance sheet contained in the latest Annual Report to Shareholders. The following types of transactions, among others, are not deemed to create Debt secured by Mortgages: (1) the sale or other transfer of crude oil, natural gas or other petroleum hydrocarbons in place for a period of time until, or in an amount such that, the transferee will realize therefrom a specified amount (however determined) of money or such crude oil, natural gas or other petroleum hydrocarbons, or the sale or other transfer of any other interest in property of the character commonly referred to as a production payment or overriding royalty, and (2) Mortgages required by any contract or statute in order to permit the Company or a Subsidiary to perform any contract or subcontract made by it with or at the request of the United States, any State or any department, agency or instrumentality of either, or to secure partial, progress, advance or other payments to the Company or any Subsidiary by such governmental unit pursuant to the provisions of any contract or statute. (Section 1005)

The Indenture contains no limitations on Mortgages on property acquired or constructed after July 23, 1992 or property presently owned which is not Restricted Property. The term Restricted Property is defined in the Indenture to mean any property interest owned on July 23, 1992 by the Company or a Subsidiary in land located in the continental United States and then classified by such owner as productive of crude oil, natural gas or other petroleum hydrocarbons in paying quantities, any refining plant or manufacturing plant owned on July 23, 1992 by the Company or a Subsidiary and located in the continental United States (except related facilities which in the opinion of the Board of Directors are transportation or marketing facilities, and a refining plant or manufacturing plant which in the opinion of the Board of Directors is not a principal plant of the Company and its Subsidiaries) and any shares of capital stock, partnership interests or indebtedness of a Restricted Domestic Subsidiary. The term Restricted Property does not include future additions or improvements to or replacements of all or any part of any refining or manufacturing plant owned on July 23, 1992. The term Restricted Domestic Subsidiary is defined in the Indenture to mean any Subsidiary (except Sun Ship, Inc.) of the Company which owns Restricted

Property except a Subsidiary substantially all the real property, plants and equipment of which are located outside the continental United States, a Subsidiary the assets of which constitute less than five percent (5%) of the assets of the Company and its consolidated subsidiaries, and a Subsidiary the major part of the business of which consists of finance, banking, credit, leasing, financial services or other similar operations, or any combination thereof. The term Subsidiary is defined in the Indenture to include any corporation with respect to which at least a majority of the outstanding securities having ordinary voting power to elect a majority of the board of directors is at the time owned or controlled directly or indirectly by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries. (Section 101)

Limitation on Sale and Lease-Back. The Indenture provides that neither the Company nor any Restricted Domestic Subsidiary will enter into any arrangement with any person providing for the leasing of any Restricted Property which has been or is to be sold or transferred by the Company or such Restricted Domestic Subsidiary to such person or to any other person to which funds have been or are to be advanced by such person on the security of the leased property to the Company or a Restricted Domestic Subsidiary for a period of more than three years unless either (a) the Company or such

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Restricted Domestic Subsidiary would be entitled, pursuant to the above provisions, to incur Debt in a principal amount equal to or exceeding the value of such sale and lease-back transactions secured by a Mortgage on the property to be leased without equally and ratably securing the Debt Securities of all series, or (b) the Company during or immediately after the expiration of four months after the effective date of such transaction applies to the voluntary retirement of its funded debt an amount (less certain credits set forth in the Indenture) equal to the greater of the net proceeds of the sale or transfer of the property leased in such transaction or the fair value in the opinion of the Board of Directors of the property at the time of entering into such transaction. (Section 1006)

The Indenture contains no limitations on the sale and lease-back of property acquired or constructed after July 23, 1992 or of any property presently owned which is not Restricted Property.

