

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC 13E4

Issuer tender offer statement filed pursuant to Rule 13(e)(4)

Filing Date: **1995-06-13**  
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### SUBJECT COMPANY

#### SUN CO INC

CIK: **95304** | IRS No.: **231743282** | State of Incorporation: **PA** | Fiscal Year End: **1231**  
Type: **SC 13E4** | Act: **34** | File No.: **005-12888** | Film No.: **95546723**  
SIC: **2911** Petroleum refining

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

### FILED BY

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549  
SCHEDULE 13E-4  
Issuer Tender Offer Statement  
(Pursuant to Section 13(e) (1) of the Securities Exchange Act of 1934)

SUN COMPANY, INC

-----  
(Name of Issuer and Person Filing Statement)

Common Stock, \$1 par value

-----  
(Title of Class of Securities)

866-762107

-----  
(CUSIP Number of Class of Securities)

ROBERT M. AIKEN, JR.  
Senior Vice President and  
Chief Financial Officer  
SUN COMPANY, INC.  
Ten Penn Center  
1801 Market Street  
Philadelphia, PA 19103

Telephone: (215) 977-3000

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications  
on Behalf of the Person Filing Statement)

Copies to:

JONATHAN C. WALLER, ESQ.  
Sun Company, Inc.  
Ten Penn Center  
1801 Market Street  
Philadelphia, PA 19103  
(215) 977-3000

WILLIAM L. ROSOFF, ESQ.  
Davis Polk & Wardwell  
450 Lexington Avenue  
New York, New York 10017  
(212) 450-4000

June 13, 1995

-----  
(Date Tender Offer First Published, Sent or Given to Security Holders)

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee
\$986,200,000	\$197,240

\*Assumes (i) purchase of 6,400,000 shares of Common Stock at \$33 per share, and (ii) acceptance for exchange of 25,000,000 shares of Common Stock at a market value of \$31 per share (being the average of the high and low prices of the shares of Common Stock on the New York Stock Exchange on June 12, 1995).

[ ] Check box if any part of the fee is offset as provided by Rule 0-11 (a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable      Filing Party: Not applicable  
Form or Registration No.: Not applicable      Date Filed: Not applicable

Item 1. Security and Issuer.

(a) The name of the issuer is Sun Company, Inc., a Pennsylvania corporation (the "Company"), which has its principal executive offices at Ten Penn Center, 1801 Market Street, Philadelphia, PA 19103 (telephone number (215) 977-3000).

(b) This schedule relates to the offers by the Company to: (i) exchange, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular (the "Offer to Purchase/Offering Circular") dated June 13, 1995 and the related Letter of Transmittal (copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, and which together constitute the "Exchange Offer"), up to 25,000,000 shares of Common Stock, \$1 par value, of the Company (such shares, together with all other issued and outstanding shares of Common Stock of the Company, are herein referred to as the "Common Shares") for depositary shares (the "Depositary Shares"), each Depositary Share representing one-half of a share of the Company's Series A Cumulative Preference Stock, no par value, at a rate of one Depositary Share for each Common Share exchanged; and (ii) purchase, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the related Letter of Transmittal (a copy of which is attached hereto as Exhibit (a)(3), and which together with the Offer to Purchase/Offering Circular constitutes the "Cash Offer"), up to 6,400,000 Common Shares at a cash price not greater than \$33 nor less than \$30 per Common Share. The information set forth in "The Offers -- Terms of Exchange Offer," "The Offers -- Terms of Cash Offer," "The Offers -- 'Odd Lot' Procedures Applicable to Tenders by Holders of Fewer than 100 Common Shares Pursuant to the Cash Offer" and "Miscellaneous" in the Offer to Purchase/Offering Circular, is incorporated herein by reference.

(c) The information set forth in "Price Range of Common Shares" in the Offer to Purchase/Offering Circular is incorporated herein by reference.

(d) Not applicable.

Item 2. Source and Amount of Funds or Other Consideration.

(a)-(b) The information set forth under "Source and Amount of Funds" in the Offer to Purchase/Offering Circular is incorporated herein by reference.

Item 3. Purpose of the Tender Offer and Plans or Proposals of the Issuer or Affiliate.

(a)-(j) The information set forth in "Summary -- Background and Purpose of the Offers", "The Offers -- Background and Purpose" and "-- Status of Common Shares Acquired Pursuant to the Offers" in the Offer to Purchase/Offering Circular, is incorporated herein by reference.

Item 4. Interest in Securities of the Issuer.

The information set forth under "Miscellaneous" in the Offer to Purchase/Offering Circular, and the information set forth in Annex B to the Offer to Purchase/Offering Circular, is incorporated herein by reference.

Item 5. Contracts, Arrangements, Understandings or Relationships With Respect to the Issuer's Securities.

The information set forth under "Miscellaneous" in the Offer to Purchase/Offering Circular is incorporated herein by reference.

Item 6. Persons Retained, Employed or to be Compensated.

The information set forth under "The Offers--Commissions and Fees" and "Fees" in the Offer to Purchase/Offering Circular is incorporated herein by reference.

Item 7. Financial Information.

(a) The financial information set forth under "Summary Historical Financial Data" and "Historical and Pro Forma Capitalization" in the Offer to Purchase/Offering Circular and in Exhibits (g)(1) and (g)(2) hereto, is incorporated herein by reference.

(b) The pro forma financial information set forth under "Summary Pro Forma Financial Data" and "Historical and Pro Forma Capitalization" in the Offer to Purchase/Offering Circular and in Exhibit (g)(3) hereto, is incorporated herein by reference.

Item 8. Additional Information.

(a)-(e)None or not applicable.

Item 9. Material to be Filed as Exhibits.

- (a) (1) Form of Offer to Purchase/Offering Circular dated June 13, 1995.
- (a) (2) Form of Letter of Transmittal relating to the Exchange Offer.
- (a) (3) Form of Letter of Transmittal relating to the Cash Offer, together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a) (4) Form of Notice of Guaranteed Delivery.
- (a) (5) Form of letter from the Company to brokers, dealers, commercial banks, trust companies and other nominees dated June 13, 1995.
- (a) (6) Form of letter from brokers, dealers, commercial banks and trust companies to their clients dated June 13, 1995.
- (a) (7) Form of letter to shareholders from Robert H. Campbell, Chairman of the Board, Chief Executive Officer and President of the Company, dated June 13, 1995.
- (a) (8) Form of Summary Advertisement dated June 13, 1995.
- (a) (9) Form of Press Release dated June 13, 1995.
- (b) Not applicable.
- (c) Not applicable.
- (d) Tax Opinion of Davis Polk & Wardwell dated June 13, 1995.
- (e) Not applicable.
- (f) Not applicable.
- (g) (1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, as amended by the Company's report on Form 10-K/A dated April 12, 1995 (incorporated by reference to the Form 10-K filed March 3, 1995 and the Form 10-K/A amendment filed April 12, 1995).
- (g) (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 (incorporated by reference to the Form 10-Q filed May 4, 1995).
- (g) (3) The Company's Current Report on Form 8-K dated June 13, 1995 (incorporated by reference to the Form 8-K filed June 13, 1995).

(g) (4) Deposit Agreement dated as of June 13, 1995 between the Company and First Chicago Trust Company of New York, as Depositary for the Company's Series A Cumulative Preference Stock.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

SUN COMPANY, INC.

By:

/s/ Robert M. Aiken, Jr.  
-----

Robert M. Aiken, Jr.  
Senior Vice President and  
Chief Financial Officer

Dated: June 13, 1995

Offer to Purchase/Offering Circular  
Sun Company, Inc.  
Offer to Exchange  
Up to 25,000,000 Shares of its Common Stock,  
\$1 Par Value, for Depositary Shares,  
Each Depositary Share Representing One-Half of a Share of  
its Series A Cumulative Preference Stock, No Par Value  
(Targeted Growth Enhanced Terms Securities<sup>SM</sup> TARGET<sup>SSM</sup>)  
Offer to Purchase for Cash  
Up to 6,400,000 Shares of its Common Stock, \$1 Par Value

THE OFFERS, THE PRORATION PERIODS AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, JULY 24, 1995, UNLESS THE OFFERS ARE EXTENDED.

Sun Company, Inc., a Pennsylvania corporation (the "Company" or "Sun"), hereby offers its shareholders the opportunity to: (i) exchange, upon the terms and conditions contained herein and in the related BLUE Letter of Transmittal (which together constitute the "Exchange Offer") up to 25,000,000 shares of its Common Stock, \$1 par value per share (such shares, together with all other outstanding shares of Common Stock of the Company, are referred to herein as the "Common Shares"), for depositary shares (the "Depositary Shares"), each Depositary Share representing one-half of a share of the Company's Series A Cumulative Preference Stock, no par value (referred to herein as the "Preference Stock"), at the rate of one Depositary Share for each Common Share tendered; and (ii) tender, upon the terms and subject to the conditions set forth herein and in the related YELLOW Letter of Transmittal (which together constitute the "Cash Offer"), up to 6,400,000 Common Shares at cash prices not greater than \$33 nor less than \$30 per Common Share specified by such shareholders. The Exchange Offer and the Cash Offer are being made simultaneously by the Company and are referred to collectively herein as the "Offers." Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them in either the Exchange Offer or the Cash Offer or a portion of their Common Shares in each Offer; provided, however, that no holder of Common Shares may tender the same Common Shares in both the Exchange Offer and the Cash Offer. If more than 25,000,000 Common Shares are validly tendered prior to the Expiration Date (as defined below) and not withdrawn pursuant to the Exchange Offer, or more than 6,400,000 Common Shares are validly tendered at or below the Purchase Price (as defined below) prior to the Expiration Date and not withdrawn pursuant to the Cash Offer, the Company will accept such shares for exchange or payment, as the case may be, on a substantially pro rata basis. See "The Offers--Proration." The procedures for tender of Common Shares pursuant to the Offers is described in "The Offers--Procedure for Tender."

Each Depositary Share represents ownership of one-half of a share of

Preference Stock to be deposited with First Chicago Trust Company of New York, as Preference Stock Depositary, and entitles the owner to all of the proportionate rights, preferences and privileges of the Preference Stock represented thereby. Dividends on the Preference Stock are cumulative and will accrue from June 12, 1995 at a rate of \$3.60 per annum, payable quarterly in arrears in cash on or before the 13th day of each March, June, September and December, commencing on September 13, 1995. The proportionate annual dividend rate for each Depositary Share is \$1.80, and dividends will be payable on the Depositary Shares as, when and if paid on the Preference Stock. Each share of Preference Stock will have a liquidation preference equal to twice the fair market value of a Depositary Share on its date of issuance, plus accrued and unpaid dividends. The proportionate liquidation preference of each Depositary Share will be half of this amount.

At any time and from time to time, the Company may call the outstanding shares of Preference Stock (and thereby the Depositary Shares), in whole or in part, for redemption. On the redemption date (the "Redemption Date") with respect to any such redemption, the Company, in redeeming shares of Preference Stock, shall cause to be delivered to the holders of Depositary Shares representing such Preference Stock, in exchange for each such Depositary Share, the following consideration:

(1) in the event such Redemption Date is prior to Friday June 12, 1998 (the "Specified Date"), (i) Common Shares having a value initially equal to \$42.39976, declining by \$.002222 on each day following June 12, 1995 (the "Accrual Date") to \$40.13332 on April 12, 1998, and equal to \$40 thereafter through June 11, 1998 (the "Depositary Share Call Price"), plus (ii) a cash amount equal to all proportionate accrued but unpaid dividends thereon; and

(2) in the event such Redemption Date is on or after the Specified Date, (i) one Common Share, subject to adjustment in certain events, and (ii) a cash amount equal to all proportionate accrued but unpaid dividends thereon.

The Company currently intends to redeem all the outstanding Preference Stock (and thereby the Depositary Shares) on the Specified Date if not theretofore redeemed.

Upon certain mergers, consolidations or other extraordinary transactions of the Company at any time, each outstanding Depositary Share will be entitled to receive consideration of the same type as is received by holders of the Common Shares in such transaction and having a fair value equal to the value of the Common Shares that such Depositary Share would receive if it were redeemed by the Company at such time. For a description of the Preference Stock and the Depositary Shares, see "Description of Preference Stock" and "Description of Depositary Shares."

The opportunity for equity appreciation afforded by an investment in the Depositary Shares (and the Preference Stock) is limited because the Company may, at its option, call the Preference Stock (and thereby the Depositary



Shares) at any time prior to the Specified Date at the Preference Stock Call Price (as defined below), and may be expected to do so prior to the Specified Date if, among other things, the market price of the Common Shares has theretofore exceeded the Depositary Share Call Price.

Pursuant to the Cash Offer, the Company will determine a single cash price per Common Share (not greater than \$33 nor less than \$30 per Common Share) that it will pay for the Common Shares validly tendered pursuant to the Cash Offer (the "Purchase Price"), taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price that will allow it to purchase 6,400,000 Common Shares (or such lesser number as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer. Upon the terms and subject to the conditions of the Cash Offer, including the provisions thereof relating to proration, the Company will purchase, at the Purchase Price, all Common Shares validly tendered at prices at or below the Purchase Price prior to the Expiration Date and not withdrawn.

June 13, 1995 (Cover continued on next page)

The Common Shares are listed and principally traded on the New York Stock Exchange, Inc. (the "NYSE") and are listed on the Philadelphia Stock Exchange, Inc. under the symbol "SUN." On June 12, 1995, the last full day of trading prior to the announcement of the Offers and of the reduction in the dividend with respect to the Common Shares, the closing sale price of the Common Shares on the NYSE as reported on the Composite Tape was \$31 1/4 per Common Share. Shareholders are urged to obtain a current market quotation for the Common Shares.

Application will be made to list the Depositary Shares on the NYSE upon official notice of issuance and subject to adequacy of distribution and other listing requirements. If these conditions are not met, it is expected that the Depositary Shares will trade in the over-the-counter market. There can be no assurance that there will be an active trading market for the Depositary Shares.

THE EXCHANGE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, AT LEAST 2,500,000 COMMON SHARES BEING VALIDLY TENDERED PURSUANT TO THE EXCHANGE OFFER AND NOT WITHDRAWN. THE CASH OFFER IS NOT CONDITIONED UPON ANY MINIMUM NUMBER OF COMMON SHARES BEING TENDERED. FOR A DISCUSSION OF CONDITIONS OF THE OFFERS, SEE "THE OFFERS -- CONDITIONS OF THE OFFERS."

#### I M P O R T A N T

Any shareholder desiring to accept either Offer should either (1) request his or her broker, dealer, commercial bank, trust company or nominee to effect the transaction for him or her or (2) complete the appropriate

Letter of Transmittal or a facsimile thereof, sign it in the place required, have his or her signature thereon guaranteed if required by such Letter of Transmittal and forward it and any other required documents to First Chicago Trust Company of New York (which is referred to herein with respect to the Exchange Offer, as the "Exchange Agent," and with respect to the Cash Offer, as the "Depositary," and is sometimes referred to herein as the "Exchange Agent and Depositary") at the address set forth on such Letter of Transmittal, and either deliver the certificates for such Common Shares to the Exchange Agent and Depositary along with the appropriate Letter of Transmittal or tender such Common Shares pursuant to the procedure for book-entry transfer set forth herein. Shareholders having Common Shares registered in the name of a broker, dealer, commercial bank, trust company or nominee must contact such person if they desire to tender their Common Shares. Shareholders who wish to tender Common Shares and whose certificates for such Common Shares are not immediately available should tender such Common Shares by following the procedures for guaranteed delivery set forth herein. Shareholders tendering Common Shares pursuant to the Cash Offer must complete the section of the YELLOW Letter of Transmittal relating to the price at which they are tendering Common Shares in order to validly tender Common Shares in the Cash Offer.

Questions and requests for assistance or for additional copies of this Offer to Purchase/Offering Circular and the applicable Letter of Transmittal and Notice of Guaranteed Delivery may be directed to Morrow & Co., Inc. (the "Information Agent") at the following address and telephone number:

Morrow & Co., Inc.  
909 Third Avenue  
New York, NY 10022  
toll free (800) 566-9058.

Banks and Brokerage Firms please call: (800) 662-5200.

You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offers.

NEITHER THESE TRANSACTIONS NOR THESE SECURITIES HAVE 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 THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Offers are not being made to, nor will the Company accept tenders from, holders of Common Shares in any state of the United States or any

foreign jurisdiction in which the Offers or the acceptance thereof would not be in compliance with the laws of such state or foreign jurisdiction. The Company is not aware of any state or foreign jurisdiction the laws of which would prohibit the Offers or such acceptance.

Each shareholder should decide for himself or herself whether to tender Common Shares pursuant to one or more of these Offers. Neither the Company nor its Board of Directors make any recommendation that shareholders tender or refrain from tendering their Common Shares pursuant to either Offer and no one has been authorized to make such recommendations on behalf of the Company. This is a matter for each shareholder to determine after consultation with his or her advisors, including tax counsel, on the basis of his or her own financial position and requirements.

The Exchange Offer is being made by the Company in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, contained in Section 3(a)(9) thereof. The Company will not pay any commission or other remuneration to any broker, dealer, salesman or other person for soliciting tenders of Common Shares. However, regular employees of the Company (who will not be additionally compensated therefor) will answer inquiries concerning the Exchange Offer. In addition, Morrow & Co., Inc., the Information Agent, and First Chicago Trust Company of New York, the Exchange Agent and Depositary, will assist shareholders in obtaining copies of the materials relating to the Offers.

The Company has no arrangement with any broker, dealer, salesman or other person to solicit tenders of Common Shares. No person has been authorized to give any information or to make any representation in connection with the Offers other than those contained or incorporated by reference in this Offer to Purchase/Offering Circular. If given or made, such information or representations should not be relied upon as having been authorized by the Company. These Offers do not constitute an offer to exchange or purchase or a solicitation of an offer to exchange or purchase any securities, other than the securities covered by these Offers, by the Company or any other person or any offer of or solicitation to exchange or purchase the securities by the Company or any such other person in any jurisdiction where, or to any person to whom, it is unlawful to make any such offer or solicitation.

Neither the delivery of these Offers nor any exchange or purchase made pursuant hereto shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the respective dates as of which information is given herein.

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#### AVAILABLE INFORMATION

The Company is subject to the informational 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"). Pursuant to Rule 13e-4 of the General Rules and Regulations under the Exchange Act, the Company has filed with the Commission an Issuer Tender Offer Statement on Schedule 13E-4, together with exhibits (the "Schedule 13E-4"), furnishing certain additional information with respect to the Offers. The Schedule 13E-4 and the other reports, proxy statements and information filed by the Company with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; and at its regional offices located at 7 World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material

can be obtained from the public reference section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Reports and other information concerning the Company can also be inspected at the 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 Offer to Purchase/Offering Circular by reference:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, as amended by the Company's report on Form 10-K/A dated April 12, 1995.
2. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.
3. The Company's Current Report on Form 8-K dated June 13, 1995.

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

The Company will furnish without charge to each person, including any beneficial owner, to whom this Offer to Purchase/Offering Circular is delivered, upon written or oral request, a copy of any or all of the documents incorporated herein 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: Shareholder Relations, Telephone: (215) 977-3000.

#### SUMMARY

The following is a summary of certain information included in this Offer to Purchase/Offering Circular or in documents referred to herein. It is not intended to be complete and is qualified in its entirety by the more detailed

information found in this Offer to Purchase/Offering Circular, which should be read with care. Capitalized terms used in the following summary and not defined therein have the meanings specified elsewhere in this Offer to Purchase/Offering Circular.

SUN COMPANY, INC.

Business..... The Company is principally a petroleum refiner and marketer with interests in oil and gas production and coal mining operations. The Company'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. The Company's coal operations, which consist of coal mining and coke manufacturing, are conducted in the eastern United States, while oil and gas development and production activities are conducted in the United Kingdom sector of the North Sea. Sun also has interests in real estate operations in the United States which are subject to a plan of disposition. The Company was incorporated in Pennsylvania in 1971 and it or its predecessors have been active in the petroleum industry since 1886.

BACKGROUND AND PURPOSE OF THE OFFERS

Recent Developments..... As part of a restructuring program to strengthen the Company's financial position and focus on its core businesses, on June 8, 1995, the Company completed the sale of its remaining 55% interest in Suncor, a Canadian integrated oil company, for gross proceeds of US\$855 million. On June 13, 1995, the Company announced that at least \$335 million of the US\$635 million net cash proceeds to be received in June 1995 from the sale of Suncor would be used to reduce Company indebtedness and that up to \$300 million would be used to repurchase

Common Shares initially pursuant to the Cash Offer and thereafter through a program authorized by the Board of Directors of the Company to purchase up to \$100 million of Common Shares in the open market from time to time depending on prevailing market conditions and opportunities. The Company also announced on June 13, 1995 that as part of its restructuring, it had adopted a plan to reduce its cost structure through a reduction of approximately 800 primarily staff and support positions in its core businesses and other cost-reduction measures expected to result in aggregate pretax cost savings of \$110 million annually. The Company expects to record a provision for the employee terminations and the write-down to estimated net realizable value of certain refining and marketing and coal assets of approximately \$100 million after tax during the second quarter of 1995. The Company also announced that it reduced the annual dividend to be paid with respect to the Common Shares from \$1.80 to \$1.00 per share, effective in respect of the next quarterly dividend payable on September 8, 1995 to holders of record on August 10, 1995. The reduced dividend and the anticipated cost reductions will enable the Company to utilize a greater portion of its operating cash flow for growth and other investment opportunities in its core businesses. In addition, the Company announced that holders of Depositary Shares on August 10, 1995 shall receive a cash dividend payment of \$.45 per share on September 13, 1995.

Purpose.....

The purpose of the Exchange Offer is to provide those shareholders whose primary objective is current income with an opportunity, subject to the terms and conditions of the Exchange Offer, to exchange all or a portion of their Common Shares for an equal

number of yield-oriented Depositary Shares entitled to receive an annual cash dividend of \$1.80 per share. The Cash Offer allows shareholders, subject to the terms and conditions of the Cash Offer, to tender all or a portion of their Common Shares for cash while allowing them to retain, in respect of their remaining Common Shares, a continuing equity interest in the Company.

No Duplicate Tenders.....

Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them pursuant to either the Exchange Offer or the Cash Offer, or to allocate a portion of the Common Shares held by them to the Exchange Offer and a portion to the Cash Offer; provided, however that no holder may tender the same Common Shares pursuant to both the Exchange Offer and the Cash Offer.

#### THE EXCHANGE OFFER

Expiration.....

12:00 Midnight, New York City time, on Monday, July 24, 1995 unless extended (the "Expiration Date").

Exchange Ratio.....

One Depositary Share, representing ownership of one-half share of Preference Stock, for each Common Share validly tendered and not withdrawn prior to the Expiration Date.

Number of Shares.....

Subject to the terms and conditions of the Exchange Offer, the Company will accept for exchange up to 25,000,000 Common Shares validly tendered in the Exchange Offer and not withdrawn prior to the Expiration Date.

Minimum Tender Condition.....

The Exchange Offer is conditioned upon, among other things, at least 2,500,000 Common Shares being validly tendered pursuant to the Exchange Offer and not withdrawn before the Expiration Date.



Tender Procedures.....

Holders of Common Shares desiring to tender pursuant to the Exchange Offer must use a BLUE Letter of Transmittal to tender Common Shares in exchange for Depositary Shares.

A shareholder may request his or her broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him or her. A shareholder having shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that broker, dealer, commercial bank, trust company or other nominee if he or she intends to tender Common Shares.

Shareholders whose Common Share certificates are not immediately available or who cannot deliver the BLUE Letter of Transmittal or other documents required to be delivered to the Exchange Agent prior to the Expiration Date may nevertheless tender Common Shares in accordance with the guaranteed delivery procedures described herein. See "The Offers -- Procedure for Tender."

Proration.....

If more than 25,000,000 Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date, the Common Shares to be accepted for exchange and the Depositary Shares to be issued in exchange therefor will be allotted on a pro rata basis. See "The Offers -- Proration."

Tax Consequences.....

The Company has received an opinion from Davis Polk & Wardwell, as tax counsel, to the effect that the receipt of Depositary Shares by holders tendering Common Shares solely pursuant to the Exchange Offer (and not tendering Common Shares pursuant to the Cash Offer) will be treated as part of a tax-free recapitalization under Section 368 of the Internal Revenue Code of 1986, as amended, and

that such tendering holders will therefore not incur income tax liability in connection with the Exchange Offer. See "Certain United States Federal Income Tax Consequences."

Withdrawal Rights..... Tenders may be withdrawn at any time prior to the Expiration Date. To be effective, a written, telegraphic or facsimile notice of withdrawal must be received in a timely manner by the Exchange Agent. See "The Offers -- Withdrawal of Tendered Common Shares."

Exchange Agent..... First Chicago Trust Company of New York is the Exchange Agent for the Exchange Offer.

Information Agent..... Morrow & Co., Inc. is the Information Agent for the Offers.

Any questions regarding the Exchange Offer, including the procedure for tendering shares in the Exchange Offer and/or surrendering stock certificates in connection therewith, should be directed to the Information Agent as follows:

Morrow & Co., Inc.  
909 Third Avenue  
New York, NY 10022  
toll free (800) 566-9058  
Banks and Brokerage Firms please call:  
(800) 662-5200

#### THE CASH OFFER

Expiration..... 12:00 Midnight, New York City time, on Monday, July 24, 1995, unless extended (the "Expiration Date").

Terms of Cash Offer..... The Company will determine a single cash price per Common Share, not greater than \$33 nor less than \$30, that it will pay for Common Shares validly tendered pursuant to the Cash Offer (the "Purchase Price"), taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase

Price that will allow it to buy 6,400,000 Common Shares (or such lesser number as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer. All Common Shares purchased pursuant to the Cash Offer will be purchased at the Purchase Price in cash.

Number of Shares.....

Subject to the terms and conditions of the Cash Offer, the Company will accept up to 6,400,000 Common Shares validly tendered pursuant to the Cash Offer and not withdrawn prior to the Expiration Date.

Tender Procedures.....

Holders of Common Shares desiring to tender pursuant to the Cash Offer must use a YELLOW Letter of Transmittal to tender Common Shares pursuant to the Cash Offer. Each shareholder must specify the cash price (not greater than \$33 nor less than \$30 per Common Share) at which such shareholder is willing to have the Company purchase such Common Shares. Shareholders wishing to maximize the possibility that their Common Shares will be purchased at the relevant Purchase Price may check the box on the YELLOW Letter of Transmittal marked "Shares Tendered At Purchase Price Determined by Dutch Auction." Checking this box may result in a purchase price of the Common Shares so tendered at the minimum price of \$30.

A shareholder may request his or her broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him or her. A shareholder having Common Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that broker, dealer, commercial bank, trust company or other nominee if he or she intends to tender Common Shares.

Shareholders whose certificates are

not immediately available or who cannot deliver the YELLOW Letter of Transmittal or other documents required to be delivered to the Depository prior to the Expiration Date may nevertheless tender Common Shares in accordance with the guaranteed delivery procedures described herein. See "The Offers -- Procedure for Tender."

Proration.....

If more than 6,400,000 Common Shares have been validly tendered at or below the Purchase Price and not withdrawn prior to the Expiration Date, the Company will purchase 6,400,000 Common Shares on a substantially pro rata basis based on the number of Common Shares validly tendered pursuant to the Cash Offer at or below the Purchase Price by the Expiration Date and not withdrawn. See "The Offers--Proration."

Tax Consequences.....

Sales of Common Shares pursuant to the Cash Offer will generally be taxable transactions for federal income tax purposes, and may also be taxable transactions under applicable state, local and foreign tax laws. Cash received by foreign shareholders will generally be subject to withholding tax at the rate of 30% or a lower treaty rate. See "Certain United States Federal Income Tax Consequences."

Withdrawal Rights.....

Tenders may be withdrawn at any time prior to the Expiration Date. To be effective, a written, telegraphic or facsimile notice of withdrawal must be received in a timely manner by the Depository. See "The Offers--Withdrawal of Tendered Common Shares."

Depository.....

First Chicago Trust Company of New York is the Depository for the Cash Offer.

Information Agent.....

Morrow & Co., Inc. is the Information Agent for the Offers.

Any questions regarding the Cash Offer, including the procedures for tendering Common Shares in the Cash Offer and/or surrendering stock certificates in connection therewith, should be directed to the Information Agent as follows:

Morrow & Co., Inc.  
909 Third Avenue  
New York, NY 10022  
toll free (800) 566-9058  
Banks and Brokerage Firms please call:  
(800) 662-5200

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKE ANY RECOMMENDATION THAT SHAREHOLDERS TENDER OR REFRAIN FROM TENDERING THEIR COMMON SHARES PURSUANT TO EITHER OFFER, AND NO ONE HAS BEEN AUTHORIZED TO MAKE ANY SUCH RECOMMENDATION ON BEHALF OF THE COMPANY. THIS IS A MATTER FOR EACH SHAREHOLDER TO DETERMINE AFTER CONSULTATION WITH HIS OR HER ADVISORS, INCLUDING TAX COUNSEL, ON THE BASIS OF HIS OR HER OWN FINANCIAL POSITION AND REQUIREMENTS.

#### TERMS OF THE DEPOSITARY SHARES AND PREFERENCE STOCK

Preference Stock.....	A new series of Series A Cumulative Preference Stock, no par value, of the Company.
Depositary Share.....	Each Depositary Share represents ownership of one-half share of Preference Stock.
Terms of Depositary Shares.....	Each owner of a Depositary Share is entitled, proportionately, to all the rights, preferences and privileges of the Preference Stock represented thereby (including dividend, voting and liquidation rights), and subject proportionately, to all of the limitations of the Preference Stock represented thereby.
Ranking.....	The Preference Stock will rank prior to the Common Shares with respect to dividend rights and rights upon liquidation, dissolution and winding up of the Company.
Redemption.....	At any time and from time to time, the Company may call the outstanding shares of Preference Stock (and

thereby the Depositary Shares), in whole or in part, for redemption. On the Redemption Date with respect to any such redemption, the Company, in redeeming shares of Preference Stock, shall cause to be delivered to the holders of Depositary Shares representing such Preference Stock, in exchange for each such Depositary Share, the following consideration:

- (1) in the event such Redemption Date is prior to the Specified Date (i.e., prior to Friday, June 12, 1998), (i) Common Shares having a value initially equal to \$42.39976, declining by \$.002222 on each day following the Accrual Date (i.e., June 12, 1995) (computed on the basis of a 360-day year of twelve 30-day months) to \$40.13332 on April 12, 1998, and equal to \$40 thereafter through June 11, 1998 (the "Depositary Share Call Price"), plus (ii) a cash amount equal to all proportionate accrued but unpaid dividends thereon; and
- (2) in the event such Redemption Date is on or after the Specified Date, (i) one Common Share, subject to adjustment in certain events, and (ii) a cash amount equal to all proportionate accrued but unpaid dividends thereon.

The Company currently intends to redeem all the outstanding Preference Stock (and thereby the Depositary Shares) on the Specified Date if not theretofore redeemed.

Upon certain mergers, consolidations or other extraordinary transactions of the Company at any time, each outstanding Depositary Share will

be entitled to receive consideration of the same type as is received by holders of the Common Shares in such transaction and having a fair value equal to the value of the Common Shares that such Depositary Share would receive if it were redeemed by the Company at such time. For a description of the Preference Stock and the Depositary Shares, see "Description of Preference Stock" and "Description of Depositary Shares."

Limited Opportunity for Equity  
Appreciation; Market  
Appreciation.....

The opportunity for equity appreciation afforded by an investment in the Depositary Shares (and the Preference Stock) is limited because the Company may, at its option, call the Preference Stock (and thereby the Depositary Shares) at any time prior to the Specified Date at the Preference Stock Call Price, and may be expected to do so prior to the Specified Date if, among other things, the market price of the Common Shares has theretofore exceeded the Depositary Share Call Price. Because the price of the Common Shares is subject to market fluctuations, the value of the Common Shares received by a holder of Depositary Shares upon redemption thereof on or after the Specified Date may be more or less than the value of the Common Shares tendered in exchange for such Depositary Shares.

Liquidation Preference.....

Each share of Preference Stock issued pursuant to the Exchange Offer will have a liquidation preference equal to twice the fair market value, as determined for United States federal income tax purposes, of a Depositary Share on the date of issuance thereof (which generally will be the mean between the highest and lowest quoted selling prices of the Depositary Shares on such date), plus accrued and

unpaid dividends. The proportionate liquidation preference of each Depositary Share will be half of this amount.

Dividends.....

Dividends on the Preference Stock are cumulative and will accrue from June 12, 1995 at the rate of \$3.60 per share per annum payable quarterly in arrears in cash on or before the 13th day of each March, June, September and December, commencing on September 13, 1995. The proportionate annual dividend rate on the Depositary Shares is \$1.80 per share (which amount equates to the annual rate of dividends heretofore paid by the Company with respect to the Common Shares tendered in exchange for Depositary Shares), and dividends will be payable on the Depositary Shares as, when and if paid on the Preference Stock.

Voting Rights.....

A holder of Depositary Shares will be entitled to instruct the Preference Stock Depositary as to the exercise of voting rights with respect to the number of shares of Preference Stock represented by such holder's Depositary Shares. The holders of Preference Stock are entitled to vote, one vote per share (and therefore a holder of Depositary Shares will effectively exercise one vote for each two Depositary Shares owned by such holder), subject to certain adjustments, on all matters to be voted upon by the shareholders of the Company, voting together with the Common Shares as a single class, except as provided by law. Holders of Preference Stock also have certain additional voting rights as described herein. See "Description of Depositary Shares--Procedures for Voting" and "Description of Preference Stock -- Voting Rights."

Market for Depositary Shares.....

The Depositary Shares will be newly issued. There is currently no market



for Depositary Shares. Application will be made to list the Depositary Shares on the NYSE upon official notice of issuance and subject to adequacy of distribution and other listing requirements. If these conditions are not met, it is expected that the Depositary Shares will trade in the over-the-counter market. There can be no assurance that there will be an active trading market for the Depositary Shares.

#### SUMMARY HISTORICAL FINANCIAL DATA

The following table presents summary historical financial data of Sun for each of the five years in the period ended December 31, 1994 and for each of the three-month periods ended March 31, 1995 and 1994. Reference is made to the detailed information and financial statements available in the documents described above under "Incorporation of Certain Documents by Reference." The financial information set forth for the three months ended March 31, 1995 and 1994 is unaudited; however, in the opinion of the Company, all adjustments necessary for a fair presentation have been made. All such adjustments are of a normal recurring nature except for the cumulative effect of a change in accounting principle discussed below. Results of operations for the three-month period ended March 31, 1995 are not necessarily indicative of results which may be expected for the full year 1995.

	Year Ended December 31					Three Months Ended March 31	
	1994	1993	1992	1991	1990	1995	1994
(Millions of Dollars Except Per Share Amounts and Ratios)							
Sales and other operating revenue (including consumer excise taxes)	\$9,818	\$9,180	\$10,445	\$11,493	\$12,573	\$2,578	\$2,056
Income (loss) from continuing operations before cumulative effect of change in accounting principle(1)	97	283	(317)	(130)	190	(7)	34
Net income (loss) (1) (2) (3)	90	288	(559)	(387)	229	(7)	27
Income (loss) per Common Share from continuing operations before cumulative effect of change in accounting prin-							

Net income (loss) per Common Share(4)	.91	2.65	(2.98)	(1.23)	1.78	(.07)	.32
Cash dividends per Common Share	.84	2.70	(5.26)	(3.65)	2.14	(.07)	.25
Ratio of earnings to fixed charges(5)	1.80	1.80	1.80	1.80	1.80	.45	.45
	2.12	5.14	N/A	N/A	3.91	1.13	2.73

	At December 31					At March 31	
	1994	1993	1992	1991	1990	1995	1994
Total assets	\$6,465	\$5,900	\$6,071	\$7,017	\$7,852	\$6,475	\$5,859
Working capital(6)	(407)	(228)	(415)	(267)	(228)	(501)	(145)
Short-term borrowings and current portion of long-term debt	320	136	260	197	246	424	217
Long-term debt	1,073	726	792	852	832	1,099	822
Stockholders' equity	1,863	1,984	1,896	2,696	3,274	1,810	1,948
Stockholders' equity per Common Share(7)	17.42	18.60	17.82	25.41	30.81	16.92	18.23

(Millions of Dollars Except Per Share Amounts)

(Footnotes appear on the following page)

- (1) Includes after-tax income (loss) attributable to gain on divestments, gain on Iranian litigation settlement, provision for write-down of assets and other matters and provision for environmental remediation work at various domestic refining and marketing sites totalling \$7, \$109, \$(333) and \$(181) million for 1994, 1993, 1992 and 1991, respectively.
- (2) Includes income (loss) from operations held for sale of \$17, \$3, \$19, \$(257) and \$9 million in 1994, 1993, 1992, 1991 and 1990, respectively, and \$4 million and \$2 million in the three-month periods ended March 31, 1995 and 1994, respectively.
- (3) Includes impact of the cumulative effect of a change: in the method of accounting for postemployment benefits in the full year and first quarter of 1994 (\$7 million after-tax charge); 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).
- (4) Amounts represent both primary and fully diluted earnings per share.
- (5) 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 a \$745 million and \$156 million provision for write-down of assets and other matters.

- (6) The working capital position is considerably stronger than indicated because of the relatively low historical costs assigned under the LIFO method of accounting to a significant portion of the inventories reflected in the consolidated balance sheets.
- (7) Stockholders' equity per Common Share is equal to stockholders' equity divided by Common Shares outstanding.

#### SUMMARY PRO FORMA FINANCIAL DATA

The following table presents selected pro forma financial data for Sun. The pro forma information assumes that the transactions for which pro forma effects are shown occurred on March 31, 1995 for the pro forma balance sheet information and January 1, 1994 for the pro forma income statement information.

The pro forma information is based on the historical financial statements of Sun adjusted to give effect to the:

- (a) sale of Sun's remaining 55% ownership interest in Suncor for gross proceeds of US \$855 million (net proceeds of US \$759 million after commissions and discount) and the assumed use of the US \$635 million of cash proceeds to be received in June 1995 from this sale to:
  - (i) repay \$335 million of Company indebtedness; and
  - (ii) repurchase at a weighted average price of \$30 per share initially up to 6,400,000 Common Shares pursuant to the Cash Offer, and thereafter up to \$100 million of Common Shares in open market purchases from time to time;
- (b) reduction in the annualized common stock dividend from \$1.80 per share (\$.45 per share each quarter) to \$1.00 per share (\$.25 per share each quarter); and
- (c) exchange of 25,000,000 Common Shares for 25,000,000 Depositary Shares representing ownership of 12,500,000 shares of Preference Stock pursuant to the Exchange Offer ((a), (b) and (c) being collectively referred to herein as the "Recapitalization Transactions").

In accordance with pro forma reporting rules, the pro forma after-tax gain of \$163 million on the Suncor sale has been reflected in stockholders' equity in the pro forma balance sheet information but has not been included in

the pro forma income statement information. In addition, the pro forma consolidated balance sheet and income statement information does not include an estimated after-tax charge of \$100 million to be recognized in the second quarter of 1995 related to employee terminations and the write-down to net realizable value of certain refining and marketing and coal assets.

The pro forma information is not necessarily indicative of the results which would actually have been achieved had the transactions been in effect on the dates or for the periods indicated nor are they necessarily indicative of future results. The pro forma consolidated balance sheet and income statement data should be read in conjunction with the Company's historical consolidated financial statements, including the notes thereto, incorporated by reference herein.

Year Ended December 31, 1994					
-----					
Pro Forma Adjustments					
Increase (Decrease)					
-----					
	Suncor	Debt	Dividend		
	Sale(1)	Repayment/ Stock	Change/ Exchange	Offer	Pro
Historical		Repurchase(1)			Forma
-----	-----	-----	-----	-----	-----
(In Millions Except Per Share Amounts and Ratios)					
Sales and other operating revenue (including consumer excise taxes)	\$9,818	\$(1,397)	\$ --	\$ --	\$8,421
Income (loss) from continuing operations before cumulative effect of change in accounting principle	97	(37)	14	--	74
Net income (loss)	90	(37)	14	--	67
Income (loss) per Common Share from continuing operations before cumulative effect of change in accounting principle(2) (3)	.91	(.35)	.20	(.36)	.40
Net income (loss) per Common Share(2) (3)	.84	(.35)	.20	(.38)	.31
Weighted average number of Common Shares outstanding(3)	107.0	--	(10.0)	(25.0)	72.0
Cash dividends per share:					
Common Share	1.80	--	--	(.80)	1.00
Depositary Share(4)	--	--	--	1.80	1.80
Ratio of earnings to combined fixed charges and					

preference stock dividends 2.12 (.77) .26 (.36) 1.25

Three Months Ended March 31, 1994

	Pro Forma Adjustments Increase (Decrease)				
	Historical	Suncor Sale(1)	Debt Repayment/ Stock Repurchase(1)	Dividend Change/ Exchange Offer	Pro Forma
(In Millions Except Per Share Amounts and Ratios)					
Sales and other operating revenue (including consumer excise taxes)	\$2,578	\$(361)	\$ --	\$ --	\$2,217
Income (loss) from continuing operations before cumulative effect of change in accounting principle	(7)	(11)	3	--	(15)
Net income (loss)	(7)	(11)	3	--	(15)
Income (loss) per Common Share from continuing operations before cumulative effect of change in accounting principle(2) (3)	(.07)	(.10)	.02	(.21)	(.36)
Net income (loss) per Common Share(2) (3)	(.07)	(.10)	.02	(.21)	(.36)
Weighted average number of Common Shares outstanding(3)	107.1	--	(10.0)	(25.0)	72.1
Cash dividends per share:					
Common Share	.45	--	--	(.20)	.25
Depository Share(4)	--	--	--	.45	.45
Ratio of earnings to combined fixed charges and preference stock dividends	1.13	(.88)	.04	(.11)	.18

At March 31, 1995

	Pro Forma Adjustments Increase (Decrease)				
	Historical	Suncor Sale(1)	Debt Repayment/ Stock Repurchase(1)	Dividend Change/ Exchange Offer	Pro Forma

-----  
(In Millions Except Per Share Amounts)

Total assets	\$6,475	\$ (832)	\$ (635)	\$ --	\$5,008
Working capital	(501)	612	(346)	--	(235)
Short-term borrowings and current portion of long-term debt	424	(4)	(289)	--	131
Long-term debt	1,099	(175)	(46)	--	878
Stockholders' equity	1,810	250	(300)	--	1,760
Stockholders' equity per Common Share(6)	16.92	2.34	(1.11)	(4.11)	14.04

- 
- (1) For additional information concerning the sale of Sun's remaining interest in Suncor and related debt repayment/stock repurchase transactions, see the Company's Current Report on Form 8-K dated June 13, 1995, which is incorporated herein by reference.
  - (2) Amounts represent both primary and fully diluted earnings per share.
  - (3) The Depositary Shares representing ownership in Preference Stock are not expected to be common stock equivalents. Accordingly, primary earnings per share will be equal to earnings less Depositary Share dividends divided by the weighted average number of only Common Shares outstanding. Fully diluted earnings per share will be equal to the lesser of primary earnings per share or the per share amount determined by dividing earnings by the weighted average number of both Common and Depositary Shares outstanding.
  - (4) A Depositary Share represents ownership of one-half share of Preference Stock. Preference Stock will pay an annual dividend of \$3.60 per share (\$.90 per share each quarter).
  - (5) Pro forma earnings were inadequate to cover combined fixed charges and preference stock dividends by \$47 million.
  - (6) Stockholders' equity per Common Share is equal to stockholders' equity less the carrying amount of the Preference Stock divided by Common Shares outstanding.

#### HISTORICAL AND PRO FORMA CAPITALIZATION

The following table presents the historical consolidated capitalization of Sun at March 31, 1995, and the pro forma capitalization of Sun after giving effect to Sun's divestment of its remaining interest in Suncor and the Recapitalization Transactions. See "Summary Pro Forma Financial Data" for further discussion of these transactions.

At March 31, 1995

	Pro Forma Adjustments				Pro Forma
	Increase (Decrease)				
Historical	Suncor Sale(1)	Debt Repayment/ Stock Repurchase(1)	Dividend Change/ Exchange Offer		
(Millions of Dollars)					
Short-term borrowings	\$ 324	\$ --	\$ (207)	\$ --	\$ 117
Current portion of long-term debt	100	(4)	(82)	--	14
	-----	-----	-----	-----	-----
	424	(4)	(289)	--	131
Long-term debt	1,099	(175)	(46)	--	878
	-----	-----	-----	-----	-----
Total borrowings	1,523	(179)	(335)	--	1,009
	-----	-----	-----	-----	-----
Minority interest	376	(376)	--	--	--
	-----	-----	-----	-----	-----
Stockholders' equity:					
Preference stock, no par value					
Authorized--15,000,000 shares, Issued and outstanding--12,500,000 shares on a pro forma basis	--	--	--	750	750
Common stock, par value \$1 per share					
Authorized--200,000,000 shares, issued--129,523,419 shares actual and pro forma	130	--	--	--	130
Capital in excess of par value	1,309	--	--	--	1,309
Cumulative foreign currency translation adjustment	(87)	87	--	--	--
Earnings employed in the business	1,479	163	--	--	1,642
Less: common stock held in treasury at cost--22,580,261 shares actual and 57,580,261 shares on a pro forma basis	(1,021)	--	(300)	(750)	(2,071)
	-----	-----	-----	-----	-----
Total stockholders' equity	1,810	250	(300)	--	1,760

Total capitalization	----- \$3,709 =====	----- \$(305) =====	----- \$(635) =====	----- \$ -- =====	----- \$2,769 =====
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(1) For additional information concerning the sale of Sun's remaining interest in Suncor and related debt repayment/stock repurchase transactions, see the Company's Current Report on Form 8-K dated June 13, 1995, which is incorporated herein by reference.

#### PRICE RANGE OF COMMON SHARES

The Common Shares are listed and principally traded on the NYSE and are also listed on the Philadelphia Stock Exchange, Inc. The high and low closing prices for the Common Shares on the NYSE and the quarterly cash dividend per share declared and paid on all the Common Shares in 1993, 1994 and 1995 are listed below.

	Stock Price		Cash Dividend
	High	Low	Declared and Paid
1993			
First Quarter	\$30 1/4	\$24 1/2	\$.45
Second Quarter	27 1/8	22 1/4	.45
Third Quarter	28 7/8	23 7/8	.45
Fourth Quarter	32 3/4	28 1/2	.45
1994			
First Quarter	\$35 1/4	\$29 3/8	\$.45
Second Quarter	34 3/8	25 1/8	.45
Third Quarter	29 1/4	25 7/8	.45
Fourth Quarter	32 1/2	26 3/8	.45
1995			
First Quarter	\$30 1/4	\$27 1/8	\$.45
Second Quarter (through June 9)	32 7/8	27 1/2	.45

The high and low sales prices per Common Share as reported on the NYSE on June 12, 1995, the last full trading day prior to announcement of the Offers, were \$31 3/8 and \$30 5/8, respectively.

On June 13, 1995, the Company announced that it reduced the quarterly dividend paid with respect to the Common Shares from \$.45 to \$.25 per share, effective with the next quarterly dividend payable on September 8, 1995.

#### THE OFFERS

##### Background and Purpose

As part of a restructuring program to strengthen the Company's financial position and focus on its core businesses, on June 8, 1995, the Company completed the sale of its remaining 55% interest in Suncor, a Canadian integrated oil company, for gross proceeds of US\$855 million. On June 13,



1995, the Company announced that at least \$335 million of the US\$635 million net cash proceeds to be received in June 1995 from the sale of Suncor would be used to reduce Company indebtedness and that up to \$300 million would be used to repurchase Common Shares initially pursuant to the Cash Offer and thereafter through a program authorized by the Board of Directors of the Company to purchase up to \$100 million of Common Shares in the open market from time to time depending on prevailing market conditions and opportunities.

The Company also announced on June 13, 1995 that as part of its restructuring, it had adopted a plan to reduce its cost structure through a reduction of approximately 800 primarily staff and support positions in its core businesses and other cost-reduction measures expected to result in aggregate pretax cost savings of \$110 million annually. The Company expects to record a provision for the employee terminations and the write-down to estimated net realizable value of certain refining and marketing and coal assets of approximately \$100 million after tax during the second quarter of 1995. The Company also announced that it reduced the annual dividend to be paid with respect to the Common Shares from \$1.80 to \$1.00 per share, effective in respect of the next quarterly dividend payable on September 8, 1995 to holders of record on August 10, 1995. The reduced dividend and the anticipated cost reductions will enable the Company to utilize a greater portion of its operating cash flow for growth and other investment opportunities in its core businesses.

On June 13, 1995, the Company also announced that it had declared a \$.90 per share dividend on Preference Stock payable on September 13, 1995. Holders of Depositary Shares on August 10, 1995 shall be entitled to receive a cash dividend payment of \$.45 per share on September 13, 1995, representing their proportionate share of this Preference Stock dividend.

The Company is making the Exchange Offer to provide those shareholders whose primary objective is current income with an opportunity, subject to the terms and conditions of the Exchange Offer, to exchange all or a portion of their Common Shares for an equal number of yield-oriented Depositary Shares entitled to receive an annual cash dividend of \$1.80 per share. The Exchange Offer provides holders of Common Shares with the option of exchanging their shares for Depositary Shares and receiving a higher and more certain dividend than on Common Shares. However, because the Company may redeem the Depositary Shares at any time at the Depositary Share Call Price (such Depositary Share Call Price to be set initially equal to \$42.39976 for each Depositary Share, declining by \$.002222 on each day following the Accrual Date (i.e., June 12, 1995) (computed on the basis of a 360-day year of twelve 30-day months) to \$40.13332 on April 12, 1998, and equal to \$40 thereafter through June 11, 1998), which may, at the time of such redemption, be less than the then existing market price of the Common Shares, an investment in the Depositary Shares does not provide the holder with the same opportunity for equity appreciation afforded by an investment in the Common Shares.

The purpose of the Cash Offer is to allow shareholders, subject to the terms and conditions of the Cash Offer, to tender all or a portion of their Common Shares for cash while allowing them to retain, in respect of their

remaining Common Shares, a continuing equity interest in the Company.

#### Terms of Exchange Offer

Upon the terms and subject to the conditions described herein and in the related BLUE Letter of Transmittal (which together constitute the Exchange Offer), the Company is offering to exchange up to 25,000,000 Common Shares for Depositary Shares at a rate of one Depositary Share for each Common Share validly tendered prior to the Expiration Date and not theretofore withdrawn as described under "Withdrawal of Tendered Common Shares." If the Exchange Offer is oversubscribed as described below, only Common Shares validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date will be eligible for proration. All Common Shares not acquired pursuant to the Exchange Offer, including Common Shares not purchased because of proration, will be returned to the tendering shareholders at the Company's expense as promptly as practicable following the Expiration Date.

The Company's obligation to accept Common Shares for exchange pursuant to the Exchange Offer is subject to certain conditions set forth under "--Conditions of the Offers." Among other conditions, the Exchange Offer is conditioned upon a minimum of 2,500,000 Common Shares being validly tendered and not withdrawn prior to the Expiration Date (the "Minimum Condition"). If the Minimum Condition is not satisfied prior to the Expiration Date, the Company reserves the right (but shall not be obligated) to (i) decline to accept for exchange and exchange any of the Common Shares tendered and terminate the Exchange Offer, (ii) waive or reduce the Minimum Condition and, subject to complying with the applicable rules and regulations of the Commission, accept for exchange and exchange all Common Shares validly tendered pursuant to the Exchange Offer, or (iii) extend the Exchange Offer and, subject to the right of shareholders to withdraw Common Shares until the Expiration Date, retain the Common Shares which have been tendered during the period or periods for which the Exchange Offer is extended.

#### Terms of Cash Offer

Upon the terms and subject to the conditions described herein and in the related YELLOW Letter of Transmittal (which together constitute the Cash Offer), the Company is offering to purchase up to 6,400,000 Common Shares that are validly tendered and not withdrawn prior to the Expiration Date at a cash price (determined in the manner set forth below) not greater than \$33 nor less than \$30 per Common Share. Only Common Shares validly tendered and not withdrawn prior to the Expiration Date will be eligible for purchase pursuant to the Cash Offer. If the Cash Offer is oversubscribed as described below, only Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date will be eligible for proration.

The Company will determine the Purchase Price taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price that will allow it

to purchase 6,400,000 Common Shares (or such lesser number as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer.

In accordance with Instruction 5 of the YELLOW Letter of Transmittal, each shareholder who wishes to tender Common Shares pursuant to the Cash Offer must specify the price (not greater than \$33 nor less than \$30 per Common Share) at which such shareholder is willing to have the Company purchase such Common Shares. As promptly as practicable following the Expiration Date, the Company will determine the Purchase Price (not greater than \$33 nor less than \$30 per Common Share) that it will pay for Common Shares validly tendered pursuant to the Cash Offer, taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. All Common Shares purchased pursuant to the Cash Offer will be purchased at the Purchase Price in cash.

#### No Duplicate Tenders

Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them pursuant to either the Exchange Offer or the Cash Offer, or to allocate a portion of the Common Shares held by them to the Exchange Offer and a portion to the Cash Offer; provided, however that no holder may tender the same Common Shares pursuant to both the Exchange Offer and the Cash Offer.

#### Expiration of Offers; Extension of Offers

Each of the Offers will expire on the Expiration Date, unless theretofore extended. The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on Monday, July 24, 1995, unless and until the Company shall have extended the period of time for which the Offers are open, in which event "Expiration Date" shall mean the latest time and date on which each of the Offers, as so extended by the Company, shall expire. It is the Company's intention that both Offers will expire at the same time. Therefore, the Exchange Offer will not be extended without so extending the Cash Offer, and the Cash Offer will not be extended without so extending the Exchange Offer.

The Company expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offers are open by giving oral or written notice of such extension to the Exchange Agent and Depositary. There can be no assurance, however, that the Company will exercise its right to extend the Offers. If the Company decides, in its sole discretion, to increase (except for any increase not in excess of 2% of the outstanding Common Shares) or decrease the number of Common Shares being sought, or to increase or decrease the consideration offered to holders of Common Shares, in either Offer and, at the time that notice of such increase or decrease is first published, sent or given to holders of Common Shares in the manner specified below, the Offers are scheduled to expire at any time earlier than the tenth business day from the date that such notice is first so

published, sent or given, the Offers will be extended until the expiration of such ten-business-day period. As used herein, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

#### Proration

##### Exchange Offer

Upon the terms and subject to the conditions of the Exchange Offer (including the Minimum Condition), if 25,000,000 or fewer Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date, the Company will accept all such Common Shares for exchange. Upon the terms and subject to the conditions of the Exchange Offer, if more than 25,000,000 Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date, the Company will accept for exchange all Common Shares validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid purchases of fractional Common Shares).

##### Cash Offer

Upon the terms and subject to the conditions of the Cash Offer, if 6,400,000 or fewer Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase all such Common Shares at the Purchase Price. Upon the terms and subject to the conditions of the Cash Offer, if more than 6,400,000 Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase Common Shares at the Purchase Price in the following order of priority:

(a) all Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date by any shareholder who owned beneficially an aggregate of fewer than 100 Common Shares as of the close of business on June 12, 1995 and who validly tenders all of such Common Shares pursuant to the Cash Offer (partial tenders will not qualify for this preference) and completes the box captioned "Odd Lots" on the YELLOW Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, up to a maximum of 6,400,000 Common Shares in aggregate tendered by such shareholders pursuant to the Cash Offer; and

(b) after purchase of all of the foregoing Common Shares, all other Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid purchases of fractional Common Shares).

##### General

The Company does not expect that it would be able to announce the final proration factor or to commence delivery of Depositary Shares for, or payment for, any Common Shares purchased pursuant to either Offer until approximately seven NYSE trading days after the Expiration Date if proration of tendered Common Shares is required, because of the difficulty in determining the number of Common Shares validly tendered (including Common Shares tendered pursuant to the guaranteed delivery procedure described below) and not withdrawn prior to the Expiration Date and as a result of the "odd lot" procedure described below. Preliminary results of proration will be announced by press release as promptly as practicable after the Expiration Date. Holders of Common Shares may obtain such preliminary information from the Information Agent and may also be able to obtain such information from their brokers.

#### "Odd Lot" Procedures Applicable to Tenders by Holders of Fewer Than 100 Common Shares Pursuant to the Cash Offer

All Common Shares (up to a maximum of 6,400,000 Common Shares in aggregate) validly tendered pursuant to the Cash Offer at or below the Purchase Price and not withdrawn prior to the Expiration Date by or on behalf of any shareholder who beneficially owned an aggregate of fewer than 100 Common Shares (including any Common Shares held in the Company's Dividend Reinvestment Plan) on June 12, 1995 and who tenders all such Common Shares pursuant to the Cash Offer, will be accepted for purchase before proration, if any, of the purchase of other Common Shares tendered pursuant to the Cash Offer. Partial tenders will not qualify for this preference, and it is not available to beneficial holders of 100 or more Common Shares, even if such holders have separate stock certificates for fewer than 100 Common Shares. By tendering pursuant to the Cash Offer, a shareholder so owning beneficially fewer than 100 Common Shares will avoid the payment of brokerage commissions and any applicable odd lot discount payable on a sale of Common Shares in a transaction effected on a securities exchange.

As of June 9, 1995, there were 47,023 holders of record of Common Shares and there were an aggregate of 107,117,903 Common Shares outstanding, of which 16,866 holders, holding in the aggregate 490,357 Common Shares, held fewer than 100 Common Shares. Because of the large number of Common Shares held in the names of brokers and nominees, the Company is unable to estimate the number of beneficial owners of fewer than 100 Common Shares or the aggregate number of Common Shares they own. Any shareholder wishing to tender all of his or her Common Shares pursuant to such "odd lot" procedures in connection with the Cash Offer should complete the box captioned "Odd Lots" on the YELLOW Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery.

#### Procedure for Tender

##### Exchange Offer

To tender Common Shares pursuant to the Exchange Offer, either (a) a properly completed and duly executed BLUE Letter of Transmittal (or facsimile thereof) and any other documents required by the BLUE Letter of Transmittal

must be received by the Exchange Agent at one of its addresses set forth on the back cover of this Offer to Purchase/Offering Circular and either (i) certificates for the Common Shares to be tendered must be received by the Exchange Agent at one of such addresses or (ii) such Common Shares must be delivered pursuant to the procedures for book-entry transfer described below (and a confirmation of such delivery received by the Exchange Agent), in each case by the Expiration Date, or (b) the guaranteed delivery procedure described below must be complied with.