#### EVENTS OF DEFAULT

The following are Events of Default under the Indenture with respect to Debt Securities of any series: (a) failure to pay principal of or any premium on any Debt Security of that series when due; (b) failure to pay any interest on any Debt Security of that series when due, continued for 30 days; (c) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of series of Debt Securities other than that series), continued for 90 days after written notice as provided in the Indenture; (d) acceleration of Debt Securities of another series or any other indebtedness for borrowed money of the Company, in an aggregate principal amount exceeding \$10,000,000 under the terms of the instrument or instruments under which such indebtedness is issued or secured, if such acceleration is not annulled within 30 days after written notice as provided in the Indenture; (e) certain events in bankruptcy, insolvency or reorganization involving the Company; and (f) any other Event of Default provided with respect to Debt Securities of the series. (Section 501)

If an Event of Default with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Outstanding Debt Securities of that series may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Debt Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Debt Securities of that series to be due and payable immediately. At any time after a declaration of acceleration with respect to Debt Securities of any series has been made, but before a judgment or decree based on acceleration has been obtained, the Holders of a majority in aggregate principal amount of Outstanding Debt Securities of that series may, under certain circumstances, rescind and annul such acceleration. (Section 502)

The Indenture provides that, subject to the duty of the Trustee during a default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable indemnity. (Section 603) Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of that series. (Section 512)

The Company is required to furnish to the Trustee annually a statement as to the performance by the Company of certain of its obligations under the Indenture and as to any default in such performance. (Section 1008)

#### MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of 66 2/3% in aggregate principal amount of the Outstanding Debt Securities of each series affected by such modifications or amendments; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the stated maturity date of the principal of, or any installment of principal of, or premium or interest, if any, on any Debt Security; (b) reduce the principal amount of or premium

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or interest, if any, on any Debt Security; (c) reduce the amount of principal of an Original Issue Discount Debt Security payable upon acceleration of the maturity thereof; (d) change the place or currency of payment of principal of or premium or interest, if any, on any Debt Security; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security; (f) reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of whose Holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults; or (g) change any obligation of the Company to maintain an office or agency in the Borough of Manhattan, The City of New York or any obligation of the Company to maintain an office or agency outside the United States pursuant to Section 1002. (Section 902)

The Holders of 66 2/3% in aggregate principal amount of the Outstanding Debt Securities of each series may, on behalf of all Holders of Debt Securities of that series, waive, insofar as that series is concerned, compliance by the Company with certain restrictive provisions of the Indenture. (Section 1009) The Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series may, on behalf of all Holders of Debt Securities of that series, waive any past default under the Indenture with respect to Debt Securities of that series, except (i) a default in the payment of principal or of premium or interest, if any, or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected. (Section 513)

#### CONSOLIDATION, MERGER AND SALE

Nothing contained in the Indenture or any of the Debt Securities prevents any consolidation or merger of the Company with or into any other corporation or corporations or any sale or conveyance of all or substantially all the property of the Company to any other corporation, provided that upon any such consolidation, merger, sale or conveyance of or by the Company, other than a consolidation or merger in which the Company is the continuing corporation, the due and punctual payment of the principal of and premium, if any, and interest, if any, on all of the Debt Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by the Company, is expressly assumed by the corporation formed by such consolidation, or into which the Company shall have been merged, or by the corporation which shall have acquired such property. (Section 801)

The Indenture provides that if, upon any consolidation or merger of the Company with or into any other corporation or upon any sale or conveyance of all or substantially all its property to any other corporation, any of the property of the Company or of any Subsidiary would thereupon become subject to any mortgage, lien or pledge, the Company will before or at the time of such consolidation, merger, sale or conveyance secure the Debt Securities, equally and ratably with any other obligations of the Company or any Subsidiary then entitled thereto by a direct lien on such property prior to all liens other than any liens already existing. (Section 802)

#### PENNSYLVANIA TAXES

Individuals who are residents of Pennsylvania and who hold Debt Securities for their own account (either directly or indirectly) will not be subject to existing county personal property taxes in Pennsylvania with respect to the Debt Securities, but the Company is required to deduct from interest paid to individual owners of Debt Securities who are residents of Pennsylvania and to remit to Pennsylvania the Corporate Loans Tax which is presently at the annual rate of four mills (\$.004) per \$1 principal amount of Debt Securities owned by each such individual, subject to adjustment if interest paid in any year represents more or less than interest for a full year.