The Exchange Agent will establish accounts with respect to the Common Shares at The Depository Trust Company ("DTC"), the Midwest Securities Trust Company ("MSTC"), and the Philadelphia Depository Trust Company ("PDTTC", and, together with DTC and MSTC, collectively referred to as the "Book-Entry Transfer Facilities") for purposes of the Exchange Offer within two business days after the date of this Offer to Purchase/Offering Circular, and any financial institution that is a participant in the system of any Book-Entry Transfer Facility may make delivery of Common Shares by causing such Book-Entry Transfer Facility to transfer such Common Shares into the Exchange Agent's account in accordance with the procedures of such Book-Entry Transfer Facility. Although delivery of Common Shares may be effected through book-entry transfer, the BLUE Letter of Transmittal (or facsimile thereof) and any other required documents must, in any case, be received by the Exchange Agent at one of its addresses set forth on the back cover of this Offer to Purchase/Offering Circular by the Expiration Date, or the guaranteed delivery procedure described below must be complied with. Delivery of the BLUE Letter of Transmittal and any other required documents to a Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

Except as otherwise provided below, all signatures on a BLUE Letter of Transmittal must be guaranteed by a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office, branch or agency in the United States each of which participates in a Medallion Program approved by the Securities Transfer Association, Inc. (each being an "Eligible Institution"). Signatures on a BLUE Letter of Transmittal need not be guaranteed if (a) the BLUE Letter of Transmittal is signed by the registered holder of the Common Shares tendered therewith and such holder has not completed the boxes entitled "Special Issue Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (b) such Common Shares are tendered for the account of an Eligible Institution. See Instructions 1 and 5 of the BLUE Letter of Transmittal.

If a shareholder desires to tender Common Shares pursuant to the Exchange Offer and cannot deliver such Common Shares and all other required documents to the Exchange Agent by the Expiration Date, such Common Shares may nevertheless be tendered if all of the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company is received by the Exchange

Agent (as provided below) by the Expiration Date; and

(iii) the certificates for such Common Shares (or a confirmation of a book-entry transfer of such Common Shares into the Exchange Agent's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed BLUE Letter of Transmittal (or facsimile thereof) and any other documents required by the BLUE Letter of Transmittal, are received by the Exchange Agent within five NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depository and must include a guarantee by an Eligible Institution in the form set forth in such Notice.

Shareholders who are participants in the Company's Dividend Reinvestment Plan and who wish to tender Common Shares held in their account under the Plan along with other Common Shares they are tendering pursuant to the Exchange Offer should so indicate by checking the box captioned "Tender Dividend Reinvestment Plan Shares" in the section of the BLUE Letter of Transmittal captioned "Description of Common Shares Tendered" and returning the properly completed and duly executed BLUE Letter of Transmittal or facsimile thereof with any required signature guarantees and any other documents required by the BLUE Letter of Transmittal to the Exchange Agent. If a participant authorizes the tender of his or her Common Shares held in the Plan pursuant to the Exchange Offer, all Common Shares held in the Plan, except fractional Common Shares, will be tendered pursuant to the Exchange Offer. Any Plan account Common Shares tendered but not accepted for payment will be returned to the shareholder's Plan account.

#### Cash Offer

To tender Common Shares pursuant to the Cash Offer, either (a) a properly completed and duly executed YELLOW Letter of Transmittal (or facsimile thereof) and any other documents required by the YELLOW Letter of Transmittal must be received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase/Offering Circular and either (i) certificates for the Common Shares to be tendered must be received by the Depository at one of such addresses or (ii) such Common Shares must be delivered pursuant to the procedures for book-entry transfer described below (and a confirmation of such delivery received by the Depository), in each case by the Expiration Date, or (b) the guaranteed delivery procedure described below must be complied with.

In accordance with Instruction 5 of the YELLOW Letter of Transmittal, in order to tender Common Shares pursuant to the Cash Offer, a shareholder must indicate in the section captioned "Price (In Dollars) Per Share At Which Common Shares Are Being Tendered" on the YELLOW Letter of Transmittal the price (in multiples of \$0.125) at which such Common Shares are being tendered. Shareholders wishing to tender Common Shares at more than one price must complete separate Letters of Transmittal for each price at which such Common

Shares are being tendered; the same Common Shares cannot be tendered at more than one price. For a tender of Common Shares to be valid, a price box, but only one price box, on each YELLOW Letter of Transmittal must be checked.

The Depositary will establish accounts with respect to the Common Shares at the Book-Entry Transfer Facilities for purposes of the Cash Offer within two business days after the date of this Offer to Purchase/Offering Circular, and any financial institution that is a participant in the system of any Book-Entry Transfer Facility may make delivery of Common Shares by causing such Book-Entry Transfer Facility to transfer such Common Shares into the Depositary's account in accordance with the procedures of such Book-Entry Transfer Facility. Although delivery of Common Shares may be effected through book-entry transfer, the YELLOW Letter of Transmittal (or facsimile thereof) and any other required documents must, in any case, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase/Offering Circular by the Expiration Date, or the guaranteed delivery procedure described below must be complied with. Delivery of the YELLOW Letter of Transmittal and any other required documents to a Book-Entry Transfer Facility does not constitute delivery to the Depositary.

Except as otherwise provided below, all signatures on a YELLOW Letter of Transmittal must be guaranteed by a firm that is an Eligible Institution. Signatures on a YELLOW Letter of Transmittal need not be guaranteed if (a) the YELLOW Letter of Transmittal is signed by the registered holder of the Common Shares tendered therewith and such holder has not completed the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (b) such Common Shares are tendered for the account of an Eligible Institution. See Instructions 1 and 6 of the YELLOW Letter of Transmittal.

If a shareholder desires to tender Common Shares pursuant to the Cash Offer and cannot deliver such Common Shares and all other required documents to the Depositary by the Expiration Date, such Common Shares may nevertheless be tendered if all of the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company is received by the Depositary (as provided below) by the Expiration Date; and

(iii) the certificates for such Common Shares (or a confirmation of a book-entry transfer of such Common Shares into the Depositary's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed YELLOW Letter of Transmittal (or facsimile thereof) and any other documents required by the YELLOW Letter of Transmittal, are received by the Depositary within five NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depositary and must



include a guarantee by an Eligible Institution in the form set forth in such Notice.

Shareholders who are participants in the Company's Dividend Reinvestment Plan and who wish to tender Common Shares held in their account under the Plan along with other Common Shares they are tendering pursuant to the Cash Offer should so indicate by checking the box captioned "Tender Dividend Reinvestment Plan Shares" in the section of the YELLOW Letter of Transmittal captioned "Description of Common Shares Tendered" and returning the properly completed and duly executed YELLOW Letter of Transmittal or facsimile thereof with any required signature guarantees and any other documents required by the YELLOW Letter of Transmittal to the Depository. If a participant authorizes the tender of his or her Common Shares held in the Plan pursuant to the Cash Offer, all Common Shares held in the Plan will be tendered pursuant to the Cash Offer. Any Plan account Common Shares tendered but not accepted for payment will be returned to the shareholder's Plan account.

Under federal income tax laws with respect to backup withholding, the Depository may be required to withhold 31% of the amount of any payments made to certain shareholders pursuant to the Cash Offer. In order to avoid such backup withholding, each tendering shareholder and, if applicable, each other payee, should complete and sign the Substitute Form W-9 included as part of the YELLOW Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding. Certain shareholders (including, among others, all corporations and certain foreign individuals) are exempt from this backup withholding requirement. In order for a foreign individual to qualify for an exemption from backup withholding, that shareholder must submit a statement, signed under penalties of perjury, attesting to his exempt status. Such statements can be obtained from the Depository. See Instruction 9 of the YELLOW Letter of Transmittal.

Payments made pursuant to the Cash Offer to a foreign shareholder or his agent will be subject to withholding of federal income tax at the rate of 30%, unless the Company determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such payments are effectively connected with the conduct of a trade or business within the United States. See Instruction 10 of the YELLOW Letter of Transmittal. Foreign shareholders are urged to consult their own tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption or for a refund of all or a portion of the tax withheld. See "Certain United States Federal Income Tax Consequences -- Non-United States Holders."

## General

The tender of Common Shares pursuant to any of the Offers in accordance with the procedures described above will constitute an agreement between the tendering shareholder and the Company upon the terms and subject to the conditions of the applicable Offer, including the tendering shareholder's representation and warranty that (i) such shareholder owns the Common Shares being tendered within the meaning of Rule 14e-4 under the Exchange Act and

(ii) the tender of such Common Shares complies with Rule 14e-4.

It is a violation of Rule 14e-4 under the Exchange Act for a person, directly or indirectly, to tender Common Shares for his own account unless the person so tendering (i) has a net long position equal to or greater than the number of (x) Common Shares tendered or (y) other securities immediately convertible into, or exercisable or exchangeable for, the number of Common Shares tendered and will acquire such Common Shares for tender by conversion, exercise or exchange of such other securities and (ii) will cause such Common Shares to be delivered in accordance with the terms of the Offers. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. The tender of Common Shares pursuant to any one of the procedures described above will constitute the tendering shareholder's representation and warranty that (i) such shareholder has a net long position in the Common Shares being tendered within the meaning of Rule 14e-4 under the Exchange Act and (ii) the tender of such Common Shares complies with Rule 14e-4.

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment or exchange of any tender of Common Shares (and, in the case of the Cash Offer, of the Purchase Price) will be determined by the Company, in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any or all tenders of Common Shares determined by it not to be in proper form or the acceptance for payment or exchange of or payment for or exchange of, Common Shares that may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in any tender of Common Shares. None of the Company, the Exchange Act and Depositary, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in tenders or incur any liability for failure to give any such notification.

The method of delivery of all documents, including certificates for Common Shares, in connection with tendering pursuant to either Offer is at the election and risk of the tendering shareholder and, except as otherwise provided in the applicable Letter of Transmittal, delivery will be deemed made only when actually received by the Exchange Agent and Depositary. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended and sufficient time should be allowed to assure timely delivery.

#### Withdrawal of Tendered Common Shares

Tenders of Common Shares made pursuant to either the Exchange Offer or the Cash Offer may be withdrawn at any time prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after August 7, 1995 unless theretofore accepted for payment or exchange as provided in this Offer to Purchase/Offering Circular. If the Company extends the period of time during which the Offers are open, is delayed in accepting for exchange or payment or exchanging or paying for Common Shares or is unable to accept for exchange or payment or exchange or pay for Common Shares

pursuant to the Offers for any reason, then, without prejudice to the Company's rights under the Offers, the Exchange Agent or the Depositary, as the case may be, may, on behalf of the Company, retain all Common Shares tendered, and such Common Shares may not be withdrawn except as otherwise provided herein, subject to Rule 13e-4(f) (5) under the Exchange Act, which provides that the issuer making the tender offer shall either pay the consideration offered, or return the tendered securities, promptly after the termination or withdrawal of the tender offer.

To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Exchange Agent or the Depositary, as the case may be, at one of its addresses set forth on the back cover of this Offer to Purchase/Offering Circular and must specify the name of the person who tendered the Common Shares to be withdrawn and the number of Common Shares to be withdrawn with respect to the applicable Offer. If the Common Shares to be withdrawn have been delivered to the Exchange Agent or the Depositary, a signed notice of withdrawal with signatures guaranteed by an Eligible Institution (except in the case of Common Shares tendered by an Eligible Institution) must be submitted prior to the release of such Common Shares. In addition, such notice must specify, in the case of Common Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering shareholder) and the serial numbers shown on the particular certificates evidencing the Common Shares to be withdrawn or, in the case of Common Shares tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities to be credited with the withdrawn Common Shares. Withdrawals may not be rescinded and Common Shares withdrawn will thereafter be deemed not validly tendered for purposes of either Offer. However, withdrawn Common Shares may be retendered by again following one of the procedures described in "--Procedure for Tender" at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding. None of the Company, the Exchange Agent and Depositary, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

Acceptance; Delivery of Consideration

#### Exchange Offer

Upon the terms and subject to the conditions of the Exchange Offer, and as promptly as practicable after the Expiration Date, the Company will (subject to the proration provisions of the Exchange Offer) accept for exchange (and thereby acquire) and exchange for Depositary Shares the Common Shares validly tendered pursuant to the Exchange Offer by the Expiration Date and not withdrawn as permitted under "Withdrawal of Tendered Common Shares". In all cases, delivery of the Depositary Shares to exchanging holders of Common Shares will be made as soon as practicable after the Expiration Date

(subject to possible delay in the event of proration) but only after timely receipt by the Exchange Agent of certificates for Common Shares (or of a confirmation of a book-entry transfer of such Common Shares into the Exchange Agent's account at one of the Book-Entry Transfer Facilities), a properly completed and duly executed BLUE Letter of Transmittal (or facsimile thereof) and any other required documents.

#### Cash Offer

Upon the terms and subject to the conditions of the Cash Offer, and as promptly as practicable after the Expiration Date, the Company will determine the Purchase Price, taking into account the number of Common Shares tendered pursuant to the Cash Offer and the prices specified by tendering shareholders, and will (subject to the proration provisions of the Cash Offer) accept for payment (and thereby purchase) and pay for Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer by the Expiration Date and not withdrawn as permitted under "Withdrawal of Tendered Common Shares". As soon as practicable following the determination of the Purchase Price, the Company will announce the Purchase Price it will pay for Common Shares tendered pursuant to the Cash Offer. In all cases, payment for Common Shares accepted for payment pursuant to the Cash Offer will be made promptly (subject to possible delay in the event of proration) but only after timely receipt by the Depositary of certificates for Common Shares (or of a confirmation of a book-entry transfer of such Common Shares into the Depositary's account at one of the Book-Entry Transfer Facilities), a properly completed and duly executed YELLOW Letter of Transmittal (or facsimile thereof) and any other required documents.

#### General

For purposes of each Offer, the Company will be deemed to have accepted for exchange or payment (and thereby acquired), subject to the proration provisions of the applicable Offer, Common Shares that are validly tendered pursuant to the applicable Offer prior to the Expiration Date and not withdrawn as, if and when it gives oral or written notice (i) to the Exchange Agent of its acceptance for exchange of Common Shares tendered pursuant to the Exchange Offer and (ii) to the Depositary of its acceptance for purchase of Common Shares tendered pursuant to the Cash Offer. The Exchange Agent and Depositary will act as agent for tendering shareholders for the purpose of (i) receiving Depositary Shares from the Company in exchange for Common Shares tendered pursuant to the Exchange Offer, (ii) receiving payment from the Company for Common Shares tendered pursuant to the Cash Offer, and (iii) transmitting Depositary Shares or cash, as the case may be, to tendering shareholders. Under no circumstances will interest be paid on Depositary Shares to be delivered or cash amounts to be paid to tendering shareholders by the Company by reason of any delay in making such delivery or payment.

Certificates for all Common Shares not acquired by the Company pursuant to the Offers for any reason (including Common Shares tendered in the Cash Offer at prices greater than the Purchase Price) will be returned (or, in the case of Common Shares tendered by book-entry transfer, such Common Shares will

be credited to an account maintained with a Book-Entry Transfer Facility) as soon as practicable (subject to possible delay in the event of proration) without expense to the tendering shareholder. The Company will pay all stock transfer taxes, if any, payable on the transfer to it of Common Shares purchased pursuant to any Offer, except as set forth in Instruction 7 of the applicable Letter of Transmittal.

Delivery of Depositary Shares in exchange for, or payment of cash for, Common Shares may be delayed in the event of difficulty in determining the number of Common Shares validly tendered or if proration is required. See "--Proration" above. In addition, if certain conditions are not satisfied, the Company may not be obligated to purchase Common Shares pursuant to the Offers. See "--Conditions of the Offers" below. As provided in Rules 13e-4(f)(4) and (8)(ii) under the Exchange Act, with respect to each Offer, the Company will deliver the same consideration per Common Share for each Common Share accepted pursuant to such Offer.

#### Conditions of the Offers

It is a condition of the Exchange Offer that a minimum of 2,500,000 Common Shares be validly tendered pursuant to the Exchange Offer by the Expiration Date and not withdrawn. The Cash Offer is not conditioned upon any minimum number of Common Shares being tendered.

Notwithstanding any other provision of the Offers, the Company shall not be required to accept for exchange or payment or exchange or pay for any Common Shares tendered pursuant to the applicable Offer, and may terminate or amend either or both the Offers or may postpone (subject to the requirements of the Exchange Act for prompt exchange or payment for or return of Common Shares) the acceptance for exchange or payment of, and exchange of or payment for, Common Shares tendered, if at any time on or after June 13, 1995 and before acceptance for exchange of or payment for or exchange of or payment for any such Common Shares any of the following shall have occurred:

(a) there shall have been threatened, instituted or pending any action or proceeding by any government or governmental, regulatory or administrative agency or authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal which (i) challenges the making of the Offers, the acquisition of some or all of the Common Shares pursuant to the Offers or otherwise relates in any manner to the Offers; or (ii) in the Company's sole judgment, could materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries or materially impair the contemplated benefits of the Offers to the Company;

(b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offers or the Company or

any of its subsidiaries, by any court or any authority, agency or tribunal which, in the Company's sole judgment, would or might directly or indirectly (i) make the acceptance for exchange of or payment for, or exchange of or payment for, some or all of the Common Shares illegal or otherwise restrict or prohibit consummation of the Offers; (ii) delay or restrict the ability of the Company, or render the Company unable, to accept for exchange or payment or exchange or pay for some or all of the Common Shares; (iii) materially impair the contemplated benefits of the Offers to the Company; or (iv) materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States, (iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which, in the Company's sole judgment, might affect, the extension of credit by banks or other lending institutions in the United States, (v) any significant decrease in the market price of the Common Shares or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in the sole judgment of the Company, have a material adverse effect on the Company's business, operations or prospects or the trading in the Common Shares, (vi) in the case of any of the foregoing existing at the time of the commencement of the Offers, a material acceleration or worsening thereof or (vii) any decline in either the Dow Jones Industrial Average (4446.46 at the close of business on June 12, 1995) or the Standard and Poor's 500 Index (530.88 at the close of business on June 12, 1995) by an amount in excess of 15 percent measured from the close of business on June 12, 1995;

(d) any tender or exchange offer with respect to some or all of the Common Shares (other than the Offers), or a merger, acquisition or other business combination proposal for the Company, shall have been proposed, announced or made by any person or entity;

(e) any change shall occur or be threatened in the business, condition (financial or other), income, operations, Common Share ownership or prospects of the Company and its subsidiaries, taken as a whole, which, in the sole judgment of the Company, is or may be material to the Company; or

(f) (i) any person, entity or "group" (as that term is used in Section 13(d)(3) of the Exchange Act) shall have acquired, or proposed to acquire, beneficial ownership of more than 5% of the outstanding Common Shares (other than a person, entity or group which had publicly disclosed such ownership in a Schedule 13D or 13G (or an amendment thereto) on file with the Commission prior to June 13, 1995), (ii) any such person, entity or group which had publicly disclosed such ownership prior to such date shall have acquired, or

proposed to acquire, beneficial ownership of additional Common Shares constituting more than 2% of the outstanding Common Shares (options for and other rights to acquire Common Shares which are so acquired or proposed to be acquired being deemed for this purpose to be immediately exercisable) or (iii) any new group shall have been formed which beneficially owns more than 5% of the outstanding Common Shares;

and, in the sole opinion of the Company, in any such case and regardless of the circumstances (including any action or omission to act by the Company) giving rise to such condition, such event makes it inadvisable to proceed with one or both of the Offers or with such acceptance for exchange or payment or such exchange or payment.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances (including any action or inaction by the Company) giving rise to any such condition, and any such condition may be waived by the Company, in whole or in part, at any time and from time to time in its sole discretion, with respect to either or both Offers. The Company's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Company concerning the events described above will be final and binding on all parties.

Consummation of the Exchange Offer is not a condition to consummation of the Cash Offer. Consummation of the Cash Offer is not a condition to consummation of the Exchange Offer.

#### Commissions and Fees

Tendering shareholders will not be obligated to pay brokerage commissions, solicitation fees, or, subject to Instruction 7 of each Letter of Transmittal, stock transfer taxes on the acquisition of Common Shares by the Company in connection with either of the Offers. The Company will pay all charges and expenses of First Chicago Trust Company of New York, as Exchange Agent and Depositary, and Morrow & Co., Inc., as Information Agent, in connection with the Offers. The Company will not pay any commission or other remuneration to any broker, dealer, salesman or other person for soliciting tenders of Common Shares in connection with the Offers.

#### Status of Common Shares Acquired Pursuant to the Offers

Any Common Shares acquired by the Company pursuant to the Offers will be held as treasury shares. Such shares would be available for use by the Company, without, in most cases, the need for further shareholder authorization, for general or other corporate purposes, including redemption of Depositary Shares, stock splits or dividends, acquisitions, employee incentive, savings and compensation plans, sales to a third party or parties, or issuance of rights or warrants to purchase Common Shares. Except for use in

employee benefit plans and redemption of Depositary Shares, the Company has no present plan to use any authorized but unissued Common Shares or shares held as treasury shares for any purpose.

#### Exchange Agent and Depositary

First Chicago Trust Company of New York is the Exchange Agent for the Exchange Offer and the Depositary for the Cash Offer. All Letters of Transmittal and other documents required in connection with tenders of Common Shares pursuant to any Offer should be transmitted to the Exchange Agent and Depositary in the manner specified under "--Procedure for Tender" above and in the applicable Letter of Transmittal to its address set forth below:

By Mail:  
First Chicago Trust Company of  
New York  
Tenders & Exchanges  
Suite 4660-SUN  
P.O. Box 2559-SUN  
Jersey City  
New Jersey 07303-2559

By Hand or Overnight Delivery:  
First Chicago Trust Company of  
New York  
Tenders & Exchanges  
Suite 4680-SUN  
14 Wall Street  
8th Floor  
New York, NY 10005

#### Information Agent

Morrow & Co., Inc. is the Information Agent for the Offers. Questions and requests for assistance or for additional copies of this Offer to Purchase/Offering Circular and the applicable Letter of Transmittal and Notice of Guaranteed Delivery may be directed to the Information Agent at the following address and telephone number:

Morrow & Co., Inc.  
909 Third Avenue  
New York, NY 10022  
toll free (800) 566-9058

Banks and Brokerage Firms please call:  
(800) 662-5200

You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offers.

#### DESCRIPTION OF DEPOSITARY SHARES

Each Depositary Share represents ownership of one-half share of Preference Stock deposited under the Deposit Agreement dated as of June 13, 1995 (the "Deposit Agreement") between the Company and First Chicago Trust Company of New York, as depositary (the "Preference Stock Depositary"). Subject to the terms of the Deposit Agreement, each owner of a Depositary Share is entitled, proportionately, to all the rights, preferences and privileges of the Preference Stock represented thereby (including dividend, voting and liquidation rights), and subject proportionately, to all of the



limitations of the Preference Stock represented thereby contained in the Statement of Designation for the Preference Stock, summarized under "Description of Preference Stock."

The Depositary Shares are evidenced by depositary receipts issued pursuant to the Deposit Agreement (the "Depositary Receipts"). The following summary of the terms and provisions of the Depositary Shares does not purport to be complete and is subject to, and qualified in its entirety by, the Deposit Agreement (which contains the form of Depositary Receipt). Copies of the Deposit Agreement are available for inspection at the corporate office of the Preference Stock Depositary located at First Chicago Trust Company of New York, 14 Wall Street, 8th Floor, New York, New York 10005.

#### Issuance of Depositary Receipts

Upon issuance of the Preference Stock by the Company, the Company will deposit the Preference Stock with the Preference Stock Depositary, which will execute and deliver the Depositary Receipts to the Company. The Company will, in turn, deliver the Depositary Receipts to the Exchange Agent. Depositary Receipts will only be issued evidencing whole Depositary Shares.

#### Withdrawal of Preference Stock

Upon surrender of Depositary Receipts at the principal office of the Preference Stock Depositary, upon payment of a sum sufficient for the payment of any tax or other governmental charge with respect thereto, and subject to the terms of the Deposit Agreement, the owner of the Depositary Shares evidenced thereby is entitled to delivery of the number of whole shares of Preference Stock represented by such Depositary Shares. Fractional shares of Preference Stock will not be issued. If the Depositary Receipts delivered by the holder evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of whole shares of Preference Stock to be withdrawn, the Preference Stock Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Depositary Shares. Holders of Preference Stock thus withdrawn will not thereafter be entitled to deposit such shares under the Deposit Agreement or to receive Depositary Receipts evidencing Depositary Shares therefor. There is currently no market for Preference Stock and it is not expected that an active trading market for Preference Stock will develop.

#### Call or Redemption of Depositary Shares

As described under "Description of Preference Stock--Redemption," the Preference Stock is subject to the right of the Company to call the Preference Stock at any time, at the Company's option, for redemption. The Depositary Shares are subject to call or redemption upon the same terms and conditions (including as to notice to the owners of Depositary Shares and as to selection of Depositary Shares to be called if fewer than all the outstanding Depositary Shares are to be called) as the Preference Stock held by the Preference Stock Depositary in exchange for Common Shares delivered by the Company to the Preference Stock Depositary, except that the number of Common Shares received

upon call or redemption of each Depositary Share will be equal to one-half of the number of Common Shares received upon call or redemption of each share of Preference Stock. To the extent that Depositary Shares are redeemed for Common Shares and all of such Common Shares cannot be distributed to the record holders of Depositary Receipts without creating fractional interests in such shares, the Preference Stock Depositary may, with the consent of the Company, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the public or private sale of such shares representing in the aggregate such fractional interests at such places and upon such terms as it may deem proper, and the net proceeds of any such sale shall be distributed or made available for distribution to such record holders that would otherwise have received fractional interests in such shares. The amount distributed in the foregoing cases will be reduced by any amounts required to be withheld by the Company or the Preference Stock Depositary on account of taxes or otherwise required pursuant to law, regulation or court process.

#### Dividends and Other Distributions

The Company, on behalf of the Preference Stock Depositary (or if the Company determines otherwise, the Preference Stock Depositary), will distribute all cash dividends or other cash distributions in respect of the Preference Stock represented by the Depositary Shares to the record holders of Depositary Receipts in proportion to the number of Depositary Shares owned by such holders on the relevant record date, which will be the same date as the relevant record date fixed by the Company for the Preference Stock. In each case where a holder of Depositary Share would otherwise be entitled to receive a fraction of a cent, the Company, on behalf of the Preference Stock Depositary (or if the Company determines otherwise, the Preference Stock Depositary), will round the amount of the distribution up to the next whole cent.

In the event of a distribution other than in cash, the Company, on behalf of the Preference Stock Depositary (or, if the Company determines otherwise, the Preference Stock Depositary), will distribute property to the record holders of Depositary Receipts entitled thereto, in proportion, as nearly as may be practicable, to the number of Depositary Shares owned by such holders on the relevant record date, unless the Company determines that it is not feasible to make such distribution, in which case the Company on behalf of the Preference Stock Depositary (or, if the Company determines otherwise, the Preference Stock Depositary), may adopt any other method for such distribution as it deems appropriate, including the sale of such property and distribution of the net proceeds from such sale to such holders.

#### Procedures for Voting

Promptly upon receipt of notice of any meeting at which the holders of Preference Stock represented by such holders' Depositary Shares are entitled to vote, the Preference Stock Depositary (unless another arrangement for allowing holders of Series A Depositary Shares to exercise the voting rights associated with the Series A Depositary Shares is agreed by the Company and

the Depositary) will cause the information contained in such notice of meeting to be mailed to the record holders of Depositary Receipts as of the record date for such meeting. Each such record holder of Depositary Receipts will be entitled to instruct the Preference Stock Depositary as to the exercise of voting rights with respect to the number of shares of Preference Stock represented by such holder's Depositary Shares. The Preference Stock Depositary will endeavor, insofar as practicable, to vote with respect to the number of shares of Preference Stock represented by such Depositary Shares in accordance with such instructions, and the Company intends to take all action which may be deemed necessary by the Preference Stock Depositary in order to enable the Preference Stock Depositary to do so. The Preference Stock Depositary will abstain from voting with respect to the Preference Stock to the extent that it does not receive specific written instructions from the holders of Depositary Receipts.

#### Amendment and Termination of Deposit Agreement

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Preference Stock Depositary. However, any amendment which imposes or increases any fees, taxes, or charges upon holders of Depositary Shares (other than taxes and other governmental charges, fees and other expenses payable by such holders as provided for in the Deposit Agreement or Depositary Receipt and as stated under "--Charges of Preference Stock Depositary"), or which otherwise prejudices any substantial existing right of holders of Depositary Shares, will not take effect as to outstanding Depositary Shares until the expiration of 30 days after notice of such amendment has been mailed to the record holders of outstanding Depositary Shares. Every holder of an outstanding Depositary Share at the time any such amendment becomes effective will be deemed, by continuing to hold such Depositary Share, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. No such amendment may impair the right, subject to the terms of the Deposit Agreement, of any owner of any Depositary Shares to surrender the Depositary Receipt evidencing such Depositary Shares with instructions to the Preference Stock Depositary to deliver to the holder the Preference Stock represented thereby, except in order to comply with mandatory provisions of applicable law.

The Deposit Agreement may be terminated by the Company or the Preference Stock Depositary only if (i) all outstanding Depositary Shares have been redeemed or (ii) there has been a final distribution in respect of the Preference Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution has been made to all the holders of Depositary Shares. In the event the Deposit Agreement is terminated, the Company will use its best efforts to list the Preference Stock on the NYSE or any other national securities exchange on which the Common Shares are listed.

#### Charges of Preference Stock Depositary

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. The

Company will pay charges of the Preference Stock Depositary in connection with the initial deposit of the Preference Stock and the initial issuance of the Depositary Shares, any redemption of the Preference Stock and all withdrawals of the Preference Stock by owners of Depositary Shares. Holders of Depositary Receipts will pay transfer, income and other taxes and governmental charges and charges incurred by the Depositary at the election of a holder, as provided in the Deposit Agreement to be for their accounts. In certain circumstances, the Preference Stock Depositary and the Company may refuse to transfer Depositary Shares, may withhold dividends and distributions and may sell the Depositary Shares evidenced by such Depositary Receipt if such charges are not paid.

#### Other Rights

As to any alleged breach of a fiduciary or contractual duty owed to a holder of Depositary Shares by either the Company or its directors, such holder has the same right to bring a cause of action as would any owner of Preference Stock whose shares were held of record by a nominee, including so-called "street name" shares. Such a cause of action could be brought either directly or derivatively on behalf of the Company, depending on the nature of the underlying claim; provided that in bringing any such cause of action, a holder of Depositary Shares must otherwise comply with applicable statutory or common law requirements. In addition, holders of Depositary Shares may request the Preference Stock Depositary to bring such causes of action provided indemnities satisfactory to the Preference Stock Depositary are given.

#### Miscellaneous

Application will be made to list the Depositary Shares on the NYSE upon official notice of issuance and subject to adequacy of distribution and other listing requirements. If these conditions are not met, it is expected that the Depositary Shares will trade in the over-the-counter market.

The Company will deliver to the Preference Stock Depositary all reports to shareholders and other communications which the Company is required to furnish to the holders of Preference Stock by law, by the rules of the NYSE or by the Articles of Incorporation of the Company or Statement of Designation relating to the Preference Stock. The Preference Stock Depositary will forward to the holders of Depositary Shares and will make available for inspection by holders of such Depositary Shares at the principal office of the Preference Stock Depositary, and at such other places as it may from time to time deem advisable, any such reports and communications received from the Company.

Neither the Preference Stock Depositary nor the Company will be subject to any liability under the Deposit Agreement to holders of Depositary Receipts other than for its negligence, bad faith or willful misconduct. Neither the Preference Stock Depositary nor the Company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement. The obligations of the Company and the Preference Stock Depositary under the Deposit Agreement will be limited to

performance in good faith of their duties thereunder, and they will not be obligated to prosecute or defend any legal proceeding in respect of any Depositary Shares or shares of Preference Stock unless satisfactory indemnity is furnished. The Company and the Preference Stock Depositary may rely on written advice of counsel or accountants, on information provided by holders of Depositary Shares or other persons believed in good faith to be competent to give such information and on documents believed to be genuine and to have been signed or presented by the proper party or parties.

#### Resignation and Removal of Preference Stock Depositary

The Preference Stock Depositary may resign at any time by delivering to the Company notice of its election to do so. The Company may at any time, by notice, remove the Preference Stock Depositary or may terminate the engagement of the Preference Stock Depositary with respect to any or all of its duties and obligations under the Deposit Agreement. Any such resignation, removal or termination will take effect upon the appointment of a successor Preference Stock Depositary and such successor's acceptance of such appointment with respect to all the predecessor's duties and obligations so terminated. Such successor Preference Stock Depositary must be appointed within 45 days after delivery of the notice for resignation, removal or termination and, if the predecessor is to acquire title to Preferred Stock, must be a bank or trust company having its principal office in the United States of America and having a combined capital and surplus of at least \$50,000,000.

#### DESCRIPTION OF PREFERENCE STOCK

The following description of the Preference Stock is summarized from, and is qualified in its entirety by reference to, the Statement of Designation to be filed by the Company with the Commonwealth of Pennsylvania attached hereto as Annex A. Such Annex A sets forth the terms of the Preference Stock and should be read with care.

#### General

The Board of Directors of the Company is authorized without further shareholder action to provide for the issuance of up to 15,000,000 shares of Cumulative Preference Stock of the Company ("Cumulative Preference Stock") in one or more series and to determine the designations, preferences, qualifications, privileges, limitations and other special rights of each series, including the number of shares issuable in each series, dividend rates, liquidation rights, voting rights, conversion rights, redemption rights, sinking funds, stated value and such other provisions as may be determined by the Board of Directors in accordance with Pennsylvania law.

#### Rank

The Preference Stock will rank, with respect to dividend rights and rights upon liquidation, dissolution or winding up, prior to the Common Shares and to any other capital stock of the Company (collectively, the "Junior Stock"), other than capital stock which shall by its terms rank prior to or on

a parity with ("Parity Stock") Cumulative Preference Stock and which shall be authorized by a vote of the holders of at least two-thirds of the then-outstanding Cumulative Preference Stock of all series.

## Dividend Rights

Holders of Preference Stock will be entitled to receive, when, as and if declared by the Board of Directors of the Company, cumulative cash dividends, accruing at the rate per share (the "Dividend Rate") of \$3.60 per annum and no more, payable in cash quarterly, each such quarterly payment to be in respect of the quarterly period ending with the day next preceding the date of such payment (except in the case of the first dividend which shall be in respect of the period beginning on the Accrual Date (i.e., June 12, 1995) and ending with the day next preceding the date of such payment), to holders of Preference Stock of record on the respective dates, not exceeding forty (40) days preceding such quarterly dividend payment dates, fixed for that purpose by the Board of Directors. Such dividends shall be cumulative from the Accrual Date and shall accrue daily. Accruals of dividends shall not bear interest. Dividends will be payable on or before each March 13, June 13, September 13 and December 13 (or, if any such day is not a business day, on the next succeeding business day).

Dividends will cease to accrue in respect of any shares of Preference Stock redeemed on the redemption date with respect to such redemption.

Dividends on the Preference Stock will accrue whether or not such dividends are declared and will accumulate to the extent they are not paid on the dividend payment date for the quarter for which they accrue. Holders of the Preference Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative accrued dividends as described herein.

Before any dividends (other than dividends payable in Junior Stock) on any Junior Stock shall be declared and set apart for payments or paid, the holders of shares of Preference Stock shall be entitled to receive cash dividends, when and as declared by the Board of Directors at the Dividend Rate, and no more. No dividends shall be declared or paid or set apart for payment on the Preference Stock in respect of any quarterly dividend period unless there shall likewise be or have been declared and paid or set apart for payment on all shares of Cumulative Preference Stock of each other series at the time outstanding like dividends in proportion to the respective annual dividend rates fixed therefor for all quarterly dividend periods coinciding with or ending before such quarterly dividend period.

So long as any shares of Preference Stock are outstanding, the Company shall not declare or set apart for payment or pay any dividends (other than stock dividends payable on shares of Junior Stock) or make any distribution on any Junior Stock and shall not redeem, purchase or otherwise acquire, or permit any subsidiary to purchase or otherwise acquire, any shares of any such Junior Stock if at the time of making such declaration, payment, distribution, redemption, purchase or acquisition the Company shall be in default with

respect to any dividend payable on, or any obligation to purchase, shares of Preference Stock; provided, however, that, notwithstanding the foregoing, the Company may at any time redeem, purchase or otherwise acquire shares of stock of any such Junior Stock in exchange for, or out of the net cash proceeds from the sale of, other shares of stock of any Junior Stock.

#### Liquidation Preference

Upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, the Preference Stock shall be preferred as to assets over Junior Stock so that the holder of each share of the Preference Stock shall be entitled to be paid or to have set apart for payment in respect of each such share, before any distribution is made to the holders of any Junior Stock, a liquidation preference equal to twice the fair market value (as determined by the Board of Directors of the Company, based on advice of tax counsel in accordance with United States federal income tax principles, which determination shall be conclusive), of a Depositary Share on the date of issuance thereof (which generally will be the mean between the highest and lowest quoted selling prices of the Depositary Shares on such date), plus an amount equal to all dividends accrued and unpaid up to and including the date fixed for such payment, and such holder of a share of the Preference Stock shall not be entitled to any other payment. If upon any such liquidation, dissolution or winding up of the Company, its net assets shall be insufficient to permit the payment in full of the respective amounts to which the holders of all outstanding shares of the Preference Stock and any outstanding Preference Stock that is Parity Stock are entitled, the entire remaining net assets of the Company shall be distributed among the holders of the Preference Stock and any outstanding Preference Stock that is Parity Stock, in amounts proportionate to the full preferential amounts to which they are respectively entitled.

The voluntary sale, lease, exchange or transfer for cash, shares of stock (securities or other consideration) of all or substantially all the Company's property or assets to, or its consolidation or merger with, one or more corporations shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Company.

The liquidation preference of the Preference Stock is not indicative of the price at which the Depositary Shares may actually trade at or after the date of issuance.

#### Voting Rights

The holders of shares of Preference Stock shall be entitled to vote on all matters submitted to a vote of the holders of the Common Shares, voting together with the holders of the Common Shares (and any other class or series of capital stock of the Company entitled to vote together with the Common Shares) as one class. Each share of the Preference Stock shall be entitled to one vote.

In addition, if the Company shall have failed to pay, or declare and set

apart for payment, dividends on Preference Stock in an aggregate amount equivalent to six (6) full quarterly dividends on all shares of Preference Stock at the time outstanding, the number of Directors of the Company shall be increased by two (2) at the first annual meeting of the shareholders of the Company held thereafter, and at such meeting and at each subsequent annual meeting until dividends payable for all past quarterly dividend periods on all outstanding shares of Preference Stock shall have been paid, or declared and set apart for payment, in full, the holders of the shares of Cumulative Preference Stock of each series shall have, in addition to any other voting rights which they otherwise may have, the exclusive and special right, voting separately as a class without regard to series, each share of Cumulative Preference Stock entitling the holder thereof to one (1) vote per share, to elect two (2) additional members of the Board of Directors to hold office for a term of one (1) year; provided, however, that the right to vote as a class upon the election of such two (2) additional Directors shall not limit the right of holders of the Preference Stock to vote upon the election of all other Directors and upon other matters set forth in the immediately preceding paragraph above. Upon such payment, or declaration and setting apart for payment, in full, the terms of the two (2) additional Directors so elected shall forthwith terminate, and the number of Directors of the Company shall be reduced by two (2) and such special voting right of the holders of shares of Preference Stock shall cease, subject to increase in the number of Directors as aforesaid and to revesting of such voting right in the event of each and every additional failure in the payment of dividends in an aggregate amount equivalent to six (6) full quarterly dividends as aforesaid.

The Company shall not, without the affirmative vote or consent of the holders of at least 66 2/3% of the number of shares of Cumulative Preference Stock of all series at the time outstanding, voting or consenting (as the case may be) separately as a class without regard to series, given in person or by proxy, either in writing or by resolution adopted at a meeting:

(i) create any class of stock ranking prior to or on a parity with Cumulative Preference Stock as to dividends or upon liquidation or increase the authorized number of shares of any such previously authorized class of stock;

(ii) alter or change any of the provisions of the Articles of Incorporation so as to adversely affect the preferences, special rights or powers given to the Cumulative Preference Stock;

(iii) increase the number of shares of Cumulative Preference Stock which the Company is authorized to issue; or

(iv) alter or change any of the provisions of the Articles of Incorporation or hereof so as to adversely affect the preferences, special rights or powers given to the Preference Stock.

Redemption



At any time and from time to time, the Company shall have the right to call, in whole or in part, the outstanding shares of Preference Stock for redemption. On the Redemption Date with respect to any such redemption, the Company shall deliver to the holders thereof, in exchange for each such share called for redemption, the following consideration:

(1) in the event such Redemption Date is prior to the Specified Date (i.e, prior to June 12, 1998),

(i) a number of Common Shares equal to the Preference Stock Call Price (as defined below) in effect on the Redemption Date divided by the Current Market Price of the Common Shares as of the end of the second trading day immediately preceding the date on which the Company gives notice regarding the redemption to the holders of the Preference Stock, and

(ii) an amount in cash equal to all accrued and unpaid dividends on such share of Preference Stock to and including the Redemption Date, whether or not declared, out of funds legally available therefor (and dividends shall cease to accrue on such share as of such date); and

(2) in the event such Redemption Date is on or after the Specified Date,

(i) Common Shares at the Common Equivalent Rate (as defined below) in effect on the Redemption Date; and

(ii) an amount in cash equal to all accrued and unpaid dividends on such share of Preference Stock to and including the Redemption Date, whether or not declared, out of funds legally available for the payment of dividends (and dividends shall cease to accrue on such share as of the Redemption Date).

The Company currently intends to redeem all the outstanding Preference Stock (and Depositary Shares represented thereby) on the Specified Date if not theretofore redeemed.

If at any time less than all of the shares of Preference Stock then outstanding are to be called for redemption, the shares to be redeemed may be selected by lot or such other equitable method as the Board of Directors of the Company in its discretion may determine.

The opportunity for equity appreciation afforded by an investment in the Preference Stock (and the Depositary Shares) is limited because the Company may, at its option, call the Preference Stock (and thereby the Depositary Shares) at any time prior to the Specified Date at the Preference Stock Call Price, and may be expected to do so prior to the Specified Date if, among other things, the market price of the Common Shares has theretofore exceeded the Depositary Share Call Price.

Because the price of the Common Shares is subject to market fluctuations, the value of the Common Shares received by a holder of Depositary Shares upon

redemption thereof on or after the Specified Date may be more or less than the value of the Common Shares tendered in exchange for such Depositary Shares.

The shares of Preference Stock are not redeemable for Common Shares or cash at the option of the holders thereof.

Upon the effectiveness at any time of a merger, consolidation or similar extraordinary transaction involving the Company that results in the conversion or exchange of the Common Shares into, or results in the holders of Common Shares having the right to receive, other securities or other property (a "Fundamental Transaction"), each share of Preference Stock will be entitled to receive consideration in such transaction of the same type as is received by holders of the Common Shares in such transaction and having a fair value equal to the value of the Common Shares that the holder of such share of Preference Stock would receive if such share of Preference Stock were redeemed by the Company at such time.

The "Common Equivalent Rate" initially will be two Common Shares for each share of Preference Stock, subject to adjustment in the event of certain stock dividends or distributions, subdivisions, splits, combinations, issuances of certain rights or warrants, distributions of certain assets, or certain other dilutive events with respect to the Common Shares.

The term "Current Market Price" on any date of determination means the average closing price of a Common Share on the NYSE for the five consecutive trading days ending on and including such date of determination; provided, however, that if the closing price of the Common Shares on the NYSE on the trading day next following such five-day period (the "next-day closing price") is less than 95% of such average closing price, then the Current Market Price per Common Share on such date of determination will be the next-day closing price; and provided further that, with respect to any redemption of the Preference Stock, if any adjustment of the Common Equivalent Rate becomes effective during the period beginning on the first day of such five-day period and ending on the applicable redemption date, the Current Market Price as determined pursuant to the foregoing will be appropriately adjusted to reflect such adjustment.

The "Preference Stock Call Price" will initially be \$84.79952 for each share of Preference Stock, declining by \$.004444 on each day following the Accrual Date (i.e. June 12, 1995) (computed on the basis of a 360-day year of twelve 30-day months) to \$80.26664 on April 12, 1998, and equal to \$80 per share thereafter through June 11, 1998. The Preference Stock Call Price in effect at any time is equal to the sum of (i) \$80 plus (ii) the Dividend Premium (as defined below) then in effect. The term "Dividend Premium" with respect to a share of the Preference Stock means an amount initially equal to \$4.79952 for each share of Preference Stock, declining by \$.004444 on each day following the Accrual Date (i.e. June 12, 1995) to \$.26664 on April 12, 1998, and equal to \$0 per share thereafter through June 11, 1998.

Notice of a redemption must be given to the holders of Preference Stock at least 30 but not more than 60 days prior to the redemption date.

No fractional Common Shares or scrip representing fractional Common Shares shall be issued upon the redemption of any shares of Preference Stock. Instead of any fractional interest in a Common Share which would otherwise be deliverable upon the redemption of a share of Preference Stock, the Company shall pay to the holder of such share an amount in cash (computed to the nearest cent) equal to the same fraction of the Current Market Price of the Common Shares determined as of the second trading day immediately preceding the relevant notice date.

#### Miscellaneous

The Preference Stock will not have any conversion rights to convert into Common Shares. The Preference Stock will have no preemptive rights.

#### SOURCE AND AMOUNT OF FUNDS

Assuming that the Company purchases 6,400,000 Common Shares pursuant to the Cash Offer at a price of \$33 per Common Share, the Company estimates that the total amount in cash required by the Company to purchase such Common Shares pursuant to the Cash Offer and to pay fees and expenses related to the Offers will be approximately \$215 million. The Company expects to pay such amounts from cash proceeds received from the sale of the Company's remaining 55% interest in Suncor, a Canadian integrated oil company. See "The Offers--Background and Purpose."

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following summary describes certain United States federal income tax consequences of (i) an exchange of Common Shares pursuant to the Exchange Offer, the Cash Offer or both and (ii) the ownership and disposition of Depositary Shares and Preference Stock. The discussion contained in this summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations, judicial decisions and administrative pronouncements, changes to which could materially affect the tax consequences described herein and could be made on a retroactive basis. In addition, stock having terms closely resembling those of the Preference Stock have not been the subject of any regulation, ruling or judicial decision currently in effect and there can be no assurance that the Internal Revenue Service will take the positions set forth below.

This summary discusses only Common Shares, Depositary Shares and Preference Stock held as capital assets within the meaning of Section 1212 of the Code and does not deal with all tax consequences that may be relevant to all categories of holders (such as dealers in securities or commodities, insurance companies, tax-exempt organizations or persons who hold Common Shares, Depositary Shares or Preference Stock as a position in a straddle). In particular, the summary may not be applicable to holders who received their Common Shares pursuant to the exercise of employee stock options or otherwise

as compensation or to Common Shares held by the Company's employee benefit plans. The summary does not address the state, local or foreign tax consequences of participating in the Cash Offer or the Exchange Offer or of holding Preference Stock. Holders of Common Shares should consult their tax advisors as to the particular consequences to them of participation in the Cash Offer or the Exchange Offer or both and of the ownership and disposition of Depositary Shares and Preference Stock.

As used herein, a "United States Holder" means a beneficial owner of Common Shares, Depositary Shares or Preference Stock, as the case may be, that is a citizen or resident of the United States, a corporation or partnership created or organized under the laws of the United States or any State thereof, an estate or trust the income of which is subject to United States federal income taxation regardless of its source, or a person or entity that is otherwise subject to United States federal income taxation on a net income basis in respect of income derived from the Common Shares, Depositary Shares or Preference Stock, as the case may be. A "Non-United States Holder" means a beneficial owner of Common Shares, Depositary Shares or Preference Stock, as the case may be, that is not a United States Holder.

#### UNITED STATES HOLDERS

##### Non-Participation in the Cash Offer and the Exchange Offer

Holders of Common Stock who do not participate in either the Cash Offer or the Exchange Offer will not incur any tax liability as a result of the consummation of the Offers.

##### Exchange of Common Shares Pursuant to the Cash Offer or the Exchange Offer or Both

###### Exchange of Common Shares for Cash

An exchange of Common Shares for cash in the Cash Offer by a United States Holder that does not exchange any Common Shares for Depositary Shares pursuant to the Exchange Offer will be a taxable transaction for United States federal income tax purposes (and may also be taxable under applicable state, local and foreign tax laws.) As a consequence of the exchange, the United States Holder will, depending of such Holder's particular circumstances, be treated either as recognizing gain or loss from the disposition of the Common Shares or as receiving a dividend distribution from the Company.

Under Section 302 of the Code, a United States Holder will recognize gain or loss on an exchange of Common Shares for cash if the exchange (i) results in a "complete termination" of all such Holder's equity interest in the Company, (ii) results in a "substantially disproportionate" redemption with respect to such Holder or (iii) is "not essentially equivalent to a dividend" with respect to the Holder. In applying the Section 302 tests, a United States Holder must take account of stock that such Holder constructively owns under attribution rules, pursuant to which the Holder will be treated as

owning stock of the Company owned by certain family members and related entities and stock of the Company that the Holder has the right to acquire by exercise of an option. An exchange of Common Shares for cash will be a substantially disproportionate redemption with respect to a United States Holder if the percentage of the then outstanding voting stock of the Company owned by such Holder immediately after the exchange is less than 80% of the percentage of the voting stock of the Company owned by such Holder immediately before the exchange. If an exchange of Common Shares for cash fails to satisfy the "substantially disproportionate" test, the United States Holder may nonetheless satisfy the "not essentially equivalent to a dividend" test. An exchange of Common Shares for cash will be "not essentially equivalent to a dividend" if it results in a "meaningful reduction" of the United States Holder's equity interest in the Company. An exchange of Common Shares for cash that results in a reduction of the proportionate equity interest in the Company of a United States Holder whose relative equity interest in the Company is minimal (an interest of less than one percent should satisfy this requirement) and who exercises no control over the Company's corporate affairs should be treated as "not essentially equivalent to a dividend." United States Holders should consult their own tax advisors about the application of the rules of Section 302 in their particular circumstances.

If a United States Holder recognizes gain or loss as a consequence of an exchange of Common Shares for cash, such gain or loss will be equal to the difference between the amount of cash received and such Holder's tax basis in the Common Shares exchanged therefor. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the Common Shares exceeds one year as of the date of the exchange. Gain or loss must be determined separately for each block of Common Shares (that is, Common Shares acquired at the same cost in a single transaction) that is exchanged for cash. A United States Holder may be able to designate (generally through its broker) which blocks of Common Shares are tendered pursuant to the Cash Offer, if less than all of such Holder's Common Shares are tendered, and the order in which blocks are exchanged for cash, in case of proration pursuant to the Cash Offer. Each United States Holder should consult its tax advisor concerning the mechanics and desirability of such a designation.

If a United States Holder is not treated under the Section 302 tests as recognizing gain or loss on an exchange of Common Shares for cash, the cash received by such United States Holder will be treated as a dividend to the extent of the Holder's allocable portion of the Company's current and accumulated earnings and profits. Such a dividend will be includible in the United States Holder's gross income as ordinary income in its entirety, without reduction for the tax basis of the Common Shares exchanged; no loss will be recognized; and the United States Holder's tax basis in the Common Shares exchanged will be added to such Holder's tax basis in the remaining Common Shares that it owns. To the extent that cash received in exchange for Common Shares is treated as a dividend to a corporate United States Holder, (i) it will be eligible for a dividends-received deduction (subject to applicable limitations) and (ii) it will be subject to the "extraordinary dividend" provisions of the Code unless the payment of cash pursuant to the

Cash Offer is pro rata as to all holders of Common Shares, which is not likely to be the case. Under proposed legislation, corporate United States Holders that exchange Common Shares for cash would generally be treated as recognizing gain, if any, on the exchange, rather than as receiving a dividend, and might not be permitted to recognize a loss on the exchange. Corporate United States Holders should consult their tax advisors concerning this proposed legislation.

The Company cannot predict the extent to which the Cash Offer will be oversubscribed. If the Cash Offer is oversubscribed, proration of tenders pursuant to the Cash Offer will cause the Company to accept fewer shares than are tendered. Therefore, a United States Holder can be given no assurance that a sufficient number of such Holder's Common Shares will be purchased pursuant to the Cash Offer to ensure that such purchase will be treated as a sale or exchange, rather than as a dividend, for federal income tax purposes pursuant to the rules discussed above.

#### Exchange of Common Shares for Depositary Shares

The Company has received an opinion of Davis Polk & Wardwell, as tax counsel, to the effect that the receipt of Depositary Shares by holders tendering Common Shares solely pursuant to the Exchange Offer (and not tendering Common Shares pursuant to the Cash Offer) will be treated as part of a tax-free recapitalization under Section 368(a)(1)(E) of the Code and that such tendering holders will therefore not incur income tax liability in connection with the Exchange Offer. Accordingly, a holder's tax basis in the Depositary Shares received in the exchange will be equal to such holder's tax basis in the Common Shares exchanged therefor, and the holding period of such Depositary Shares will include the holding period of such Common Shares.

#### Exchange of Common Shares for Cash and Depositary Shares

If a United States Holder exchanges some Common Shares for cash pursuant to the Cash Offer and some Common Shares for Depositary Shares pursuant to the Exchange Offer, such Holder will be treated as participating in a single recapitalization of Common Shares for a combination of Depositary Shares and cash. The United States Holder will realize gain equal to the difference between (i) the sum of the amount of cash and the fair market value of the Depositary Shares received and (ii) such Holder's tax basis in the Common Shares exchanged in both the Cash Offer and the Exchange Offer; however, the amount of gain subject to tax will be limited to the amount of cash received. Such taxable gain will be treated either as a dividend under the Section 302 tests described above in "Exchange of Common Shares for Cash" or as capital gain. No loss will be recognized on an exchange of Common Shares for both Depositary Shares and cash.

The United States Holder's tax basis in the Depositary Shares received in such an exchange will be equal to such Holder's tax basis in the Common Shares exchanged both in the Exchange Offer and in the Cash Offer, decreased by the cash received and increased by the amount of gain recognized. The holding

period of such Depositary Shares will include the period during which the United States Holder held such Common Shares.

## Ownership and Disposition of Depositary Shares and Preference Stock

### Depositary Shares

The tax treatment of United States Holders of Depositary Shares will be the same as the tax treatment of United States Holders of Preference Stock as described below. In addition, a United States Holder will recognize no gain or loss on the withdrawal of Preference Stock in exchange for Depositary Shares pursuant to the Deposit Agreement; the United States Holder's tax basis in the withdrawn Preference Stock will be the same as such Holder's tax basis in the Depositary Shares surrendered therefor; and the United States Holder's holding period for the withdrawn Preference Stock will include the period during which such Holder held the surrendered Depositary Shares.

### Dividends

Dividends paid on the Preference Stock out of the Company's current or accumulated earnings and profits will be taxable as ordinary income and will qualify for the 70% intercorporate dividends-received deduction, subject to the minimum holding period requirement (generally at least 46 days) and other applicable requirements. The dividends-received deduction will not be allowed for purposes of calculating a corporate United States Holder's adjusted current earnings under the alternative minimum tax rules. To the extent, if any, that the amount of any dividend paid on the Preference Stock exceeds the Company's current and accumulated earnings and profits, it will be treated first as a return of the United States Holder's tax basis in the Preference Stock and thereafter as a capital gain.

Under certain circumstances, a corporation that receives an "extraordinary dividend," as defined in Section 1059(c) of the Code, is required to reduce the tax basis of its stock by the non-taxed portion of such dividend. A corporate United States Holder must consider its holding period for, its tax basis in, and the fair market value of, the Preference Stock in determining whether dividends paid on the Preference Stock will constitute "extraordinary dividends." In addition, under Section 1059(f), any dividend with respect to "disqualified preferred stock" is treated as an "extraordinary dividend." However, while the issue is not free from doubt due to the lack of authority directly on point, the Preference Stock should not constitute "disqualified preferred stock."

### Redemption Premium

Under certain circumstances, Section 305(c) of the Code requires that any excess of the redemption price of preferred stock over its issue price be includible in income, prior to receipt, as a constructive dividend. However, Section 305(c) does not currently apply to stock with terms such as those of the Preference Stock.

## Call of Preference Stock for Common Shares

Gain or loss generally will not be recognized by a United States Holder upon the call of the Preference Stock for Common Shares. Cash received in payment of dividends in arrears is likely to be treated as dividend income. In addition, a United States Holder that receives cash in lieu of a fractional share will be treated as having received such fractional share and exchanged it for cash in a transaction generally giving rise to capital gain or loss. A United States Holder's tax basis in the Common Shares, including any fractional share, received on the call of the Preference Stock will equal the tax basis of the called or redeemed Preference Stock. The holding period of such Common Shares will include the holding period of the called or redeemed Preference Stock.

It is possible that the Internal Revenue Service would assert that a call of the Preference Stock by the Company prior to the Specified Date increases the proportionate interests of the holders of Common Shares in the assets or earnings and profits of the Company and should therefore, pursuant to Section 305(c) of the Code, give rise to a constructive dividend to such holders at the time of the call. However, such an assertion should not prevail because a call of Preference Stock should be treated as an isolated recapitalization and not as part of a plan periodically to increase the proportionate interest of holders of Common Shares in the Company's assets or earnings and profits.

## Other Dispositions of Preference Stock

A United States Holder will generally recognize gain or loss on a sale, exchange or other disposition of Preference Stock in an amount equal to the difference between the amount realized on the disposition and such Holder's tax basis in the Preference Stock. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the Preference Stock exceeds one year as of the date of the disposition.

Under certain circumstances, upon the taxable disposition or taxable redemption of "section 306 stock," the holder of such stock is required to recognize as ordinary income, in the case of a disposition, or as dividend income, in the case of a redemption, all or a portion of the proceeds received by such holder, without regard to such holder's tax basis in the "section 306 stock," and cannot recognize any loss. To the extent that a United States Holder that exchanges Common Shares for Preference Stock would have been treated, under the rules of Section 302 of the Code, as receiving a dividend distribution from the Company if such Holder had tendered such Common Shares for cash, the Preference Stock owned by such United States Holder may be treated as "section 306 stock." For a description of the rules of Section 302, see "Exchange of Common Shares Pursuant to the Cash Offer or the Exchange Offer or Both -- Exchange of Common Shares for Cash" above. United States Holders should consult their tax advisors concerning the consequences of the Exchange Offer under Section 306 of the Code.

## Adjustment of Common Equivalent Rate



Certain adjustments to the Common Equivalent Rate to reflect the Company's issuance of certain rights, warrants, evidences of indebtedness, securities or other assets to holders of Common Shares may result in constructive distributions taxable as dividends to the United States Holders of the Preference Stock. Any such constructive dividend may constitute, and may cause other dividends to constitute, "extraordinary dividends" to corporate United States Holders. See "Dividends" above.

#### Backup Withholding

Certain noncorporate United States Holders may be subject to backup withholding at a rate of 31% on cash received in exchange for Common Shares, on dividends received on the Preference Stock and on certain consideration received on a call of the Preference Stock. Generally, backup withholding applies only when the taxpayer fails to furnish or certify a proper taxpayer identification number or when the taxpayer is notified by the Internal Revenue Service that the taxpayer has failed to report payments of interest and dividends properly. United States Holders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining any applicable exemption.