Citibank, N.A., Trustee under the Indenture, also is trustee under various indentures covering certain other securities of Sun. Sun maintains deposit accounts and conducts other banking transactions

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with Citibank, N.A., including borrowings in the ordinary course of business. Citibank, N.A. is a co-manager and participating lender in a revolving credit agreement with the Company.

#### PLAN OF DISTRIBUTION

The Company may sell Debt Securities to one or more underwriters for public offering and sale by them or may sell Debt Securities to investors directly or through agents. Any such underwriter or agent involved in the offer and sale of the Offered Debt Securities is named in the Prospectus Supplement.

Underwriters may offer and sell the Offered Debt Securities at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Company may offer and sell the Offered Debt Securities in exchange for one or more outstanding issues of securities of the Company. The Company also may, from time to time, authorize underwriters acting as the Company's agents to offer and sell the Offered Debt Securities upon the terms and conditions as are set forth in any Prospectus Supplement. In connection with the sale of Offered Debt Securities, underwriters may be deemed to have received compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from purchasers of Offered Debt Securities for whom they may act as agent. Underwriters may sell Offered Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

Any underwriting compensation paid by the Company to underwriters or agents in connection with the offering of Offered Debt Securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, are set forth in the Prospectus Supplement. Underwriters, dealers and agents participating in the distribution of the Offered Debt Securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the Offered Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act of 1933, as amended, (the "Act"). Underwriters, dealers and agents may be entitled, under agreements entered into with the Company, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Act.

If so indicated in the Prospectus Supplement, the Company will authorize dealers acting as the Company's agents to solicit offers by certain institutions to purchase Offered Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for payment and delivery on the date or dates stated in the Prospectus Supplement. Each Contract will be for an amount not less than, and the aggregate principal amount of Offered Debt Securities sold pursuant to Contracts shall be not less nor more than, the respective amounts stated in the Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, but will in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except (i) the purchase by an institution of the Offered Debt Securities covered by its Contracts shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject, and (ii) if the Offered Debt Securities are being sold to underwriters, the Company shall have sold to such underwriters the total principal amount of the Offered Debt Securities less the principal amount thereof covered by Contracts.

Certain of the underwriters and their associates may be customers of, engage in transactions with and perform services for the Company in the ordinary course of business.

#### LEGAL OPINIONS

The legality of the Debt Securities will be passed upon by the General Counsel of the Company, and by Simpson Thacher & Bartlett (a partnership which includes professional corporations), counsel for the Underwriters. Simpson Thacher & Bartlett will rely on the opinion of the General Counsel of the Company as to all matters of Pennsylvania law.

## EXPERTS

The consolidated balance sheets of Sun at December 31, 1993 and 1992, the consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 1993, and the financial statement schedules included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, incorporated by reference in this Prospectus, have been incorporated herein in reliance on the reports (which include an explanatory paragraph regarding the Company's change in method of accounting for income taxes in 1993, the Company's change in method of accounting for the cost of postretirement health care and life insurance benefits in 1992 and the Company's change in method of accounting for the cost of crude oil and refined product inventories at Suncor Inc., the Company's Canadian subsidiary in 1991) of Coopers & Lybrand, independent accountants, given on the authority of that firm as experts in auditing and accounting.

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NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS OR THE ACCOMPANYING PROSPECTUS SUPPLEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY AGENT OR UNDERWRITER. THIS PROSPECTUS AND THE ACCOMPANYING PROSPECTUS SUPPLEMENT DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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SUN COMPANY, INC.

7-1/8% NOTES DUE 2004

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 PROSPECTUS SUPPLEMENT  
 March 15, 1994  
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Lehman Brothers

CS First Boston

J.P. Morgan Securities Inc.

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