#### NON-UNITED STATES HOLDERS

The Company will withhold United States federal income tax at the rate of 30% from cash received by a Non-United States Holder in exchange for Common Shares pursuant to the Cash Offer, unless the Company determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such cash is effectively connected with the conduct of a trade or business in the United States. A Non-United States Holder may be able to obtain a refund of such tax from the Internal Revenue Service if such Holder establishes that the exchange did not give rise to dividend income or if such Holder is entitled to a reduced rate of withholding tax pursuant to a tax treaty and the Company withheld at a higher rate. For information regarding the United States withholding tax in respect of Non-United States Holders, see Instruction 10 of the YELLOW Letter of Transmittal. Dividends paid on the Preference Stock to a Non-United States Holder will also be subject to United States withholding tax at the rate of 30% or, if applicable, a lower treaty rate unless such Non-United States Holder establishes that the dividends are effectively connected with the conduct of a trade or business in the United States. The Company may be a United States real property holding company and, as a consequence, a Non-United States Holder may, in certain circumstances, be subject to United States federal income tax on a sale or other taxable disposition of the Preference Stock. Non-United States Holders are urged to consult their United States tax advisors concerning the United States federal tax consequences, as well as other tax consequences, of participation in the Cash Offer or the Exchange Offer or both and of the ownership and disposition of Depositary Shares and Preference Stock.

#### FEES

Other than as described below, no fees will be paid to brokers, dealers or others by the Company in connection with the Offers.

The Exchange Agent and Depositary, the Preference Stock Depositary and the Information Agent will receive reasonable and customary compensation for their services and will also be reimbursed for certain out-of-pocket expenses. The Company has agreed to indemnify the Exchange Agent and Depositary and the Information Agent against certain liabilities in connection with the Offers, including certain liabilities under the federal securities laws. Neither the Exchange Agent and Depositary nor the Information Agent has been retained to make solicitations or recommendations in their respective roles as Exchange Agent and Depositary and Information Agent.

#### MISCELLANEOUS

Except as set forth in Annex B hereto, neither the Company nor, to its knowledge, any of its subsidiaries, executive officers or directors or any associate of any such officer or director has engaged in any transactions involving the Common Shares during the 40 business days preceding the date hereof. Neither the Company nor, to its knowledge, any of its executive officers or directors is a party to any contract, arrangement, understanding or relationship relating directly or indirectly to the Offers with any other person with respect to the Common Shares.

ANNEX A

#### SUN COMPANY, INC.

#### Statement of Designation for the Issuance of Preference Stock Pursuant to Section 1522 of the Pennsylvania Business Corporation Law

Pursuant to section 1522 of the Pennsylvania Business Corporation Law of 1988, as amended, Sun Company, Inc., a Pennsylvania corporation ("Corporation"), does hereby file this Statement of Designation for the Issuance of Preference Stock in such series as designated by the Board of Directors of the Corporation by resolutions duly adopted at its meeting held Monday, June 12, 1995, and the Corporation, acting through its duly authorized officers, does hereby certify as follows:

FIRST: That the Articles of Incorporation of the Corporation ("Articles of Incorporation") at Article Fourth provide that,

The total number of shares of capital stock which this Corporation shall have authority to issue is Two Hundred Fifteen Million (215,000,000) to be divided into two classes consisting of Fifteen Million (15,000,000) shares designated as "Cumulative Preference Stock" (hereinafter called "Preference Stock"), without par value, and Two Hundred Million (200,000,000) shares designated as "Common Stock" (hereinafter called "Common Stock"), \$1 par value.

SECOND: That Article Fourth of the Articles of Incorporation further provides that authority is vested in the Board of Directors, by resolution, to divide any or all of the authorized shares of Preference Stock into series and to fix and determine the designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights of each such series.

THIRD: That, pursuant to the authority so vested in the Board of Directors by the Articles of Incorporation, the Board of Directors duly approved the following actions and adopted the following resolutions:

RESOLVED, That pursuant to the authority vested in the Board of Directors pursuant to the Articles of Incorporation of this Corporation, Twelve Million Five Hundred Thousand (12,500,000) shares of Preference Stock are hereby approved for issuance in such series as shall be hereinafter designated as the "Series A Cumulative Preference Stock," and each share of such Series A Cumulative Preference Stock shall be imposed upon and granted the preferences, qualifications, privileges, limitations and other special rights set forth in the attached Exhibit A, which is incorporated into this resolution by reference; and

FURTHER RESOLVED, That pursuant to the authority vested in the Board of Directors pursuant to section 1522 of the Pennsylvania Business Corporation Law of 1988, as amended, the Corporation is hereby authorized to amend and restate the Articles of Incorporation to reflect the terms and provisions of the Series A Cumulative Preference Stock set forth in Exhibit A attached hereto.

FOURTH: That said resolutions were duly adopted by the Board of Directors at its meeting held on Monday, June 12, 1995 and such resolutions remain in full force and effect, without amendment.

IN WITNESS WHEREOF, the Corporation, acting through the undersigned duly authorized officers has executed this Statement and caused the corporate seal of the Corporation to be affixed as of this 12th day of June 1995.

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R. M. Aiken, Jr.  
Senior Vice President and  
Chief Financial Officer

ATTEST:

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SERIES A CUMULATIVE PREFERENCE STOCK

1. Designation. The designation of the series of Preference Stock authorized by this resolution shall be Series A Cumulative Preference Stock (the "Series A Preference Stock") consisting of 12,500,000 shares.

2. Rank. The Series A Preference Stock shall rank, as to dividends and upon liquidation, dissolution or winding up, prior to the Common Stock and to any other capital stock of the Corporation hereafter authorized, other than capital stock which shall by its terms rank prior to or on a parity with the Series A Preference Stock and which shall be authorized pursuant to paragraph 6(d) hereof. Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to Series A Preference Stock, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Preference Stock;

(ii) on a parity with Series A Preference Stock, either as to dividends or upon liquidation, whether or not the dividend rates or dividend payment dates or the redemption or liquidation prices per share thereof be different from those of Series A Preference Stock, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority one (1) over the other as between the holder of such class or classes and the holders of Series A Preference Stock ("Parity Stock"); and

(iii) junior to Series A Preference Stock, either as to dividends or upon liquidation, if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of Series A Preference Stock in respect of the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be ("Junior Stock").

3. Dividends.

(a) The holders of outstanding shares of the Series A

Preference Stock shall be entitled to receive, when and as declared by the Board of Directors, cash dividends accruing at the per share rate of \$3.60 per annum (the "Dividend Rate") and no more, payable in cash quarterly, each such quarterly payment to be in respect of the quarterly period ending with the day next preceding the date of such payment (except in the case of the first dividend which shall be in respect of the period beginning with June 12, 1995 and ending with the day next preceding the date of such payment), to holders of Series A Preference Stock of record on the respective dates, not exceeding forty (40) days preceding such quarterly dividend payment dates, fixed for that purpose by the Board of Directors. Such dividends shall be cumulative from June 12, 1995 and shall accrue daily. Accruals of dividends shall not bear interest. Dividends will be payable on or before each March 13, June 13, September 13 and December 13 (or, if any such day is not a business day, on the next succeeding business day).

(b) Before any dividends (other than dividends payable in Junior Stock) on any class or classes of stock of the Corporation ranking junior to Series A Preference Stock as to dividends or upon liquidation shall be declared and set apart for payments or paid, the holders of shares of Series A Preference Stock shall be entitled to receive cash dividends, when and as declared by the Board of Directors at the Dividend Rate, and no more. No dividends shall be declared or paid or set apart for payment on the Series A Preference Stock in respect of any quarterly dividend period unless there shall likewise be or have been declared and paid or set apart for payment on all shares of Preference Stock of each other series at the time outstanding like dividends in proportion to the respective annual dividend rates fixed therefor for all quarterly dividend periods coinciding with or ending before such quarterly dividend period.

(c) So long as any shares of Series A Preference Stock are outstanding, the Corporation shall not declare or set apart for payment or pay any dividends (other than stock dividends payable on shares of Junior Stock) or make any distribution on any other class or classes of stock of the Corporation ranking junior to Series A Preference Stock as to dividends or upon liquidation and shall not redeem, purchase or otherwise acquire, or permit any subsidiary to purchase or otherwise acquire, any shares of any such Junior Stock if at the time of making such declaration, payment, distribution, redemption, purchase or acquisition the Corporation shall be in default with respect to any dividend payable on, or any obligation to purchase, shares of Series A Preference Stock; provided, however, that, notwithstanding the foregoing, the Corporation may at any time redeem, purchase or otherwise acquire shares of stock of any such Junior Stock in exchange for, or out of the net cash proceeds from the sale of, other shares of stock of any Junior Stock.

#### 4. Redemptions.

(a) Right to Call for Redemption. At any time and from time to time, the Corporation shall have the right to call, in whole or in part, the outstanding shares of the Series A Preference Stock for redemption, subject to the notice provisions set forth in paragraph (4) (h). On the

redemption date (the "Redemption Date") with respect to any such redemption, the Corporation shall deliver to the holders thereof, in exchange for each such share called for redemption, the following consideration:

(1) in the event such Redemption Date is prior to June 12, 1998 (the "Specified Date"),

(i) a number of shares of Common Stock equal to the Call Price (as defined in paragraph (4)(g)(ii)) in effect on the Redemption Date divided by the Current Market Price of the Common Stock determined as of the second Trading Date immediately preceding the Notice Date, plus

(ii) an amount in cash equal to all accrued and unpaid dividends on such share of Series A Preference Stock to and including the Redemption Date, whether or not declared, out of funds legally available therefor (and dividends shall cease to accrue on such share as of such Redemption Date); and

(2) in the event such Redemption Date is on or after the Specified Date,

(i) shares of Common Stock at the Common Equivalent Rate (determined as provided in this paragraph (4)) in effect on the Redemption Date; plus

(ii) an amount in cash equal to all accrued and unpaid dividends on such share of Series A Preference Stock to and including the Redemption Date, whether or not declared, out of funds legally available for the payment of dividends (and dividends shall cease to accrue on such share as of such Redemption Date).

If at any time less than all of the shares of Series A Preference Stock then outstanding are to be called for redemption, the shares to be redeemed may be selected by lot or such other equitable method as the Board of Directors of the Corporation in its discretion may determine.

(b) Redemption or Acquisition of Series A Preference Stock During Default in Payment of Dividends. If at any time the Corporation shall have failed to pay dividends in full on Preference Stock, thereafter and until dividends in full including all accrued and unpaid dividends on shares of all series of Preference Stock at the time outstanding, shall have been declared and set apart for payment or paid, (i) the Corporation, without the affirmative vote or consent of the holders of at least a majority of the shares of Preference Stock at the time outstanding, voting or consenting separately as a class without regard to series, given in person or by proxy, either in writing or by resolution adopted at a meeting, shall not redeem less than all the shares of Preference Stock at such time outstanding, regardless of series, other than in accordance with paragraph 4(f) hereof and (ii)

neither the Corporation nor any subsidiary shall purchase any shares of Preference Stock except in accordance with a purchase offer made in writing or by publication, as determined by the Board of Directors, in their sole discretion after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series, shall determine (which determination shall be final and conclusive) will result in fair and equitable treatment among the respective series; provided, however, that (iii) unless prohibited by the provisions applicable to any series, the Corporation, to meet the requirements of any sinking fund provision with respect to any series, may use shares of such series acquired by it prior to such failure and then held by it as treasury stock, and (iv) nothing shall prevent the Corporation from completing the purchase or redemption of shares of Preference Stock for which a purchase contract was entered into for any sinking fund purposes or the notice of redemption of which was mailed to the holders thereof, prior to such default.

(c) Common Equivalent Rate; Adjustments. The Common Equivalent Rate to be used to determine the number of shares of Common Stock to be delivered on the redemption of the Series A Preference Stock in exchange for shares of Common Stock pursuant to paragraph (4) (a) (2) (a "Specified Redemption") shall be initially two shares of Common Stock for each share of Series A Preference Stock; provided, however, that such Common Equivalent Rate shall be subject to adjustment from time to time as provided below in this paragraph (4) (c). All adjustments to the Common Equivalent Rate shall be calculated to the nearest 1/100th of a share of Common Stock. Such rate as adjusted and in effect at any time is herein called the "Common Equivalent Rate."

(i) If the Corporation shall do any of the following (an "Adjustment Event"):

(A) pay a dividend or make a distribution with respect to Common Stock in shares of Common Stock,

(B) subdivide, reclassify or split its outstanding shares of Common Stock into a greater number of shares,

(C) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, or

(D) issue by reclassification of its shares of Common Stock any shares of Common Stock other than in a Fundamental Transaction (as defined in paragraph 4(g) (iv)),

then the Common Equivalent Rate in effect immediately prior to such Adjustment Event shall be adjusted so that the holder of a share of the Series A Preference Stock shall be entitled to receive on the redemption of such share of the Series A Preference Stock, the number of shares of Common Stock that such holder would have owned or been entitled to receive after the happening of the Adjustment Event had such share of the Series A Preference Stock been redeemed pursuant to

paragraph 4(a) immediately prior to the record date for such Adjustment Event, if any, or such Adjustment Event. Where the Adjustment Event is a dividend or distribution, the adjustment to the Common Equivalent Rate shall become effective as of the close of business on the record date for determination of stockholders entitled to receive such dividend or distribution; where the Adjustment Event is a subdivision, split, combination or reclassification, the adjustment to the Common Equivalent Rate shall become effective immediately after the effective date of such subdivision, split, combination or reclassification; and any shares of Common Stock issuable in payment of a dividend shall be deemed to have been issued immediately prior to the close of business on the record date for such dividend for purposes of calculating the number of outstanding shares of Common Stock under clauses (ii) and (iii) below. Such adjustment shall be made successively.

(ii) If the Corporation shall, after the date hereof, issue rights or warrants to all holders of its Common Stock entitling them (for a period not exceeding 45 days from the date of such issuance) to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price of the Common Stock (determined pursuant to paragraph (4) (c) (v)), on the record date for the determination of stockholders entitled to receive such rights or warrants, then in each case the Common Equivalent Rate shall be adjusted by multiplying the Common Equivalent Rate in effect immediately prior to the date of issuance of such rights or warrants by a fraction (A) the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants, and (B) the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at such Current Market Price (determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such Current Market Price). Such adjustment shall become effective as of the close of business on the record date for the determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Common Equivalent Rate shall be readjusted to the Common Equivalent Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made upon the basis of delivery of only the number of shares of Common Stock actually delivered. Such adjustment shall be made successively.

(iii) If the Corporation shall pay a dividend or make a



distribution to all holders of its Common Stock of evidences of its indebtedness or other assets (including shares of capital stock of the Corporation (other than Common Stock) but excluding any distributions and dividends referred to in clause (i) above or any cash dividends), or shall issue to all holders of its Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (ii) above), then in each such case, the Common Equivalent Rate shall be adjusted by multiplying the Common Equivalent Rate in effect on the record date mentioned below by a fraction (A) the numerator of which shall be the Current Market Price of the Common Stock (determined pursuant to paragraph (4)(c)(v)) on the record date for the determination of stockholders entitled to receive such dividend or distribution, and (B) the denominator of which shall be such Current Market Price per share of Common Stock less the fair market value (as determined by the Board of Directors of the Corporation, whose determination shall be conclusive) as of such record date of the portion of the assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, applicable to one share of Common Stock. Such adjustment shall become effective on the opening of business on the business day next following the record date for the determination of stockholders entitled to receive such dividend or distribution.

(iv) Anything in this paragraph (4) notwithstanding, the Corporation shall be entitled to make such upward adjustment in the Common Equivalent Rate, in addition to those required by this paragraph (4), as the Corporation in its sole discretion may determine to be advisable, in order that any stock dividends, subdivision of shares, distribution of rights to purchase stock or securities, or a distribution of securities convertible into or exchangeable for stock (or any transaction that could be treated as any of the foregoing transactions pursuant to Section 305 of the Internal Revenue Code of 1986, as amended) hereafter made by the Corporation to its stockholders shall not be taxable. If the Corporation determines that an adjustment to the Common Equivalent Rate should be made pursuant to this paragraph (4)(c)(iv), such adjustment shall be made effective as of such date as the Board of Directors of the Corporation determines. The determination of the Board of Directors of the Corporation as to whether an adjustment to the Common Equivalent Rate should be made pursuant to the foregoing provisions of this paragraph (4)(c)(iv), and, if so, as to what adjustment should be made and when, shall be conclusive, final and binding on the Corporation and all stockholders of the Corporation.

(v) As used in this paragraph (4), the "Current Market Price" of a share of Common Stock on any date shall be, except as otherwise specifically provided, the average of the daily Closing Prices (as defined in paragraph (4)(g)(iii)) for the five consecutive Trading Dates ending on and including the date of determination of

the Current Market Price; provided that if the Closing Price of the Common Stock on the Trading Date next following such five-day period (the "next-day closing price") is less than 95% of such average Closing Price, then the Current Market Price per share of Common Stock on such date of determination will be the next-day closing price; provided, further, that, with respect to any redemption or antidilution adjustment, if any event that results in an adjustment of the Common Equivalent Rate occurs during the period beginning on the first day of the applicable determination period and ending on the applicable redemption date, the Current Market Price as determined pursuant to the foregoing will be appropriately adjusted to reflect the occurrence of such event.

(vi) In any case in which paragraph (4)(c) shall require that an adjustment as a result of any event become effective as of the close of business on the record date and the date fixed for Specified Redemption pursuant to paragraph (4)(a)(2) occurs after such record date, but before the occurrence of such event, the Corporation may in its sole discretion elect to defer the following until after the occurrence of such event: (A) issuing to the holder of any redeemed shares of the Series A Preference Stock the additional shares of Common Stock issuable upon such redemption as a result of such adjustment and (B) paying to such holder any amount in cash in lieu of a fractional share of Common Stock pursuant to paragraph (4)(e).

(vii) Before taking any action which would cause an adjustment to the Common Equivalent Rate that would cause the Corporation to issue shares of Common Stock for consideration below the then par value (if any) of the Common Stock upon redemption of the Series A Preference Stock, the Corporation will take any corporate action that may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of such Common Stock at such adjusted Common Equivalent Rate.

(d) Notice of Adjustments. Whenever the Common Equivalent Rate is adjusted as herein provided, the Corporation shall:

(i) forthwith compute the adjusted Common Equivalent Rate in accordance with this paragraph (4) and prepare a certificate signed by the Chief Executive Officer, the Chief Financial Officer, any Vice President, or the Treasurer of the Corporation setting forth the adjusted Common Equivalent Rate, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based, which certificate shall be conclusive, final and binding evidence of the correctness of the adjustment, and file such certificate forthwith with the transfer agent or agents for the Series A Preference Stock and the Common Stock; and

(ii) mail a notice stating that the Common Equivalent Rate has been adjusted, the facts requiring such adjustment and upon which such adjustment is based and setting forth the adjusted Common Equivalent Rate to the holders of record of the outstanding shares of the Series A Preference Stock at or prior to the time the Corporation mails an interim statement to its stockholders covering the fiscal quarter during which the facts requiring such adjustment occurred, but in any event within 45 days of the end of such fiscal quarter.

(e) No Fractional Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon the redemption of any shares of Series A Preference Stock. Instead of any fractional interest in a share of Common Stock which would otherwise be deliverable upon the redemption of a share of Series A Preference Stock, the Corporation shall pay to the holder of such share an amount in cash (computed to the nearest cent) equal to the same fraction of the Current Market Price of the Common Stock determined as of the second Trading Date immediately preceding the relevant Notice Date. If more than one share shall be surrendered for redemption at one time by the same holder, the number of full shares of Common Stock issuable upon redemption thereof shall be computed on the basis of the aggregate number of shares of Series A Preference Stock so surrendered.

(f) Retirement. Shares of Series A Preference Stock which have been redeemed, purchased or acquired by the Corporation (whether through the operation of a sinking fund or otherwise) shall have the status of authorized and unissued shares of Preference Stock and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Stock to be created by resolution of the Board of Directors or as part of any other series of Preference Stock. If in any case the amounts payable with respect to any obligations to retire shares of Series A Preference Stock and any other series of Preference Stock are not paid in full in the case of all series with respect to which such obligations exist, the number of shares of the various series to be retired shall be in proportion to the respective amounts which would be payable on account of such obligations if all amounts payable were discharged in full.

(g) Definitions. As used in this paragraph 4 or elsewhere herein:

(i) the term "business day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York or the Commonwealth of Pennsylvania are authorized or obligated by law or executive order to close or are closed because of a banking moratorium or otherwise;

(ii) the term "Call Price" shall mean the per share price (payable in shares of Common Stock) at which the Corporation may redeem shares of Series A Preference Stock pursuant to paragraph 4(a)(1)), which shall be initially equal to \$84.79952, declining by

\$.004444 on each day following June 12, 1995 (computed on the basis of a 360-day year of twelve 30-day months) to \$80.26664 on April 12, 1998 and equal to \$80 thereafter through June 11, 1998, if not sooner redeemed;

(iii) the term "Closing Price" on any day shall mean the closing sale price regular way (with any relevant due bills attached) on such day, or in case no such sale takes place on such day, the average of the reported closing bid and asked prices regular way (with any relevant due bills attached), in each case on the New York Stock Exchange Consolidated Tape (or any successor composite tape reporting transactions on national securities exchanges), or, if the Common Stock is not listed or admitted to trading on such Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading (which shall be the national securities exchange on which the greatest number of shares of Common Stock has been traded during the five consecutive Trading Dates ending on and including the date of determination of the Current Market Price), or, if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices regular way (with any relevant due bills attached) of the Common Stock on the over-the-counter market on the day in question as reported by the National Association of Securities Dealers Automated Quotation System, or a similarly generally accepted reporting service, or if not so available, as determined in good faith by the Board of Directors on the basis of such relevant factors as the Board of Directors in good faith considers appropriate;

(iv) the term "Fundamental Transaction" shall mean a merger or consolidation of the Corporation, a share exchange, division or conversion of the Corporation's capital stock or an amendment of the Corporation's Articles of Incorporation that results in the conversion or exchange of Common Stock into, or the right of the holders thereof to receive, in lieu of or in addition to their shares of Common Stock, other securities or other property (whether of the Corporation or any other entity);

(v) the term "Notice Date" with respect to any notice given by the Corporation in connection with a redemption of any of the Series A Preference Stock shall be the commencement of the mailing of such notice to the holders of the Series A Preference Stock in accordance with paragraph (4) (h);

(vi) the term "outstanding," when used in reference to shares of stock, shall mean issued shares excluding:

- (A) shares held by the Corporation or a subsidiary; and
- (B) shares called for redemption if funds for the redemption thereof have been deposited in trust;

(vii) the term "subsidiary" as used herein shall mean any corporation 51% or more of the outstanding stock having voting rights of which is at the time owned or controlled directly or indirectly by the Corporation; and

(viii) the term "Trading Date" shall mean a date on which the New York Stock Exchange (or any successor to such Exchange) is open for the transaction of business.

(h) Method of Redemption. Notice of every redemption, stating the redemption date, the redemption price, and the placement of payment thereof, shall be given by mailing a copy of such notice at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the holders of record of the shares of Series A Preference Stock to be redeemed at their addresses as the same shall appear on the books of the Corporation. The Corporation, upon mailing notice of redemption as aforesaid or upon irrevocably authorizing the bank or trust company hereinafter mentioned to mail such notice, may deposit or cause to be deposited in trust with a bank or trust company in the City of Philadelphia, Commonwealth of Pennsylvania, or in the Borough of Manhattan, City and State of New York, an amount equal to the redemption price of the shares to be redeemed plus any accrued and unpaid dividends thereon, which amount shall be payable to the holders of the shares to be redeemed upon surrender of certificates therefor on or after the date fixed for redemption or prior thereto if so directed by the Board of Directors. Upon such deposit, or if no such deposit is made, then from and after the date fixed for redemption unless the Board of Directors shall default in making payment of the redemption price plus accrued and unpaid dividends upon surrender of certificates as aforesaid, the shares called for redemption shall cease to be outstanding and the holders thereof shall cease to be stockholders with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares other than the right to receive the redemption price plus accrued and unpaid dividends from such bank or trust company or from the Corporation, as the case may be, without interest thereon, upon surrender of certificates as aforesaid. In case any holder of shares of Series A Preference Stock which have been called for redemption shall not, within six (6) years after the date of such deposit, have claimed the amount deposited with respect to the redemption thereof, such bank or trust company, upon demand, shall pay over to the Corporation such unclaimed amount and shall thereupon be relieved of all responsibility in respect thereof to such holder, and thereafter such holder shall look only to the Corporation for payment thereof. Any interest which may accrue on funds so deposited shall be paid to the Corporation from time to time.

(i) Surrender of Certificates; Status. Each holder of shares of Series A Preference Stock to be redeemed shall surrender the certificates evidencing such shares (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state) to the Corporation at the place designated in the notice of such redemption and shall thereupon be entitled to receive certificates evidencing

shares of Common Stock and to receive any other funds payable pursuant to this paragraph (4) following such surrender and following the date of such redemption. In case fewer than all the shares represented by any such surrendered certificate are called for redemption, a new certificate shall be issued at the expense of the Corporation representing the unredeemed shares. If such notice of redemption shall have been given, and if on the date fixed for redemption shares of Common Stock and other funds necessary for the redemption shall have been either set aside by the Corporation separate and apart from its other funds or assets in trust for the account of the holders of the shares to be redeemed (and so as to be and continue to be available therefor) or deposited with a bank or trust company as provided in paragraph (4) (h), then, notwithstanding that the certificates evidencing any shares of Series A Preference Stock so called for redemption shall not have been surrendered, the shares represented thereby so called for redemption shall be deemed no longer outstanding, dividends with respect to the shares so called for redemption shall cease to accrue after the date fixed for redemption, and all rights with respect to the shares so called for redemption shall forthwith after such date cease and terminate, except for the right of the holders to receive the shares of Common Stock and other funds, if any, payable pursuant to this paragraph (4) without interest upon surrender of their certificates therefor.

(j) Dividend Payments. The holders of shares of Series A Preference Stock at the close of business on a dividend payment record date shall be entitled to receive the dividend payable on such shares on the corresponding dividend payment date notwithstanding the call for redemption thereof (except that holders of shares called for redemption on a date occurring between such record date and the dividend payment date or on such dividend payment date shall not be entitled to receive such dividend on such dividend payment date but instead will receive accrued and unpaid dividends to such redemption date.

(k) Payment of Taxes. The Corporation will pay any and all documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on the redemption of shares of Series A Preference Stock pursuant to this paragraph (4); provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any registration of transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the registered holder of Series A Preference Stock redeemed or to be redeemed, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

## 5. Liquidation Preference.

(a) Upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the Series A Preference Stock shall be preferred as to assets over Common Stock and any other Junior Stock so that the holder of each share of the Series A Preference Stock shall be entitled to be paid or to have set apart for payment in respect of each such

share, before any distribution is made to the holders of Common Stock and any other Junior Stock, a liquidation preference equal to twice the fair market value (as determined by the Board of Directors of the Corporation based on advice of tax counsel in accordance with United States federal income tax principles, which determination shall be conclusive) of a Series A Depositary Share (as defined in the Deposit Agreement dated as of June 13, 1995 between the Corporation and First Chicago Trust Company of New York, as Depositary) on the date of issuance thereof, plus an amount equal to all dividends accrued and unpaid up to and including the date fixed for such payment, and such holder of a share of the Series A Preference Stock shall not be entitled to any other payment. If upon any such liquidation, dissolution or winding up of the Corporation, its net assets shall be insufficient to permit the payment in full of the respective amounts to which the holders of all outstanding shares of the Series A Preference Stock and any outstanding Preference Stock that is Parity Stock are entitled, the entire remaining net assets of the Corporation shall be distributed among the holders of the Series A Preference Stock and any outstanding Preference Stock that is Parity Stock, in amounts proportionate to the full preferential amounts to which they are respectively entitled.

(b) The voluntary sale, lease, exchange or transfer for cash, shares of stock (securities or other consideration) of all or substantially all the Corporation's property or assets to, or its consolidation or merger with, one or more corporations shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

#### 6. Voting Rights.

(a) The holders of record of shares of Series A Preference Stock shall not be entitled to any voting rights except as hereinafter provided in this paragraph (6) or as otherwise provided in the Articles of Incorporation or by statute.

(b) The holders of shares of Series A Preference Stock shall be entitled to vote on all matters submitted to a vote of the holders of the Common Stock, voting together with the holders of the Common Stock (and any other class or series of capital stock of the Corporation entitled to vote together with the Common Stock) as one class. Each share of the Series A Preference Stock shall be entitled to one vote.

(c) (i) If the Corporation shall have failed to pay, or declare and set apart for payment, dividends on Preference Stock in an aggregate amount equivalent to six (6) full quarterly dividends on all shares of Preference Stock at the time outstanding, the number of Directors of the Corporation shall be increased by two (2) at the first annual meeting of the shareholders of the Corporation held thereafter, and at such meeting and at each subsequent annual meeting until dividends payable for all past quarterly dividend periods on all outstanding shares of Preference Stock shall have been paid, or declared and set apart for payment, in full, the holders of the shares of Preference Stock shall have, in addition to any other voting rights which they otherwise may have, the exclusive and special right, voting

separately as a class without regard to series, each share of Preference Stock entitling the holder thereof to one (1) vote per share, to elect two (2) additional members of the Board of Directors to hold office for a term of one (1) year; provided, that the right to vote as a class upon the election of such two (2) additional Directors shall not limit the right of holders of the Series A Preference Stock to vote upon the election of all other Directors and upon other matters set forth in paragraph 6(b) above.

(ii) Upon such payment, or declaration and setting apart for payment, in full, the terms of the two (2) additional Directors so elected shall forthwith terminate, and the number of Directors of the Corporation shall be reduced by two (2) and such voting right of the holders of shares of Preference Stock shall cease, subject to increase in the number of Directors as aforesaid and to revesting of such voting right in the event of each and every additional failure in the payment of dividends in an aggregate amount equivalent to six (6) full quarterly dividends as aforesaid.

(d) The Corporation shall not, without the affirmative vote or consent of the holders of at least 66 2/3% of the number of shares of Preference Stock at the time outstanding, voting or consenting (as the case may be) separately as a class without regard to series, given in person or by proxy, either in writing or by resolution adopted at a meeting:

(i) create any class of stock ranking prior to or on a parity with Preference Stock as to dividends or upon liquidation or increase the authorized number of shares of any such previously authorized class of stock;

(ii) alter or change any of the provisions of the Articles of Incorporation so as to adversely affect the preferences, special rights or powers given to the Preference Stock;

(iii) increase the number of shares of Preference Stock which the Corporation is authorized to issue; or

(iv) alter or change any of the provisions of the Articles of Incorporation or hereof so as to adversely affect the preferences, special rights or powers given to the Series A Preference Stock.

7. Conversion. The Series A Preference Stock shall not have any conversion rights to convert into Common Stock.

8. Fundamental Transactions. Upon the effectiveness of a Fundamental Transaction at any time, each share of Series A Preference Stock shall be entitled to receive consideration per share (i) of the same type as is offered to or to be received by holders of Common Stock pursuant to or in connection with such Fundamental Transaction and (ii) having a fair value equal to the fair value of the Common Stock that each share of Series A Preference Stock would receive if such share of Series A Preference Stock were redeemed by the Company immediately prior to such time in accordance with paragraph 4 hereof.



TRANSACTIONS CONCERNING THE SHARES OF  
SUN COMPANY, INC. (the "Company")

The following transactions were effected during the 40 business-day period preceding June 12, 1995:

On May 4, 1995, the Company issued 655 shares of Company Common Stock at a per share price of \$30.375 to the following Company directors, pursuant to the Retainer Stock Plan for Outside Directors.

Raymond Cartledge  
Robert Cawthorn  
May J. Evans  
Thomas P. Gerrity  
James G. Kaiser  
Robert D. Kennedy  
Thomas W. Langfitt  
R. Anderson Pew  
Albert E. Piscopo  
William F. Pounds  
Alexander Trowbridge

Two directors (Cawthorn and Pounds) elected to defer this compensation and in place of Company Common Stock, they received Phantom Stock Units.

On April 27, 1995, Harwood S. Roe, Jr., a former executive officer of the Company, sold 1,235 shares of Company Common Stock at a price of \$30.125 per share in an open market transaction.

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. Letters of Transmittal, certificates for the Common Shares and any other required documents should be sent by each holder or his or her broker, dealer, commercial bank, trust company or other nominee to the Exchange Agent and Depositary at one of the addresses set forth below.

The Exchange Agent for the Exchange Offer  
and the Depositary for the Cash Offer is:

First Chicago Trust Company of New York

By Mail:

By Facsimile  
Transmission:

By Hand or Overnight Delivery:

(for Eligible Institutions only):

First Chicago Trust  
Company of New York  
Tenders & Exchanges  
Suite 4660-SUN

Fax: (201) 222-472  
or

First Chicago Trust  
Company of New York  
Tenders & Exchanges  
Suite 4680-SUN

P.O. Box 2559-SUN  
Jersey City, NJ 07303-2559

4721  
Confirm Receipt of  
Notice of Guaranteed  
Delivery:  
(201) 222-4707

14 Wall Street, 8th Floor  
New York, New York 10005

Questions and requests for assistance or for additional copies of this Offer to Purchase/Offering Circular and the applicable Letter of Transmittal and Notice of Guaranteed Delivery may be directed to Morrow & Co., Inc., as Information Agent. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offers.

The Information Agent is:

Morrow & Co., Inc.

909 Third Avenue  
New York, New York 10022  
Toll Free (800) 566-9058

Banks and Brokerage Firms please call:  
(800) 662-5200

LETTER OF TRANSMITTAL  
To Tender Shares of Common Stock  
of  
SUN COMPANY, INC.

Pursuant to its offer to exchange  
Up to 25,000,000 shares of its  
Common Stock, \$1.00 Par Value  
For Depositary Shares, each representing one-half of a share  
of Series A Cumulative Preference Stock, No Par Value  
on the terms and conditions set forth herein and in its  
Offer to Purchase/Offering Circular  
dated June 13, 1995.

DESCRIPTION OF COMMON SHARES TENDERED IN THE EXCHANGE OFFER

Name(s) and Address(es) of  
Registered Holder(s)  
(Please fill in, if blank)

Common Shares Tendered  
(Attach additional signed  
list if necessary)

	Total Number of Certificate Shares Represented Number(s)*	Number of Shares Tendered**
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Total Shares

TENDER DIVIDEND REINVESTMENT PLAN SHARES

If you elect to tender all your Dividend Reinvestment Plan Shares in the  
Exchange Offer, please check this box [ ]

LOST CERTIFICATES

Check here if you cannot locate any of your certificates and require  
assistance in replacing the same. The Exchange Agent will contact you  
directly with replacement intructions. [ ]

\* Need not be completed by stockholders tendering by book-entry transfer.

\*\* Unless otherwise indicated, the holder will be deemed to have tendered the full number of Common Shares represented by the tendered certificates. See Instruction 4.

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THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, July 24, 1995, UNLESS THE OFFER IS EXTENDED.

The Exchange Agent for the Exchange Offer (as defined below) is:

FIRST CHICAGO TRUST COMPANY OF NEW YORK

By Mail: (registered or certified mail recommended)	By Facsimile Transmission: (For Eligible Institutions Only) (201) 222-4720 or (201) 222-4721	By Hand or Overnight Courier:  Tender & Exchanges Suite 4680-SUN 14 Wall Street 8th Floor New York, New York 10005
Tenders & Exchanges Suite 4660-SUN P.O. Box 2559-SUN Jersey City, New Jersey 07303-2559		

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be completed by holders of outstanding shares of Common Stock of Sun Company, Inc., \$1.00 par value (the "Common Shares"), either (i) if certificates for Common Shares are to be forwarded herewith or (ii) if tenders of Common Shares are to be made by book-entry transfer into the account of First Chicago Trust Company of New York, as Exchange Agent for the Exchange Offer (the "Exchange Agent"), at The Depository Trust Company ("DTC"), Midwest Securities Trust Company ("MSTC") or Philadelphia Depository Trust Company ("PDTC", which together with DTC and MSTC are hereinafter collectively referred to as the "Book-Entry Transfer Facilities") pursuant to the procedures described in the accompanying Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular") under "The Offers -- Procedure for Tender -- Exchange Offer." Holders of Common Shares who tender Common Shares by book-entry transfer are referred to herein as "Book-Entry Shareholders."

Shareholders who cannot deliver their Common Shares, this Letter of Transmittal and all other documents required hereby to the Exchange Agent by the Expiration Date (as defined in the Offer to Purchase/Offering Circular) must tender their Common Shares pursuant to the guaranteed delivery procedure set forth in the Offer to Purchase/Offering Circular under "The Offers -- Procedure for Tender -- Exchange Offer." See Instruction 2.

[ ] CHECK HERE IF COMMON SHARES TENDERED PURSUANT TO THE EXCHANGE OFFER ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE EXCHANGE AGENT'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution

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[ ] DTC [ ] MSTC [ ] PDTC (check one) Account No.

-----

Transaction Code No.

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[ ] CHECK HERE IF COMMON SHARES TENDERED PURSUANT TO THE EXCHANGE OFFER ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Shareholder(s)

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Date of Execution of Notice of Guaranteed Delivery

-----

Name of Institution which Guaranteed Delivery

-----

If delivery is by book-entry transfer:

Name of Tendering Institution

-----

[ ] DTC [ ] MSTC [ ] PDTC (check one) Account No.

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Transaction Code No.

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NOTE: SIGNATURES MUST BE PROVIDED BELOW  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Sun Company, Inc., a Pennsylvania corporation (the "Company"), the above-described Common Shares pursuant to the offer by the Company to exchange up to 25,000,000 Common Shares for Depositary Shares each representing one-half of a share of the Company's Series A Cumulative Preference Stock (the "Depositary Shares"), upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Exchange Offer"). Common Shares not accepted for exchange because of proration will be returned.

Subject to and effective upon acceptance for exchange of the Common Shares tendered herewith, the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to all the Common Shares that are being tendered hereby and appoints the Exchange Agent the true and lawful agent and attorney-in-fact of the undersigned with respect to such Common Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Common Shares or transfer ownership of such Common Shares on the account books maintained by any of the Book-Entry Transfer Facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Exchange Agent for the account of the Company, (b) present such Common Shares for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Common Shares, all in accordance with the terms of the Exchange Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Common Shares tendered hereby and to acquire Depositary Shares issuable upon the exchange of such tendered Common Shares and that, when the undersigned's Common Shares are accepted for exchange, the Company will acquire good and unencumbered title to such Common Shares, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the exchange, assignment and transfer of tendered Common Shares or transfer ownership of such Common Shares.

All authority herein conferred or agreed to be conferred shall survive the death, bankruptcy or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, legal representatives, successors, assigns, executors and administrators of the undersigned. Except as stated in the Exchange Offer, this tender is irrevocable. Any tender of Common Shares hereunder may be withdrawn only in accordance with the procedures set forth in the Offer to Purchase/Offering Circular under "The Offers -- Withdrawal of Tendered Common Shares."

The undersigned understands that tenders of Common Shares pursuant to any one of the procedures described in the Offer to Purchase/Offering Circular

(see "The Offers -- Procedure for Tender -- Exchange Offer") and in the instructions hereto will constitute an agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer, including the tendering holder's representation and warranty that (i) such holder owns the Common Shares being tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) the tender of such Common Shares complies with Rule 14e-4.

The undersigned understands and agrees that (i) Depositary Shares to be delivered in exchange for Common Shares tendered by the undersigned and accepted for exchange pursuant to the Exchange Offer will be deposited under the Deposit Agreement (the "Deposit Agreement") dated as of June 13, 1995 between the Company and First Chicago Trust Company of New York, as Depositary, (ii) such Depositary Shares will be subject to the terms and conditions of the Deposit Agreement, and (iii) the Depositary Shares will be evidenced by receipts ("Depositary Receipts") issued pursuant to the Deposit Agreement.

Unless otherwise indicated under "Special Issue Instructions" below, please cause Depositary Receipts to be issued, and return any Common Shares not tendered or not accepted for exchange, in the name(s) of the undersigned (and, in the case of Common Shares tendered by book-entry transfer and Depositary Receipts to be issued into a Book-Entry Transfer Facility, by credit to the account at the Book-Entry Transfer Facility designated above). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail any certificates for Common Shares not tendered or not accepted for exchange (and accompanying documents, as appropriate), and any Depositary Receipts issued pursuant to the Exchange Offer, to the undersigned at the address shown below the undersigned's signature(s). If both "Special Issue Instructions" and "Special Delivery Instructions" are completed, please cause Depositary Receipts to be issued, and return any Common Shares not tendered or not accepted for exchange, in the name(s) of, and deliver any certificates for such Common Shares and such Depositary Receipts to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Issue Instructions," to transfer any Common Shares from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Common Shares so tendered.

SPECIAL ISSUE INSTRUCTIONS  
(See Instructions 1, 5 and 6)

To be completed ONLY if Depositary Receipts are to be issued, or certificates for Common Shares not tendered or not accepted for exchange are to be returned, in the name of someone other than the undersigned.

Issue  Depositary Receipts in the name of:

Return  certificates for Common Shares in the name of:

Name

-----  
(Please Print)

Address  
-----  
-----

-----  
(Zip Code)

-----  
(Tax Identification or Social Security Number)

SPECIAL DELIVERY INSTRUCTIONS  
(See Instructions 1, 5 and 6)

To be completed ONLY if certificates for Common Shares not tendered or not accepted for exchange, or Depositary Receipts issued pursuant to the Exchange Offer, are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail  certificates for Common Shares to:

Depositary Receipts to:

Name  
-----

(Please Print)

Address  
-----  
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(Zip Code)

SIGN HERE

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-----  
Signature(s) of Owner(s)

Dated

1995  
-----



Name (s)

-----

(Please Print)

Capacity (full title)

-----

Address

-----

-----

-----

(Include Zip Code)

Area Code and Telephone Number

-----

(Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) for Common Shares or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.)

Guarantee of Signature(s)  
(See Instructions 1 and 5)

Authorized Signature

-----

Name

-----

Title

-----

Address

-----

Name of Firm

-----

Area Code and Telephone Number

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INSTRUCTIONS

## Forming Part of the Terms and Conditions of the Exchange Offer

1. Guarantee of Signatures. Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office, branch or agency in the United States each of which participates in a Medallion Program approved by the Securities Transfer Association, Inc. (each being an "Eligible Institution"). Signatures on this Letter of Transmittal need not be guaranteed if (a) this Letter of Transmittal is signed by the registered holder(s) of the Common Shares (which term, for purposes of this document, shall include any participant in one of the Book-Entry Transfer Facilities whose name appears on a security position listing as the owner of Common Shares) tendered herewith and such holder(s) have not completed either of the boxes entitled "Special Issue Instructions" or "Special Delivery Instructions" on this Letter of Transmittal or (b) such Common Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. Delivery of Letter of Transmittal and Common Shares. This Letter of Transmittal is to be completed by holders of Common Shares either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedure for tender by book-entry transfer set forth in the Offer to Purchase/Offering Circular. See "The Offers -- Procedure for Tender - -- Exchange Offer." Certificates for Common Shares, or timely confirmation of a book-entry transfer of such Common Shares into the Exchange Agent's account at one of the Book-Entry Transfer Facilities, as well as this Letter of Transmittal (or a facsimile hereof), properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at one of its addresses set forth on the front page hereof prior to the Expiration Date.

If a holder of Common Shares desires to participate in the Exchange Offer and time will not permit this Letter of Transmittal or Common Shares to reach the Exchange Agent before the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if the Exchange Agent has received at its office prior to the Expiration Date, from or through an Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company, setting forth the name and address of the tendering holder, the name(s) in which the Common Shares are registered and, if the Common Shares are held in certificated form, the certificate numbers of the Common Shares to be tendered, and stating that the tender is being made thereby and guaranteeing that within five New York Stock Exchange, Inc. ("NYSE") trading days after the date of execution of such Notice of Guaranteed Delivery by the

Eligible Institution, the Common Shares in proper form for transfer or a confirmation of book-entry transfer of such Common Shares into the Exchange Agent's account at one of the Book-Entry Transfer Facilities, together with a properly completed and duly executed Letter of Transmittal (and any other required documents), will be delivered by such Eligible Institution. Unless the Common Shares being tendered by the above-described method are deposited with the Exchange Agent within the time period set forth above or a confirmation of book-entry transfer of such Common Shares into the Exchange Agent's account at one of the Book-Entry Transfer Facilities is received (accompanied or preceded by a properly completed Letter of Transmittal and any other required documents), the Company may, at its option, reject the tender.

The method of delivery of Common Shares and all other required documents, including delivery through a Book-Entry Transfer Facility, is at the option and risk of the tendering shareholder. If certificates for shares of Common Shares are sent by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted, and no fractional shares of Common Shares will be accepted for exchange. By executing this Letter of Transmittal (or facsimile hereof), the tendering holder waives any right to receive any notice of the acceptance of the Common Shares for exchange.

3. Inadequate Space. If the space provided herein is inadequate, the certificate numbers and/or the number of Common Shares should be listed on a separate signed schedule attached hereto.

4. Partial Tenders. (Not applicable to Book-Entry Shareholders) If fewer than all Common Shares represented by any certificate delivered to the Exchange Agent are to be tendered, fill in the number of Common Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new certificate for the remainder of the Common Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the Expiration Date. All Common shares represented by certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Common Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates or on the security position listing of a Book-Entry Transfer Facility without alteration, enlargement or any change whatsoever.

If any of the Common Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Common Shares tendered hereby are registered in different

names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Common Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless Depositary Receipts issued in exchange therefor are to be issued, or Common Shares not tendered or not exchanged are to be returned, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Common Shares tendered hereby, certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Common Shares. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of the authority of such person so to act must be submitted.

6. Special Issue and Delivery Instructions. If Depositary Receipts are to be issued, or any Common Shares not tendered or not accepted for exchange are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal, or any Depositary Receipts issued, or certificates for Common Shares not tendered or not accepted for exchange, are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Common Shares not accepted for exchange will be returned and Depositary Receipts will be issued to a Book-Entry Shareholder by crediting the account at the Book-Entry Transfer Facility designated above.

7. Stock Transfer Taxes. The Company will pay all stock transfer taxes, if any, applicable to the exchange of Common Shares pursuant to the Exchange Offer. If, however, Depositary Shares or Receipts are to be issued pursuant to the Exchange Offer, or Common Shares not tendered or accepted for exchange are to be returned, in the name of, any person other than the registered holder of the Common Shares tendered, or if a transfer tax is imposed for any reason other than the exchange of Common Shares pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of the payment of such taxes, or exemption therefrom, is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

8. Waiver of Conditions. The conditions of the Exchange Offer may be waived by the Company from time to time in accordance with, and subject to the limitations described in, the Offer to Purchase/Offering Circular.

9. Requests for Assistance or Additional Copies. Requests for assistance or additional copies of the Offer to Purchase/Offering Circular and this Letter of Transmittal may be obtained from the Information Agent at its address or telephone number set forth below.

The Information Agent for the Offer is:

MORROW & CO., INC.  
909 Third Avenue  
New York, New York 10022

Call Toll-Free:  
(800) 566-9058

Banks and Brokerage Firms please call:  
(800) 662-5200



certificates. See Instruction 4.

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THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, JULY 24, 1995, UNLESS THE OFFER IS EXTENDED.

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The Depository for the Cash Offer (as defined below) is: FIRST CHICAGO TRUST COMPANY OF NEW YORK

By Mail:  
(registered or certified  
mail recommended)  
Tenders & Exchanges  
Suite 4660-SUN  
P.O. Box 2559-SUN  
Jersey City, New Jersey  
07303-2559

By Facsimile  
Transmission:  
(For Eligible  
Institutions Only)  
(201) 222-4720 or  
(201) 222-4721

By Hand or  
Overnight Courier:  
Tender & Exchanges  
Suite 4680-SUN  
14 Wall Street  
8th Floor  
New York,  
New York 10005

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be completed by holders of outstanding shares of Common Stock of Sun Company, Inc., \$1.00 par value (the "Common Shares"), either (i) if certificates for Common Shares are to be forwarded herewith or (ii) if tenders of Common Shares are to be made by book-entry transfer to the account of First Chicago Trust Company of New York as Depository for the Cash Offer (the "Depository") at The Depository Trust Company ("DTC"), Midwest Securities Trust Company ("MSTC") or Philadelphia Depository Trust Company ("PDTC", which together with DTC and MSTC are hereinafter collectively referred to as the "Book-Entry Transfer Facilities") pursuant to the procedures described in the accompanying Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular") under "The Offers--Procedure for Tender -- Cash Offer." Holders of Common Shares who tender Common Shares by book-entry transfer are referred to herein as "Book-Entry Shareholders."

Shareholders who cannot deliver their Common Shares, this Letter of Transmittal and all other documents required hereby to the Depository by the Expiration Date (as defined in the Offer to Purchase/Offering Circular) must tender their Common Shares pursuant to the guaranteed delivery procedure set forth in the Offer to Purchase/Offering Circular under "The Offers--Procedure

for Tender -- Cash Offer." See Instruction 2.

[ ] CHECK HERE IF COMMON SHARES TENDERED PURSUANT TO THE CASH OFFER ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution

[ ] DTC [ ] MSTC [ ] PDTC (check one) Account No. -----

Transaction Code No. -----

[ ] CHECK HERE IF COMMON SHARES TENDERED PURSUANT TO THE CASH OFFER ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Shareholder(s) -----

Date of Execution of Notice of Guaranteed Delivery -----

Name of Institution which Guaranteed Delivery -----

If delivery is by book-entry transfer:

Name of Tendering Institution -----

[ ] DTC [ ] MSTC [ ] PDTC (check one) Account No. -----

Transaction Code No. -----

NOTE: SIGNATURES MUST BE PROVIDED BELOW  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Sun Company, Inc., a Pennsylvania corporation (the "Company"), the above-described Common Shares, pursuant to the offer by the Company to purchase up to 6,400,000 Common Shares at a price per Common Share hereinafter set forth, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Cash Offer"). Common Shares not accepted for purchase because of proration



will be returned.

Subject to and effective upon acceptance for payment of and payment for the Common Shares tendered herewith, the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to all the Common Shares that are being tendered hereby and appoints the Depository the true and lawful agent and attorney-in-fact of the undersigned with respect to such Common Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Common Shares, or transfer ownership of such Common Shares on the account books maintained by any of the Book-Entry Transfer Facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Company, (b) present such Common Shares for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Common Shares, all in accordance with the terms of the Cash Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Common Shares tendered hereby and that, when the undersigned's Common Shares are accepted for payment by the Company, the Company will acquire good and unencumbered title to such Common Shares, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of tendered Common Shares or transfer ownership of such Common Shares.

All authority herein conferred or agreed to be conferred shall survive the death, bankruptcy or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, legal representatives, successors, assigns, executors and administrators of the undersigned. Except as stated in the Cash Offer, this tender is irrevocable. Any tender of Common Shares hereunder may be withdrawn only in accordance with the procedures set forth in the Offer to Purchase/Offering Circular under "The Offers -- Withdrawal of Tendered Common Shares."

The undersigned understands that the Company will determine the per Common Share cash price (not greater than \$33 nor less than \$30 per Common Share) (the "Purchase Price") that it will pay for Common Shares validly tendered and not withdrawn pursuant to the Cash Offer, taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. The undersigned understands that the Company will select the Purchase Price that will enable it to purchase 6,400,000 Common Shares (or such lesser number of Common Shares as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer. The undersigned understands that tenders of Common Shares pursuant to any one of the procedures described in the Offer to Purchase/Offering Circular (See "The Offers--Procedure for Tender -- Cash Offer") and in the instructions hereto will constitute an agreement between the undersigned and the Company

upon the terms and subject to the conditions of the Cash Offer including the tendering holder's representation and warranty that (i) such holder owns the Common Shares being tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) the tender of such Common Shares complies with Rule 14e-4.

Unless otherwise indicated under "Special Payment Instructions" below, please issue the check for the Purchase Price of any Common Shares purchased (less the amount of any federal income or backup withholding tax required to be withheld) and return any Common Shares not tendered or not purchased, in the name(s) of the undersigned (and, in the case of Common Shares tendered by book-entry transfer, by credit to the account at the Book-Entry Transfer Facility designated above). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the Purchase Price of any Common Shares purchased (less the amount of any federal income or backup withholding tax required to be withheld) and any certificates for Common Shares not tendered or not purchased (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Payment Instructions" and "Special Delivery Instructions" are completed, please issue the check for the Purchase Price of any Common Shares purchased (less the amount of any federal income or backup withholding tax required to be withheld) and return any Common Shares not tendered or not purchased in the name(s) of, and mail said check and any certificates to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Payment Instructions," to transfer any Common Shares from the name of the registered holder(s) thereof if the Company does not accept for purchase any of the Common Shares so tendered.

PRICE (IN DOLLARS) PER COMMON SHARE AT  
WHICH COMMON SHARES ARE BEING TENDERED  
(See Instruction 5)

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CHECK ONLY ONE BOX.  
IF MORE THAN ONE BOX IS CHECKED, OR IF  
NO BOX IS CHECKED, THERE IS NO VALID  
TENDER OF SHARES.  
COMMON SHARES TENDERED AT PRICE  
DETERMINED BY DUTCH AUCTION

[ ] The undersigned wants to maximize the chance of having the Company purchase all the Common Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this one box INSTEAD OF ONE OF THE PRICE BOXES BELOW, the undersigned hereby tenders Common Shares and is willing to accept the Purchase Price resulting from the Dutch Auction tender process. This action could result in the undersigned receiving a price per Common

Share as low as \$30 or as high as \$33.

OR

COMMON SHARES TENDERED AT PRICE  
DETERMINED BY SHAREHOLDER

\$30.000	[ ]	\$31.000	[ ]	\$32.000	[ ]
\$30.125	[ ]	\$31.125	[ ]	\$32.125	[ ]
\$30.250	[ ]	\$31.250	[ ]	\$32.250	[ ]
\$30.375	[ ]	\$31.375	[ ]	\$32.375	[ ]
\$30.500	[ ]	\$31.500	[ ]	\$32.500	[ ]
\$30.625	[ ]	\$31.625	[ ]	\$32.625	[ ]
\$30.750	[ ]	\$31.750	[ ]	\$32.750	[ ]
\$30.875	[ ]	\$31.875	[ ]	\$32.875	[ ]
				\$33.000	[ ]

-----  
SPECIAL PAYMENT INSTRUCTIONS  
(See Instructions 1, 6 and 8)

To be completed ONLY if the check for the Purchase Price of Common Shares purchased (less the amount of any federal income backup withholding tax required to be withheld) is to be issued, or certificates for Common Shares not tendered or not accepted for purchase are to be returned, in the name of someone other than the undersigned.

Issue [ ] check in name of:

Return [ ] certificates for Common Shares in the name of:

Name  
-----  
(Please Print)

Address  
-----  
-----  
(Zip Code)

-----  
(Tax Identification or Social Security Number)  
-----

SPECIAL DELIVERY INSTRUCTIONS  
(See Instructions 1, 6 and 8)

To be completed ONLY if the check for the Purchase Price of Common Shares purchased (less the amount of any federal income backup withholding tax required to be withheld), or certificates for Common Shares not tendered or not accepted for purchase, are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail  certificates for Common Shares to:

check to:

Name

-----

(Please Print)

Address

-----

(Zip Code)

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ODD LOTS  
(See Instruction 12)

This section is to be completed ONLY if Common Shares are being tendered by or on behalf of a person owning beneficially as of the close of business on June 12, 1995 an aggregate of fewer than 100 Common Shares.

The undersigned either (check one box):

was the beneficial owner as of the close of business on June 12, 1995 of an aggregate of fewer than 100 Common Shares, all of which are being tendered pursuant to the Cash Offer,

or

is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owners thereof, Common Shares with respect to which it is the record owner, and (ii) believes, based upon representations made to it by each such beneficial owner, that such beneficial owner owned beneficially as of the close of business on June 12, 1995 an aggregate of fewer than 100 Common Shares and is tendering all of such Common Shares pursuant to the Cash Offer.

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SIGN HERE

(Please complete Substitute Form W-9 below)

.....

.....  
Signature(s) of Owner(s)

Dated ..... 1995

Name(s) .....  
(Please Print)

Capacity (full title).....

Address.....

.....  
(Include Zip Code)

Area Code and Telephone Number.....

(Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) for Common Shares or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 6.)

Guarantee of Signature(s)  
(See Instructions 1 and 6)

Authorized Signature.....

Name.....

Title.....

Address.....

Name of Firm.....

Area Code and Telephone Number.....

PAYER'S NAME: SUN COMPANY, INC.

Name(s) as shown above on certificate(s) for Common Shares (if joint ownership, list first and circle the name of the person or entity whose number you enter in Part I below).

Address (if holder does not complete, signature in Part III below will constitute a certification that the address on the reverse hereof is correct).

City, State, and Zip Code

SUBSTITUTE  
FORM W-9

Part I

Department of the Treasury  
Internal Revenue Service

Payer's Request for  
Taxpayer Identification  
Number (TIN) and  
Certification

PLEASE PROVIDE YOUR  
TIN IN THE  
APPROPRIATE BOX AT  
RIGHT. FOR MOST  
INDIVIDUALS, THIS IS  
YOUR SOCIAL SECURITY  
NUMBER. IF YOU DO NOT  
HAVE ONE, SEE HOW TO  
OBTAIN A TIN IN THE  
ENCLOSED GUIDELINES.  
IF THE ACCOUNT IS IN  
MORE THAN ONE NAME,  
SEE THE CHART ON  
PAGE 2 OF THE GUIDELINES  
TO DETERMINE WHAT  
NUMBER TO ENTER.

-----  
Social security number

OR

-----  
Employer identification  
number

TIN Applied for [ ]

Part II

For Payees Exempt From Backup Withholding, write "Exempt" here. (See enclosed Guidelines)

Part III

Certification. -- Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and

- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.
- (3) Any other information provided on this form is true, correct and complete.

Certification Instructions. -- You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. However, if you have been notified by the IRS that you are no longer subject to backup withholding, do not cross out item (2).

-----  
SIGNATURE..... DATE....., 1995

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NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE CASH OFFER. PLEASE REVIEW ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART I OF SUBSTITUTE FORM W-9

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CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a Taxpayer Identification Number has not been issued to me, and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number within 60 days, thirty-one (31) percent of all reportable payments made to me will be withheld until I provide a properly-certified Taxpayer Identification Number to the Depository.

SIGNATURE..... DATE....., 1995

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INSTRUCTIONS

Forming Part of the Terms and Conditions of the Cash Offer

1. Guarantee of Signatures. Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a firm that is

a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office, branch or agency in the United States each of which participates in a Medallion Program approved by the Securities Transfer Association, Inc. (each being an "Eligible Institution"). Signatures on this Letter of Transmittal need not be guaranteed if (a) this Letter of Transmittal is signed by the registered holder(s) of the Common Shares (which term, for purposes of this document, shall include any participant in one of the Book-Entry Transfer Facilities whose name appears on a security position listing as the owner of Common Shares) tendered herewith and such holder(s) have not completed either of the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" on this Letter of Transmittal or (b) such Common Shares are tendered for the account of an Eligible Institution. See Instruction 6.

2. Delivery of Letter of Transmittal and Common Shares. This Letter of Transmittal is to be completed by holders of Common Shares either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedure for tender by book-entry transfer set forth in the Offer to Purchase/Offering Circular. See "The Offers--Procedure for Tender -- Cash Offer." Certificates for Common Shares, or timely confirmation of a book-entry transfer of such Common Shares into the Depository's account at one of the Book-Entry Transfer Facilities, as well as this Letter of Transmittal (or a facsimile hereof), properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Depository at one of its addresses set forth on the front page hereof prior to the Expiration Date.

If a holder of Common Shares desires to participate in the Cash Offer and time will not permit this Letter of Transmittal or Common Shares to reach the Depository before the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if the Depository has received at its office prior to the Expiration Date, from or through an Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company, setting forth the name and address of the tendering holder, the name(s) in which the Common Shares are registered and, if the Common Shares are held in certificated form, the certificate numbers of the Common Shares to be tendered, and stating that the tender is being made thereby and guaranteeing that within five New York Stock Exchange, Inc. ("NYSE") trading days after the date of execution of such Notice of Guaranteed Delivery by the Eligible Institution, the Common Shares in proper form for transfer or a confirmation of book-entry transfer of such Common Shares into the Depository's account at one of the Book-Entry Transfer Facilities, together with a properly completed and duly executed Letter of Transmittal (and any other required documents), will be delivered by such Eligible Institution. Unless the Common Shares being tendered by the above-described method are deposited with the Depository within the time period set forth above or a confirmation of book-entry transfer of such Common Shares into the Depository's account at one of the Book-Entry Transfer Facilities procedures is received (accompanied or preceded by a properly completed Letter of Transmittal and any other required



documents), the Company may, at its option, reject the tender.

The method of delivery of Common Shares and all other required documents, including delivery through a Book-Entry Transfer Facility, is at the option and risk of the tendering shareholder. If certificates for Common Shares are sent by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted, and no fractional Common Shares will be accepted for purchase. By executing this Letter of Transmittal (or facsimile hereof), the tendering holder waives any right to receive any notice of the acceptance of the Common Shares for purchase.

3. Inadequate Space. If the space provided herein is inadequate, the certificate numbers and/or the number of Common Shares should be listed on a separate signed schedule attached hereto.

4. Partial Tenders. (Not applicable to Book-Entry Shareholders) If fewer than all the Common Shares represented by any certificate delivered to the Depository are to be tendered, fill in the number of Common Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new certificate for the remainder of the Common Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the Expiration Date. All Common Shares represented by certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. Indication of Price at Which Common Shares Are Being Tendered. For Common Shares to be properly tendered pursuant to the Cash Offer, the tendering shareholder must either check the box indicating the price per Common Share at which Common Shares are tendered under "Common Shares Tendered at Price Determined by Shareholder" or the box under "Common Shares Tendered at Price Determined by Dutch Auction." By checking the box under "Common Shares Tendered at Price Determined by Dutch Auction," the shareholder agrees to accept the Purchase Price that results from the Dutch Auction tender process, which may be as low as \$30 or as high as \$33 per Common Share. Checking the box under "Common Shares Tendered at Price Determined by Shareholder" can result in none of the Common Shares tendered being purchased if the Purchase Price for the Common Shares is less than the price checked. Only one box may be checked. If more than one box is checked, or if no box is checked, there is no valid tender of Common Shares. A shareholder wishing to tender portions of his Common Share holdings at different prices must complete a separate Letter of Transmittal for each price at which he wishes to tender each such portion of his Common Shares. The same Common Shares cannot be tendered (unless previously validly withdrawn as provided in the Offer to Purchase/Offering Circular under "The Offers--Withdrawal of Tendered Common Shares") at more than one price.

6. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Common Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates or on the security position listing of a Book-Entry Transfer Facility without alteration, enlargement or any change whatsoever.

If any of the Common Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Common Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Common Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the Purchase Price is to be made, or Common Shares not tendered or not purchased are to be returned, in the name of, any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Common Shares tendered hereby, certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Common Shares. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of the authority of such person so to act must be submitted.

7. Stock Transfer Taxes. The Company will pay any stock transfer taxes with respect to the sale and transfer of any Common Shares to it or its order pursuant to the Cash Offer. If, however, payment of the Purchase Price is to be made to, or Common Shares not tendered or not purchased are to be returned in the name of, any person other than the registered holder(s), the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such person will be deducted from the Purchase Price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted.

8. Special Payment and Delivery Instructions. If the check for the Purchase Price of any Common Shares purchased is to be issued, or any Common Shares not tendered or not accepted for purchase are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal, or any certificates for Common Shares not tendered or not accepted for

purchase are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Common Shares not accepted for purchase will be returned to a Book-Entry Shareholder by crediting the account at the Book-Entry Transfer Facility designated above.

9. Substitute Form W-9. Under the federal income tax laws, the Depository may be required to withhold 31% of the amount of any payments made to certain shareholders pursuant to the Cash Offer. In order to avoid such backup withholding, each tendering shareholder, and, if applicable, each other payee, must provide such shareholder's or payee's correct taxpayer identification number and certify that such shareholder or payee is not subject to such backup withholding by completing the Substitute Form W-9 set forth above. In general, if a shareholder or payee is an individual, the taxpayer identification number is the Social Security number of such individual. Certain shareholders or payees (including, among others, all corporations and certain foreign individual(s)) are not subject to these backup withholding and reporting requirements. In order to satisfy the Depository that a foreign individual qualifies as an exempt recipient, such shareholder or payee must submit a statement, signed under penalties of perjury, attesting to that individual's exempt status. Such statements can be obtained from the Depository. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Common Shares are held in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

Failure to complete the Substitute Form W-9 will not, by itself, cause Common Shares to be deemed invalidly tendered, but may require the Depository to withhold 31% of the amount of any payments made pursuant to the Cash Offer. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

10. Withholding on Payments to Foreign Shareholders. The Company will withhold federal income tax at a rate of 30% from any payment made pursuant to the Cash Offer to a foreign shareholder or his agent, unless the Company determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such payment is effectively connected with the conduct of a trade or business within the United States. For this purpose, a foreign shareholder is any shareholder that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source. The Company will determine the applicable rate of withholding by reference to a shareholder's address, unless the facts and circumstances indicate such reliance is not warranted or if applicable law (for example, an applicable tax

treaty or Treasury regulations thereunder) requires some other method for determining a shareholder's residence. A foreign stockholder may be eligible to file for a refund of such tax or a portion of such tax, if such shareholder's receipt of any payment made pursuant to the Cash Offer meets the "complete termination," "substantially disproportionate" or "not essentially equivalent to a dividend" tests described in the Offer to Purchase/Offering Circular under "Certain United States Federal Income Tax Consequences--United States Holders--Exchange of Common Shares pursuant to the Cash Offer or the Exchange Offer or Both --Exchange of Common Shares for Cash," or if such shareholder is entitled to a reduced rate of withholding pursuant to a tax treaty and the Company withheld at a higher rate. In order to claim an exemption from withholding on the grounds that payments made pursuant to the Cash Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depositary a properly executed Form 4224 claiming exemption. Such Forms can be obtained from the Depositary. Foreign shareholders are urged to consult their own United States tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

11. Waiver of Conditions. The conditions of the Cash Offer may be waived by the Company from time to time in accordance with, and subject to the limitations described in, the Offer to Purchase/Offering Circular.

12. Odd Lots. As described in the Offer to Purchase/Offering Circular under "The Offers--Odd Lot Procedures Applicable to Tenders by Holders of Fewer than 100 Common Shares Pursuant to the Cash Offer," if fewer than all Common Shares validly tendered pursuant to the Cash Offer and not withdrawn prior to the Expiration Date are to be purchased, the Common Shares purchased first will consist of all Common Shares tendered by any shareholder who owned beneficially an aggregate of fewer than 100 Common Shares as of the close of business on June 12, 1995, who validly tendered all such Common Shares at or below the Purchase Price pursuant to the Cash Offer (partial tenders of Common Shares will not qualify for this preference) and completes the box captioned "Odd Lots" in this Letter of Transmittal and, if applicable, the Notice of Guaranteed Delivery.

13. Requests for Assistance or Additional Copies. Requests for assistance or additional copies of the Offer to Purchase/Offering Circular and this Letter of Transmittal may be obtained from the Information Agent at its address or telephone number set forth below.

The Information Agent for the Offer is:

MORROW & CO., INC.  
909 Third Avenue  
New York, NY 10022  
Call Toll-Free:  
(800) 566-9058

Banks and Brokerage Firms please call:  
(800) 662-5200



NOTICE OF GUARANTEED DELIVERY  
(Not to be used for Signature Guarantee)

To Tender Shares of Common Stock  
of  
SUN COMPANY, INC.  
Pursuant to the Exchange Offer or  
Cash Offer made pursuant to the  
Offer to Purchase/Offering Circular  
dated June 13, 1995  
and related Letters of Transmittal

This form, or a form substantially equivalent to this form, must be used to accept the Exchange Offer or the Cash Offer (each as defined below) if (i) certificates for shares (the "Common Shares") of Common Stock, \$1 par value of Sun Company, Inc. (the "Company"), cannot be delivered to First Chicago Trust Company of New York, as Exchange Agent and Depositary, by the Expiration Date (as defined in the Offer to Purchase/Offering Circular of the Company dated June 13, 1995 (the "Offer to Purchase/Offering Circular")), (ii) the procedure for book-entry transfer of Common Shares (as described in the Offer to Purchase/Offering Circular) cannot be completed by the Expiration Date or (iii) the applicable Letter of Transmittal (or a facsimile thereof) and all other required documents cannot be delivered to the Exchange Agent and Depositary prior to the Expiration Date. This form, properly completed and duly executed, may be delivered by hand or facsimile transmission or mailed to the Exchange Agent and Depositary.

To: First Chicago Trust Company of New York, Exchange Agent and Depositary

By Hand or Overnight Courier:

Tenders & Exchanges  
Suite 4680-SUN  
14 Wall Street  
8th Floor  
New York, New York 10005

By Mail:  
(registered or certified mail recommended)

Tenders & Exchanges  
Suite 4660-SUN  
P.O. Box 2559-SUN  
Jersey City, New Jersey 07303-2559

By Facsimile Transmission:  
(For Eligible Institutions Only)

(201) 222-4720 or (201) 222-4721

Confirm Receipt of Notice of Guaranteed Delivery  
by Telephone:

(201) 222-4707

Delivery of this Notice of Guaranteed Delivery to an address other than as set forth above or transmission hereof via facsimile transmission to a number other than as set forth above will not constitute a valid delivery.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

I. EXCHANGE OFFER

IF TENDERING PURSUANT TO THE EXCHANGE OFFER  
PLEASE COMPLETE THIS EXCHANGE OFFER SECTION

Ladies and Gentlemen:

The undersigned hereby tenders to the Company upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the related BLUE Letter of Transmittal (which together constitute the "Exchange Offer"), receipt of which are hereby acknowledged, the Common Shares specified below, pursuant to the guaranteed delivery procedure set forth in the Offer to Purchase/Offering Circular under "The Offers--Procedure for Tender - Exchange Offer."

SIGN HERE FOR EXCHANGE OFFER

Number of Common Shares tendered  
pursuant to Exchange Offer:.....

Certificate Nos. (if available).... ..

.....

.....

(Signature(s))

.....

If Common Shares will be tendered  
pursuant to Exchange Offer by  
book-entry transfer: .....

Name of Tendering Institution:.....

.....  
(Name(s)) (Please Print)

.....

.....  
(Address)

Account No..... at

.....  
(Zip Code)

The Depository Trust Company

Midwest Securities Trust Company

Philadelphia Depository Trust Company

.....  
(Area Code and Telephone No.)

## II. CASH OFFER

IF TENDERING PURSUANT TO THE CASH OFFER  
PLEASE COMPLETE THIS CASH OFFER SECTION

Ladies and Gentlemen:

The undersigned hereby tenders to the Company, at the cash price per Common Share indicated below, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the YELLOW Letter of Transmittal (which together constitute the "Cash Offer"), receipt of which are hereby acknowledged, the Common Shares specified below, pursuant to the guaranteed delivery procedure set forth in the Offer to Purchase/Offer Circular under "The Offers--Procedure for Tender - Cash Offer."

PRICE (IN DOLLARS) PER COMMON SHARE AT  
WHICH COMMON SHARES ARE BEING TENDERED PURSUANT TO THE CASH OFFER  
(See Instruction 5 of the YELLOW Letter of Transmittal)

---

CHECK ONLY ONE BOX.  
IF MORE THAN ONE BOX IS CHECKED, OR IF  
NO BOX IS CHECKED, THERE IS NO VALID  
TENDER OF COMMON SHARES.

COMMON SHARES TENDERED AT PRICE  
DETERMINED BY DUTCH AUCTION



The undersigned wants to maximize the chance of having the Company purchase all the Common Shares the undersigned is tendering pursuant to the Cash Offer (subject to the possibility of proration). Accordingly, by checking this one box INSTEAD OF ONE OF THE PRICE BOXES BELOW, the undersigned hereby tenders all Common Shares tendered by the undersigned, and is willing to accept the Purchase Price resulting from, the Dutch Auction tender process. This action could result in the undersigned receiving a price per Common Share as low as \$30 or as high as \$33.

OR

COMMON SHARES TENDERED PURSUANT TO THE CASH OFFER  
AT PRICE DETERMINED BY SHAREHOLDER

\$30.000	<input type="checkbox"/>	\$31.000	<input type="checkbox"/>	\$32.000	<input type="checkbox"/>
\$30.125	<input type="checkbox"/>	\$31.125	<input type="checkbox"/>	\$32.125	<input type="checkbox"/>
\$30.250	<input type="checkbox"/>	\$31.250	<input type="checkbox"/>	\$32.250	<input type="checkbox"/>
\$30.375	<input type="checkbox"/>	\$31.375	<input type="checkbox"/>	\$32.375	<input type="checkbox"/>
\$30.500	<input type="checkbox"/>	\$31.500	<input type="checkbox"/>	\$32.500	<input type="checkbox"/>
\$30.625	<input type="checkbox"/>	\$31.625	<input type="checkbox"/>	\$32.625	<input type="checkbox"/>
\$30.750	<input type="checkbox"/>	\$31.750	<input type="checkbox"/>	\$32.750	<input type="checkbox"/>
\$30.875	<input type="checkbox"/>	\$31.875	<input type="checkbox"/>	\$32.875	<input type="checkbox"/>
				\$33.000	<input type="checkbox"/>

CASH OFFER (continued)

ODD LOTS

(See Instruction 12 on the YELLOW Letter of Transmittal)

The undersigned either (check one box):

was the beneficial owner as of the close of business on June 12, 1995 of an aggregate of fewer than 100 Common Shares, all of which are being tendered pursuant to the Cash Offer,

or

is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owners thereof, Common Shares with respect to which it is the record owner, and (ii) believes, based upon representations, made to it by each such beneficial owner, that such beneficial owner owned beneficially as of the close of business on June 12, 1995 an aggregate of fewer than 100 Common Shares, and is tendering all of such Common Shares pursuant to the Cash Offer.

SIGN HERE FOR CASH OFFER



.....  
(Name of Firm)

.....  
(Authorized Signature)

.....  
(Title)

.....  
(Address)

Name:.....

.....  
(Zip Code)

Dated:.....

.....  
(Area Code and Telephone No.)

DO NOT SEND CERTIFICATES FOR COMMON SHARES WITH THIS FORM. CERTIFICATES FOR COMMON SHARES MUST BE SENT WITH THE APPLICABLE LETTER OF TRANSMITTAL.

SUN COMPANY, INC.

OFFER TO EXCHANGE

Up to 25,000,000 Shares of its Common  
Stock, \$1 Par Value, for Depositary Shares,  
Each Depositary Share Representing One-Half of  
a Share of its Series A Cumulative Preference Stock  
No Par Value

OFFER TO PURCHASE FOR CASH

Up to 6,400,000 Shares of Its Common Stock,  
\$1 Par Value

June 13, 1995

To Brokers, Dealers, Commercial  
Banks, Trust Companies and  
Other Nominees

Sun Company, Inc., a Pennsylvania corporation (the "Company"), is offering to:

(1) Upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular") and the related BLUE Letter of Transmittal enclosed herewith (which together with the Offer to Purchase/Offering Circular constitutes the "Exchange Offer"), exchange up to 25,000,000 shares of its Common Stock, par value \$1 (such shares, together with all other outstanding shares of Common Stock of the Company, being the "Common Shares") for depositary shares (the "Depositary Shares"), each Depositary Share representing one-half of a share of Series A Cumulative Preference Stock, no par value, of the Company on the basis of one Depositary Share for each Common Share; and

(2) Upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the related YELLOW Letter of Transmittal enclosed herewith (which together with the Offer to Purchase/Offering Circular constitutes the "Cash Offer"), purchase up to 6,400,000 of the Common Shares, at a cash price not greater than \$33 nor less than \$30 per Common Share. The Company will determine the single per Common Share price (not greater than \$33 nor less than \$30 per Common Share in cash) that it will pay for the Common Shares validly tendered pursuant to the Cash Offer (the "Purchase Price") taking into account the number of Common Shares so tendered and the price specified by tendering shareholders. The Company will select the Purchase Price that will allow it to purchase 6,400,000 Common Shares (or such lesser number as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer.

The Exchange Offer and the Cash Offer are being made simultaneously by the Company and are referred to collectively herein as the "Offers." Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them in either the Exchange Offer or the Cash Offer or a portion of their Common Shares in each Offer; provided, however, that no holder of Common Shares may tender the same Common Shares in both the Exchange Offer and the Cash Offer.

Consummation of the Exchange Offer is not a condition to consummation of the Cash Offer. Consummation of the Cash Offer is not a condition to consummation of the Exchange Offer. The Exchange Offer is conditioned upon 2,500,000 Common Shares being validly tendered and not withdrawn. The Cash Offer is not conditional on any minimum number of Common Shares being tendered pursuant thereto.

Upon the terms and subject to the conditions of the Exchange Offer, if 25,000,000 or fewer Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date (as defined in the Offer to Purchase/Offering Circular), the Company will accept for exchange all such Common Shares, and if more than 25,000,000 Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date, the Company will accept for exchange all Common Shares validly tendered and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid acquisitions of fractional Common Shares).

Upon the terms and subject to the conditions of the Cash Offer, if 6,400,000 or fewer Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase all such Common Shares. If more than 6,400,000 Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase Common Shares in the following order of priority:

(a) all Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date by any shareholder who owned beneficially an aggregate of fewer than 100 Common Shares as of the close of business on June 12, 1995 and who validly tenders all of such Common Shares pursuant to the Cash Offer (partial tenders will not qualify for this preference) and completes the box captioned "Odd Lots" on the YELLOW Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) after purchase of all of the foregoing Common Shares, all other Common Shares validly tendered at or below the Purchase Price and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid purchases of fractional Common Shares).

For your information and for forwarding to your clients for whom you hold Common Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase/Offering Circular dated June 13, 1995;
2. BLUE Letter of Transmittal for your use and for the information of your clients in relation to the EXCHANGE OFFER;
3. YELLOW Letter of Transmittal for your use and for the information of your clients in relation to the CASH OFFER, together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 providing information relating to backup federal income tax withholding;
4. Notice of Guaranteed Delivery to be used to accept the Exchange Offer or the Cash Offer if the Common Shares cannot be delivered to the Exchange Agent or Depositary, as the case may be, by the Expiration Date, or the book-entry transfer of the Common Shares cannot be completed by the Expiration Date, or all required documents cannot be delivered to the Exchange Agent/Depositary by the Expiration Date;
5. A form of letter that may be sent to your clients for whose accounts you hold Common Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions; and
6. Return envelope addressed to First Chicago Trust Company of New York, the Exchange Agent and Depositary.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE.

THE OFFERS, THE PRORATION PERIODS AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, JULY 24, 1995, UNLESS THE OFFERS ARE EXTENDED.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKE ANY RECOMMENDATION THAT SHAREHOLDERS TENDER OR REFRAIN FROM TENDERING THEIR COMMON SHARES PURSUANT TO EITHER OFFER, AND NO ONE HAS BEEN AUTHORIZED TO MAKE ANY SUCH RECOMMENDATION ON BEHALF OF THE COMPANY. THIS IS A MATTER FOR EACH SHAREHOLDER TO DETERMINE AFTER CONSULTATION WITH HIS OR HER ADVISORS, INCLUDING TAX COUNSEL, ON THE BASIS OF HIS OR HER OWN FINANCIAL POSITION AND REQUIREMENTS.

The Company will upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their clients. The Company will pay all stock transfer taxes applicable to the acceptance of Common Shares pursuant to the Offers, subject to Instruction 7 of each Letter of Transmittal.

Any inquiries you may have with respect to the Offers should be addressed

to, and additional copies of the enclosed materials may be obtained from Morrow & Co., Inc., as Information Agent, at the addresses and telephone numbers set forth on the back cover of the Offer to Purchase/Offering Circular.

Very truly yours,

SUN COMPANY, INC.

SUN COMPANY, INC.

OFFER TO EXCHANGE

Up to 25,000,000 Shares of its Common  
Stock, \$1 Par Value, for Depositary Shares,  
Each Depositary Share Representing One-Half of  
a Share of Series A Cumulative Preference  
Stock, No Par Value

OFFER TO PURCHASE FOR CASH

Up to 6,400,000 Shares of its Common  
Stock, \$1 Par Value

June 13, 1995

To Our Clients:

Enclosed for your consideration is the Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular") of Sun Company, Inc., a Pennsylvania corporation (the "Company"), and: (i) the related BLUE Letter of Transmittal (which together with the Offer to Purchase/Offering Circular constitutes the "Exchange Offer") in connection with the offer by the Company to exchange up to 25,000,000 shares of its Common Stock, \$1 par value (such shares, together with all other outstanding shares of Common Stock of the Company, being the "Common Shares"), for depositary shares (the "Depositary Shares"), each Depositary Share representing one-half of a share of Series A Cumulative Preference Stock, no par value, of the Company and (ii) the related YELLOW Letter of Transmittal (which, together with the Offer to Purchase/Offering Circular constitutes the "Cash Offer") in connection with the offer by the Company to purchase up to 6,400,000 Common Shares, at a cash price not greater than \$33 nor less than \$30 per Common Share. The Exchange Offer and the Cash Offer are being made simultaneously by the Company and are referred to collectively herein as the "Offers."

We are the holder of record of Common Shares held for your account. A tender of such Common Shares pursuant to either of the Offers can be made only by us as the holder of record pursuant to your instructions. The Letters of Transmittal are furnished to you for your information only and cannot be used by you to tender Common Shares held by us for your account.

We request instructions as to whether you wish us to tender any or all of the Common Shares held by us for your account pursuant to the Exchange Offer or the Cash Offer, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the applicable Letter of Transmittal.



Your attention is drawn to the following:

#### General

1. The Offers, the proration periods and withdrawal rights expire at 12:00 Midnight, New York City time, on Monday July 24, 1995, unless the Offers are extended (the "Expiration Date").

2. The Company expressly reserves the right to extend, amend or modify the terms of the Offers, and not accept any Common Shares tendered, at any time prior to the Expiration Date for any reason.

3. Any stock transfer taxes applicable to the exchange of Common Shares pursuant to the Exchange Offer, or sale of Common Shares pursuant to the Cash Offer, will be paid by the Company, except as otherwise provided in Instruction 7 to the applicable Letter of Transmittal.

4. Consummation of the Exchange Offer is not a condition to consummation of the Cash Offer, and consummation of the Cash Offer is not a condition to consummation of the Exchange Offer.

5. Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them pursuant to either the Exchange Offer or the Cash Offer, or to allocate a portion of the Common Shares held by them to the Exchange Offer and a portion to the Cash Offer; provided, however that no holder may tender the same Common Shares pursuant to both the Exchange Offer and the Cash Offer.

#### Exchange Offer

6. The exchange ratio is one Depositary Share for each Common Share accepted for exchange.

7. The Exchange Offer is being made for up to 25,000,000 Common Shares. Upon the terms and subject to the conditions of the Exchange Offer, if 25,000,000 or fewer Common Shares are validly tendered and not withdrawn prior to the Expiration Date, the Company will accept for exchange all such Common Shares, and if more than 25,000,000 Common Shares have been validly tendered and not withdrawn prior to the Expiration Date, the Company will accept for exchange all Common Shares validly tendered and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid acquisitions of fractional Common Shares).

8. The Exchange Offer is conditioned upon 2,500,000 Common Shares being validly tendered and not withdrawn prior to the Expiration Date.

#### Cash Offer

9. You may tender Common Shares pursuant to the Cash Offer at a cash price not greater than \$33 nor less than \$30 per Common Share, as indicated in the attached instruction form.

10. The Company will determine the per Common Share price (not greater than \$33 nor less than \$30 per Common Share) in cash that it will pay for the Common Shares validly tendered pursuant to the Cash Offer (the "Purchase Price") taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price that will allow it to purchase 6,400,000 Common Shares (or such lesser number as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer.

11. The Cash Offer is not conditioned upon any minimum number of Common Shares being tendered.

12. If you owned beneficially as of the close of business on June 12, 1995, an aggregate of fewer than 100 Common Shares and you instruct us to tender on your behalf all such Common Shares prior to the expiration of the Cash Offer and check the box captioned "Odd Lots" in the instruction form, on the terms and subject to the conditions of the Cash Offer, all such Common Shares validly tendered at or below the Purchase Price will be accepted for purchase before proration, if any, of the purchase of other Common Shares properly tendered at or below the Purchase Price.

13. The Cash Offer is being made for up to 6,400,000 Common Shares. Upon the terms and subject to the conditions of the Cash Offer, if 6,400,000 or fewer Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase all such Common Shares, and if more than 6,400,000 Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will first accept for purchase all Common Shares tendered in accordance with the preceding paragraph, and will then accept all other Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid purchases of fractional Common Shares).

SUN COMPANY, INC.

OFFER TO EXCHANGE

Up to 25,000,000 Shares of its Common  
Stock, \$1 Par Value, for Depositary Shares,  
Each Depositary Share Representing One-Half of  
a Share of Series A Cumulative Preference  
Stock, No Par Value

OFFER TO PURCHASE FOR CASH

Up to 6,400,000 Shares of its Common  
Stock, \$1 Par Value

INSTRUCTION FORM

If you wish to have us tender any or all of your Common Shares pursuant to either Offer, please so instruct us by completing, executing, detaching and returning to us this Instruction Form.

An envelope to return your instructions to us is enclosed. If you authorize tender of your Common Shares pursuant to one Offer (but not both Offers), all such Common Shares will be tendered pursuant to the Offer indicated unless otherwise specified below. Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them pursuant to either the Exchange Offer or the Cash Offer, or to allocate a portion of the Common Shares held by them to the Exchange Offer and a portion to the Cash Offer; provided, however that no holder may tender the same Common Shares pursuant to both the Exchange Offer and the Cash Offer. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf by the Expiration Date.

THE OFFERS ARE NOT BEING MADE TO, NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF, HOLDERS OF COMMON SHARES IN ANY JURISDICTION IN WHICH THE MAKING OF THE OFFERS OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN THOSE JURISDICTIONS THE LAWS OF WHICH REQUIRE THAT THE OFFERS BE MADE BY A LICENSED BROKER OR DEALER, THE OFFERS SHALL BE DEEMED TO BE MADE ON BEHALF OF THE COMPANY BY ONE OR MORE REGISTERED BROKERS OR DEALERS LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

#### INSTRUCTIONS WITH RESPECT TO THE OFFERS

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase/Offering Circular (the "Offer to Purchase/Offering Circular") dated June 13, 1995 and the related Letters of Transmittal in connection with the offers by Sun Company, Inc. to (i) exchange up to 25,000,000 shares of its Common Stock, \$1 par value (such shares, together with all other outstanding shares of Common Stock of the Company, being the "Common Shares"), for depositary shares (the "Depositary Shares"), each Depositary Share representing one-half of a share of Series A Cumulative Preference Stock, no par value, of the Company, at a rate of one Depositary Share for each Common Share tendered, and (ii) purchase up to 6,400,000 Common Shares at a cash price not greater than \$33 nor less than \$30 per Common Share.

#### EXCHANGE OFFER

This will instruct you to tender pursuant to the Exchange Offer the number of Common Shares indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the related BLUE Letter of Transmittal.

[ ] By checking this box, all Common Shares held by you for our account,

including fractional shares, will be tendered in the Exchange Offer. If fewer than all Common Shares are to be so tendered, we have checked the box and indicated below the aggregate number of Common Shares to be tendered by you.

shares  
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Unless otherwise indicated, if you have indicated your intent to tender pursuant to only one Offer (but not both Offers), it will be assumed that all Common Shares held by us for your account are to be tendered pursuant to such Offer indicated.

#### CASH OFFER

This will instruct you to tender pursuant to the Cash Offer the number of Common Shares indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and the related YELLOW Letter of Transmittal, and at the price indicated below.

By checking this box, all Common Shares held by you for our account, including fractional shares, will be tendered in the Cash Offer. If fewer than all Common Shares are to be tendered, we have checked the box and indicated below the aggregate number of Common Shares to be tendered by you.

shares  
-----

Unless otherwise indicated, if you have indicated your intent to tender pursuant to only one Offer (but not both Offers), it will be assumed that all Common Shares held by us for your account are to be tendered pursuant to such Offer indicated.

By checking this box, the undersigned represents that the undersigned owned beneficially as of the close of business on June 12, 1995 an aggregate of fewer than 100 Common Shares and is tendering all of such Common Shares pursuant to the Cash Offer.

PRICE (IN DOLLARS) PER COMMON SHARE AT  
WHICH COMMON SHARES ARE TO BE TENDERED

CHECK ONLY ONE BOX.  
IF MORE THAN ONE BOX IS CHECKED, OR IF  
NO BOX IS CHECKED, THE COMMON SHARES  
CANNOT BE TENDERED PURSUANT TO THE CASH OFFER

COMMON SHARES TO BE TENDERED  
PURSUANT TO THE CASH OFFER

AT PRICE DETERMINED BY DUTCH AUCTION

[ ] By checking this one box INSTEAD OF ONE OF THE PRICE BOXES BELOW, the Common Shares to be tendered pursuant to the Cash Offer will be tendered at the Purchase Price resulting from the Dutch Auction tender process. The undersigned understand(s) that this action could result in the undersigned receiving a price per Common Share as low as \$30 or as high as \$33.

OR  
COMMON SHARES TO BE TENDERED PURSUANT TO THE  
CASH OFFER AT THE FOLLOWING PRICE

\$30.000	[ ]	\$31.000	[ ]	\$32.000	[ ]
\$30.125	[ ]	\$31.125	[ ]	\$32.125	[ ]
\$30.250	[ ]	\$31.250	[ ]	\$32.250	[ ]
\$30.375	[ ]	\$31.375	[ ]	\$32.375	[ ]
\$30.500	[ ]	\$31.500	[ ]	\$32.500	[ ]
\$30.625	[ ]	\$31.625	[ ]	\$32.625	[ ]
\$30.750	[ ]	\$31.750	[ ]	\$32.750	[ ]
\$30.875	[ ]	\$31.875	[ ]	\$32.875	[ ]
				\$33.000	[ ]

SIGN HERE FOR EITHER OR BOTH OFFERS

.....

.....

.....

.....

Signature(s)

Please print name(s) and  
address(es) here

Dated.....

June 13, 1995

TO SUN SHAREHOLDERS:

With Sun's long-term financial success clearly at the top of the agenda, on June 12 the company's Board of Directors approved a comprehensive series of changes in the organizational and financial structure of the company.

These changes are in response to a continuing 1990's business environment that has featured a combination of unfavorable market conditions, high environmental costs and an influx of aggressive independent competitors---all of which have put our company under increased pressure.

The actions we are announcing today will greatly strengthen our competitive position, improve our operating results and build long-range value for our shareholders.

Organizationally, we will dramatically sharpen our focus on results by providing our operating units with a structure that will encourage entrepreneurial spirit, maximize income and tailor each business more directly to its market.

The decisions we are making will generate annual cost savings in excess of \$100 million. Included is a reduction of 800 jobs. An unpleasant choice, yes, but it is an unavoidable part of the competitive reality of this business. As you have undoubtedly read in the newspapers, many other companies in this industry have been faced with making the same decision.

So, the internal story is one of a lean, purposeful organizational structure and a major cost reduction initiative.

The next part, of course, affects every shareholder. That is the decision to lower Sun's dividend payment from \$1.80 per share to \$1.00. (From 45 cents to 25 cents a quarter)

Given Sun's long history of "finding a way" to meet the dividend, this was a difficult decision to make. Given the reality of our industry right now, I believe it was the responsible and prudent course to follow.

The fact is that for some time our dividend payment has been nearly double that of our competition.

We have maintained that dividend level for an extended period of time

even when downstream profitability has been weak. We did so in anticipation that market conditions would right themselves shortly and financial performance would improve. We can no longer wait for that to happen. We must make the choices, and the sacrifices, that will establish a solid foundation for improved financial performance.

Reducing the dividend is a very significant step. However, even at the lower level, our yield will still be higher than our competition or the average of the S&P 500. By having a dividend level comparable to our competitors, we will have sufficient funds to make sound investments in our value-added businesses and to improve our basic refining capability.

The information that is enclosed has been sent to all Sun shareholders. As a Sun shareholder, you will have some choices to make. I urge you to study closely the information that accompanies this letter. It explains those choices, and also points out that further help is available to you should you need it.

Sun has never been a stand-still company. The Sun family of employees and shareholders has been through some good times and some challenging ones, and has tried to make decisions that were in the best interests of the total company. And that's what's happening here, as well.

Understanding today's unusual business environment and having confidence in our future potential as a top competitor in this industry---those are the characteristics that guide this action.

Sincerely,

Robert H. Campbell

RHC/alw

This advertisement is neither an offer to purchase, exchange or sell nor a solicitation of an offer to purchase, exchange or sell any of the securities referred to in this advertisement. The Offers are made solely by the Offer to Purchase/Offering Circular dated June 13, 1995, and the related Letters of Transmittal and are not being made to, nor will offers be accepted from, or on behalf of, holders of these securities in any jurisdiction in which the making or acceptance of the Offers would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require that the Offers be made by a licensed broker or dealer, the Offers shall be deemed to be made on behalf of the Company by one or more registered brokers or dealers licensed under the laws of such jurisdictions.

Notice of Offer to Holders of Shares of Common Stock

SUN COMPANY, INC.

Offer to Exchange

Up to 25,000,000 Shares of its Common Stock, \$1 par value  
for Depositary Shares,  
Each Depositary Share Representing One-Half of a Share of  
Series A Cumulative Preference Stock, no par value  
(Targeted Growth Enhanced Terms Security(SM) TARGETS(SM))

Offer to Purchase for Cash

Up to 6,400,000 Shares of its Common Stock, \$1 par value

THE OFFERS, THE PRORATION PERIODS AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, July 24, 1995, UNLESS THE OFFERS ARE EXTENDED.

SUN COMPANY, INC., a Pennsylvania corporation (the "Company"), is offering its shareholders the opportunity to: (i) exchange, upon the terms and conditions contained in the Offer to Purchase/Offering Circular dated June 13, 1995 (the "Offer to Purchase/Offering Circular") and in the related BLUE Letter of Transmittal (which together constitute the "Exchange Offer") up to 25,000,000 shares of its Common Stock, \$1 par value (such shares, together with all other outstanding shares of Common Stock of the Company, are referred to herein as the "Common Shares"), for depositary shares (the "Depositary Shares"), each Depositary Share representing one-half of a share of the Company's Series A Cumulative Preference Stock, no par value (the "Preference



Stock"), at the rate of one Depositary Share for each Common Share tendered; and (ii) tender, upon the terms and subject to the conditions set forth in the Offer to Purchase/Offering Circular and in the related YELLOW Letter of Transmittal (which together constitute the "Cash Offer"), up to 6,400,000 Common Shares at cash prices not greater than \$33 nor less than \$30 per Common Share specified by such shareholders. The Exchange Offer and the Cash Offer are being made simultaneously by the Company and are referred to collectively herein as the "Offers." Holders of Common Shares may elect to tender all or a portion of the Common Shares held by them in either the Exchange Offer or the Cash Offer or a portion of their Common Shares in each Offer; provided, however, that no holder of Common Shares may tender the same Common Shares in both the Exchange Offer and the Cash Offer.

The Exchange Offer is conditioned upon, among other things, at least 2,500,000 Common Shares being validly tendered and not withdrawn prior to 12:00 midnight, New York City time, on Monday, July 24, 1995, unless extended (the "Expiration Date"). The Cash Offer is not conditioned upon any minimum number of shares being tendered. See "The Offers-Conditions of the Offers" in the Offer to Purchase/Offering Circular.

Pursuant to the Cash Offer, the Company will determine a single cash price per Common Share (not greater than \$33 nor less than \$30 per Common Share) that it will pay for the Common Shares validly tendered pursuant to the Cash Offer (the "Purchase Price"), taking into account the number of Common Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price that will allow it to purchase 6,400,000 Common Shares (or such lesser number as are validly tendered at prices not greater than \$33 nor less than \$30 per Common Share) pursuant to the Cash Offer. Upon the terms and subject to the conditions of the Cash Offer, including the provisions thereof relating to proration, the Company will purchase, at the Purchase Price, all Common Shares validly tendered at prices at or below the Purchase Price prior to the Expiration Date and not withdrawn.

Upon the terms and subject to the conditions of the Exchange Offer, if 25,000,000 or fewer Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date, the Company will accept all such Common Shares for exchange. Upon the terms and subject to the conditions of the Exchange Offer, if more than 25,000,000 Common Shares have been validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date, the Company will accept for exchange all Common Shares validly tendered pursuant to the Exchange Offer and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid purchases of fractional Common Shares).

Upon the terms and subject to the conditions of the Cash Offer, if 6,400,000 or fewer Common Shares have been validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase all such Common Shares at the Purchase Price. Upon the terms and subject to the conditions of the Cash Offer, if more than 6,400,000 Common Shares have been validly tendered at or

below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date, the Company will purchase Common Shares at the Purchase Price in the following order of priority:

(a) all Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date by any shareholder who owned beneficially an aggregate of fewer than 100 Common Shares as of the close of business on June 12, 1995 and who validly tenders all of such Common Shares pursuant to the Cash Offer (partial tenders will not qualify for this preference) and completes the box captioned "Odd Lots" on the YELLOW Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, up to a maximum of 6,400,000 Common Shares in aggregate tendered by such shareholders pursuant to the Cash Offer; and

(b) after purchase of all of the foregoing Common Shares, all other Common Shares validly tendered at or below the Purchase Price pursuant to the Cash Offer and not withdrawn prior to the Expiration Date on a pro rata basis, if necessary (with appropriate adjustments to avoid purchases of fractional Common Shares).

Tenders of Common Shares made pursuant to either the Exchange Offer or the Cash Offer may be withdrawn at any time prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after August 7, 1995, unless theretofore accepted for exchange or payment as provided in the Offer to Purchase/Offering Circular. To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by First Chicago Trust Company of New York, as Exchange Agent for the Exchange Offer and as Depositary for the Cash Offer, at one of its addresses set forth on the back cover of the Offer to Purchase/Offering Circular and must specify the name of the person who tendered the Common Shares to be withdrawn and the number of Common Shares to be withdrawn with respect to the applicable Offer. If the Common Shares to be withdrawn have been delivered to the Exchange Agent or the Depositary, as the case may be, a signed notice of withdrawal with signatures guaranteed by an Eligible Institution, as defined in the Offer to Purchase/Offering Circular (except in the case of Shares tendered by an Eligible Institution), must be submitted prior to the release of such Common Shares. In addition, such notice must specify, in the case of Common Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering shareholder) and the serial numbers shown on the particular certificates evidencing the Common Shares to be withdrawn or, in the case of Common Shares tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase/Offering Circular) to be credited with the withdrawn Common Shares. Withdrawals may not be rescinded and Common Shares withdrawn will thereafter be deemed not validly tendered for purposes of either Offer. However, withdrawn Common Shares may be retendered by again following one of the procedures described in the Offer to Purchase/Offering Circular at any time prior to the Expiration Date.

For the purposes of each Offer, the Company will be deemed to have accepted for exchange or purchase (and thereby acquired), subject to the proration provisions of the applicable Offer, Common Shares that are validly tendered pursuant to the applicable Offer prior to the Expiration Date and not withdrawn as, if and when it gives oral or written notice (i) to the Exchange Agent of its acceptance for exchange of Common Shares tendered pursuant to the Exchange Offer or (ii) to the Depository of its acceptance for purchase of Common Shares tendered pursuant to the Cash Offer.

The purpose of the Exchange Offer is to provide those shareholders whose primary objective is current income with an opportunity to exchange, subject to the terms and conditions of the Exchange Offer, all or a portion of their Common Shares for yield-oriented Depository Shares entitled to receive an annual cash dividend of \$1.80 per share. The purpose of the Cash Offer is to allow shareholders to tender, subject to the terms and conditions of the Cash Offer, all or a portion of their Common Shares for cash while allowing them to retain, in respect of their remaining Common Shares, a continuing equity interest in the Company.

Each shareholder should decide for himself or herself whether to tender Common Shares pursuant to one or more of these Offers. Neither the Company nor its Board of Directors makes any recommendation that shareholders tender or refrain from tendering their Common Shares pursuant to either Offer and no one has been authorized to make such recommendations on behalf of the Company. This is a matter for each shareholder to determine after consultation with his or her advisors, including tax counsel, on the basis of his or her own financial position and requirements.

The Company reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offers are open by giving oral or written notice of such extension to First Chicago Trust Company of New York, as Exchange Agent and Depository.

The information required by Rule 13e-4(d)(1) under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase/Offering Circular and is incorporated herein by reference.

The Offer to Purchase/Offering Circular and the related Letters of Transmittal contain important information that should be read before any decision is made with respect to the Offers. Copies of the Offer to Purchase/Offering Circular, the related Letters of Transmittal and other tender offer materials may be obtained at the expense of the Company from the Information Agent as set forth below:

The Information Agent is:

MORROW & CO., INC.

909 Third Avenue  
New York, New York 10022

(212) 754-8000  
Toll Free (800) 566-9058

Banks and Brokerage Firms please call:  
(800) 662-5200

PR NEWSWIRE: Please send to Northeast Newswire, plus IRW/First Call and the following trades: Business/Finance, Oil/Energy and Chemicals/Plastics. For release at 8:00 a.m. on June 13, 1995.

SUN COMPANY TO IMPLEMENT  
BROAD OPERATIONAL AND FINANCIAL CHANGES;  
DECLARES DIVIDEND ON COMMON STOCK  
AND NEW DEPOSITARY SHARES

PHILADELPHIA, June 13, 1995 -- Sun Company, Inc. (NYSE: SUN) today announced details of an extensive operational and financial restructuring that Sun Chairman/CEO Robert H. Campbell said "will significantly improve our competitive position and establish a solid foundation for improved financial performance."

Sun is the largest independent U.S. refiner-marketer, with five domestic refineries and more than 4,000 Sunoco retail outlets in 17 states from Maine to Indiana and the District of Columbia.

"The changes we are making will enable us to focus on our core businesses and significantly strengthen our financial position so we can invest in growth projects," Campbell said. "We believe this will enhance the value of Sun Company to our shareholders and the many other groups who have a stake in the company, including our customers, suppliers, employees and the communities where we operate."

He said there are seven elements in the operational and financial restructuring. They are:

OPERATIONAL ELEMENTS

- \* cost reductions of \$110 million a year, principally by a reduction of 800 primarily staff and support positions;

- \* the restructuring of Sun Company into eight "separate and discrete, but not autonomous, business units" plus a holding company and a service company;

FINANCIAL ELEMENTS

- \* the already-completed sale of the company's 55-percent interest in Suncor, its former Canadian subsidiary, for net cash proceeds of U.S.\$770 million, of which \$635 million will be received in mid-June, with the remainder due in 1996;

- \* the reduction of Sun's debt by more than \$500 million through the use of at least \$335 million of Suncor proceeds to repay company debt and the

elimination of approximately \$180 million of debt as part of the Suncor sale;

\* the reduction of Sun's quarterly common stock dividend from 45 cents a share (\$1.80 per year) to 25 cents a share (\$1.00 per year);

\* the use of some Suncor proceeds to make a cash tender offer for up to 6.4 million shares of Sun common stock via a "Dutch auction" at a price between \$30 and \$33 per share, followed by an open market purchase program of up to \$100 million in Sun common stock after the conclusion of the tender offer. (Sun stock closed yesterday at \$31.25 per share. The tender offer to shareholders will be made on June 13 and will remain open until July 24.)

\* an offer to shareholders to exchange their common shares tax free for an equal number of "depository shares" that will pay an annual dividend of \$1.80 per share for three years. The company will exchange up to 25 million shares in total. (Each depository share represents one-half of a preference share -- a new series of cumulative preferred stock -- and will have half the voting rights of a common share. Their value will be capped at \$40 per share plus any remaining "excess" dividend, and they are subject to redemption for common stock.)

The exchange offer will be made at the same time as the cash tender offer and will also expire on July 24, 1995. If more than 6.4 million shares are tendered in the Dutch auction or more than 25 million shares in the exchange offer, submissions will be subject to proration.

Campbell said that Sun's board of directors declared dividends payable on both common stock and the new depository shares for the third quarter of 1995. The common stock dividend will be \$.25 per share, and the dividend on depository shares will be \$.45 per share. Payment date for the common stock dividend is September 8, 1995, payable to shareholders of record on August 10. The dividend on depository shares is payable September 13, 1995, to shareholders of record on August 10.

Campbell said the multi-faceted plan was the result of a competitive assessment of all aspects of the refining and marketing business. "Refining margins for gasoline and distillate fuel, the principal products made from crude oil, have narrowed significantly in the past four years, requiring us to continually reduce our cost structure," he said.

He pointed out that the financial aspects of the restructuring are directly linked with the operational changes. "The proceeds of the Suncor sale enable us to repay a large portion of our debt and buy back some of our stock, while the reduced dividend and annual cost reductions provide ongoing cash for growth projects that will increase shareholder value over time," he stated.

Commenting on the operational changes, Campbell said that organizing into eight business units would "increase accountability for bottom line performance, allow each unit to focus on different ways of operating in different business environments, better integrate oil flow decision-making,

and provide tighter cost controls." The eight units are:

- \* Northeast Sunoco Branded Fuels -- primarily sales of Sunoco gasoline through service stations in New England and the Mid-Atlantic states, but also including branded sales of other fuels;
- \* Northeast Refining and Wholesale, composed of the Philadelphia and Marcus Hook, Pa., refineries, and the wholesale marketing of fuels made there;
- \* Toledo Refining & Marketing, including the Toledo (Ohio) Refinery, sales of products made there, and the retail marketing of Sunoco gasoline in the areas supplied from the refinery;
- \* Chemicals, consisting of the manufacture and sale of chemicals;
- \* Lubricants Refining & Marketing, consisting of the manufacture and sale of lubricants and related fuels produced at Sun's Tulsa (Okla.) and Puerto Rico refineries, including blending, packaging and customer service;
- \* Logistics, composed of Sun's crude oil and products pipelines, domestic crude oil lease acquisition, marketing terminals, and the company's rail, tank car, transport and marine operations;
- \* International Production, principally crude oil and natural gas produced in the U.K. North Sea; and
- \* Coal, consisting of several Eastern coal mines and a coke producing facility;

Campbell said a service company would be created from existing support groups to provide services to these eight units. "This service company will be compared with external providers to determine the most cost effective way of providing needed services," Campbell noted.

Commenting on the dividend reduction, Campbell said that, based on Monday's share price of \$31.25, Sun's previous \$1.80 per share dividend represented a yield of 5.8 percent, more than double that of its competitors. "We maintained that dividend level in anticipation that market conditions would right themselves shortly and financial performance would improve, but we can no longer wait for that to happen," he said. "It is tempting to speculate that the downward pressure on our refining margins has peaked and will soon subside, but at Sun we think that to count on that would be a risky strategy indeed."

"The new annual dividend on common stock of \$1.00 per share is still an attractive yield compared to our competition and the average S&P 500 company," Campbell said. "By having a dividend level comparable to our competitors, we will have sufficient funds to make sound investments in our value-added businesses and to improve our basic refining capability." The new dividend will take effect with the third quarter payment scheduled for September 1995, Campbell noted.

He added that Sun will record an estimated after-tax charge in the 1995 second quarter of \$100 million related to employee terminations and the write-down to net realizable value of certain refining-marketing and coal assets. He said the Suncor sale will result in a second quarter after-tax gain of approximately \$150 million.

Sun Company, Inc. (NYSE: SUN), headquartered in Philadelphia, operates five domestic refineries and markets gasoline under the Sunoco brand through more than 4,000 service stations in 17 states from Maine to Indiana and the District of Columbia. These outlets include more than 600 Sunoco A-Plus convenience stores and 350 Sunoco Ultra Service Centers. Sun sells lubricants and petrochemicals worldwide, operates domestic pipelines and terminals, and produces crude oil and natural gas internationally. Sun recently sold its 55 percent interest in Suncor, a fully-integrated Canadian oil company.

-END-

June 13, 1995

For further information contact:

Bud Davis (media):

after 10:00 a.m. on June 13:  
(212) 223-0527 or (212) 644-5927

on June 14 and thereafter:  
(215) 977-3485

Katie Nichols (investors): (215) 977-6106



June 13, 1995

Board of Directors  
Sun Company, Inc.  
Ten Penn Center  
1801 Market Street  
Philadelphia, PA 19103-1699

Ladies and Gentlemen:

You have requested our opinion with respect to certain Federal income tax consequences of the proposed exchange of up to 25,000,000 shares of Common Stock of Sun Company, Inc. (the "Company") for Depositary Shares, each of which represents one-half of a share of the Company's Series A Cumulative Preference Stock, pursuant to an offer made by the Company (the "Exchange Offer") in an Offer to Purchase/Offering Circular of the Company dated June 13, 1995, and the related BLUE Letter of Transmittal. The Company has also made an offer (the "Cash Offer") to purchase up to 6,400,000 Common Shares pursuant to the terms specified in the Offer to Purchase/Offering Circular and the related YELLOW Letter of Transmittal. Unless otherwise specified, terms used herein are defined in the Offer to Purchase/Offering Circular.

For purposes of rendering this opinion, we have reviewed the Issuer Tender Offer Statement on Schedule 13E-4, dated June 13, 1995, filed by the Company with the Securities and Exchange Commission, which contains the form of Offer to Purchase/Offering Circular as Exhibit (a)(1) thereto, and such other documents, and have conducted such other investigations of fact, as we have deemed necessary or appropriate.

This opinion is based on the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations, judicial decisions and administrative pronouncements in effect as of the date hereof, which authority is subject to change, possibly on a retroactive basis, that could adversely affect this opinion. Our opinion is not binding on the Internal Revenue Service and should not be taken as an assurance of the ultimate tax treatment of an exchange of Common Shares for Depositary Shares pursuant to the Exchange Offer.

Based on the foregoing, we are of the opinion that the receipt of Depositary Shares by holders tendering Common Shares solely pursuant to the

Exchange Offer (and not tendering Common Shares pursuant to the Cash Offer) will be treated as part of a tax-free recapitalization under Section 368(a)(1)(E) of the Code and that such tendering holders will therefore not incur income tax liability in connection with the Exchange Offer. Accordingly, a holder's tax basis in the Depositary Shares received in the exchange will be equal to such holder's tax basis in the Common Shares exchanged therefor, and the holding period of such Depositary Shares will include the holding period of such Common Shares.

This opinion is addressed only to Sun Company, Inc. No opinion is expressed with respect to state, local, foreign or other tax laws other than Federal income tax law.

Very truly yours,

DAVIS, POLK & WARDWELL

SUN COMPANY, INC.

and

FIRST CHICAGO TRUST COMPANY OF NEW YORK

As Depositary

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DEPOSIT AGREEMENT

for

SERIES A CUMULATIVE PREFERENCE STOCK

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Dated as of June 13, 1995

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT, dated as of June 13, 1995, between SUN COMPANY, INC., a Pennsylvania corporation, and First Chicago Trust Company of New York, as Depositary.

W I T N E S S E T H

WHEREAS, it is desired to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of shares of Series A Cumulative Preference Stock, no par value, of the Company (the "Stock") with the Depositary, as agent for the beneficial owners of the Stock, for the purposes set forth in this Deposit Agreement and for the issuance hereunder of the Receipts evidencing Series A Depositary Shares representing an interest in the Stock so deposited; and

WHEREAS, the Receipts are to be substantially in the form of the Depositary Receipt annexed as Exhibit A to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises contained herein, it is agreed by and among the parties hereto as follows:

## ARTICLE I

### DEFINITIONS

The following definitions shall apply to the respective terms (in the singular and plural forms of such terms) used in this Deposit Agreement and the Depositary Receipts:

"Articles of Incorporation" shall mean the Articles of Incorporation, as amended from time to time, of the Company.

"Certificate of Designation" shall mean the Statement of Designation annexed as Exhibit B to this Deposit Agreement, as amended from time to time, establishing and setting forth the rights, preferences, privileges and limitations of the Stock.

"Common Stock" shall mean the Company's Common Stock, par value \$1 per share.

"Company" shall mean Sun Company, Inc., a Pennsylvania corporation, and its successors.

"Corporate Office" shall mean the office of the Depositary at which at any particular time its depositary receipt business shall be administered, which at the date of this Deposit Agreement is located at 14 Wall Street, Suite 4680, New York, New York 10005.

"Deposit Agreement" shall mean this agreement, as the same may be amended, modified or supplemented from time to time.

"Depositary" shall mean First Chicago Trust Company of New York, and any successor as depositary hereunder.

"Depositary's Agent" shall mean an agent appointed by the

Depository as provided, and for the purposes specified, in Section 7.05.

"Depository Successor" means a successor to the Depository taking title to the Stock in accordance with Section 5.04.

"Operating Guidelines" means the operating and administrative procedures relating to the functions of the Depository pursuant to this Deposit Agreement, as agreed between the Company and the Depository from time to time.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, a government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Receipt" shall mean a Depository Receipt issued hereunder to evidence one or more Series A Depository Shares, whether in temporary or definitive form.

"Record holder" as applied to a Receipt shall mean the person in whose name a Receipt is registered on the books maintained by the Depository for such purpose.

"Registrar" shall mean any qualified Person appointed by the Company to register ownership of Receipts as herein provided.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Series A Depository Share" shall mean an interest in one-half of a share of Stock deposited with the Depository hereunder, as evidenced by the Receipts issued hereunder. Subject to the terms of this Deposit Agreement, each owner of a Series A Depository Share is entitled, proportionately, to all the rights and preferences of the Stock represented by such Series A Depository Share, including the dividend, voting, redemption and liquidation rights contained in the Certificate of Designation.

"Stock" shall mean shares of the Company's Series A Cumulative Preference Stock, no par value, heretofore validly issued, fully paid and nonassessable.

## ARTICLE II

### FORM OF RECEIPTS, DEPOSIT OF STOCK, EXECUTION AND DELIVERY, TRANSFER, SURRENDER AND REDEMPTION OF RECEIPTS

#### SECTION 2.01. Form and Transferability of Receipts.

Receipts shall be engraved or printed or lithographed with steel-engraved borders and underlying tint and shall be substantially in the form set

forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. Pending the preparation of definitive Receipts, the Depositary, upon the written order of the Company or any holder of Stock, as the case may be, delivered for deposit in compliance with Section 2.02, shall execute and deliver temporary Receipts that are printed, lithographed, typewritten, mimeographed or otherwise substantially of the tenor of the definitive Receipts in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the persons executing such Receipts may determine, as evidenced by their execution of such Receipts. If temporary Receipts are issued, the Company and the Depositary will cause definitive Receipts to be prepared without unreasonable delay. After the preparation of definitive Receipts, the temporary Receipts shall be exchangeable for definitive Receipts upon surrender of the temporary Receipts at an office described in the second to last paragraph of Section 2.02, without charge to the holder. Upon surrender for cancellation of any one or more temporary Receipts, the Depositary shall execute and deliver in exchange therefor definitive Receipts representing the same number of Series A Depositary Shares as represented by the surrendered temporary Receipt or Receipts. Such exchange shall be made at the Company's expense and without any charge to the holder thereof. Until so exchanged, the temporary Receipts shall in all respects be entitled to the same benefits under this Agreement, and with respect to the Stock deposited hereunder, as definitive Receipts.

Receipts shall be executed by the Depositary by the manual signature of a duly authorized signatory of the Depositary, provided, however, that such signature may be a facsimile if a Registrar (other than the Depositary) shall have countersigned the Receipts by manual signature of a duly authorized signatory of the Registrar. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose unless it shall have been executed as provided in the preceding sentence. The Depositary shall record on its books each Receipt executed as provided above and delivered as hereinafter provided.

Except as the Depositary may otherwise determine, Receipts shall be in denominations of any number of whole Series A Depositary Shares. All Receipts shall be dated the date of their execution.

Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulation or with the rules and regulations of any securities exchange upon which the Stock, the Series A Depositary Shares or the Receipts may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the Stock or otherwise.

Title to any Receipt (and to the Series A Depositary Shares evidenced by such Receipt) that is properly endorsed or accompanied by a



properly executed instrument of transfer or endorsement shall be transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that until a Receipt shall be transferred on the books of the Depositary as provided in Section 2.04, the Depositary may, notwithstanding any notice to the contrary, treat the record holder thereof at such time as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes.

SECTION 2.02. Deposit of Stock; Execution and Delivery of Receipts in Respect Thereof. On the date any Stock is initially issued by the Company, the Depositary, upon receipt of a written order from the Company and a certificate or certificates for the Stock to be deposited under this Deposit Agreement in accordance with the provisions of this Section, shall execute and deliver a Receipt or Receipts for the number of Series A Depositary Shares representing such deposited Stock to the person or persons stated in such order.

Subject to the terms and conditions of this Deposit Agreement, any holder of Stock may deposit such Stock under this Deposit Agreement by delivery to the Depositary of a certificate or certificates for the Stock to be deposited, properly endorsed or accompanied, if required by the Depositary, by a properly executed instrument of transfer or endorsement in form satisfactory to the Depositary, together with (i) all such certifications as may be required by the Depositary in accordance with the provisions of this Deposit Agreement and (ii) a written order directing the Depositary to execute and deliver to or upon the written order of the person or persons stated in such order a Receipt or Receipts for the number of Series A Depositary Shares representing such deposited Stock.

If required by the Depositary, Stock presented for deposit at any time, whether or not the register of stockholders of the Company is closed, shall also be accompanied by an agreement or assignment, or other instrument satisfactory to the Depositary, that will provide for the prompt transfer to the Depositary or its nominee of any dividend or right to subscribe for additional Stock or to receive other property that any person in whose name the Stock is or has been registered may thereafter receive upon or in respect of such deposited Stock, or in lieu thereof such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

Upon receipt by the Depositary of a certificate or certificates for Stock to be deposited hereunder, together with the other documents specified above, the Depositary shall, as soon as transfer and registration can be accomplished, present such certificate or certificates to the registrar and transfer agent of the Stock for transfer and registration in the name of the Depositary or its nominee of the Stock being deposited. Deposited Stock shall be held by the Depositary in an account to be established by the Depositary at the Corporate Office.

Upon receipt by the Depositary of a certificate or certificates for Stock to be deposited hereunder, together with the other

documents specified above, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver to or upon the order of the person or persons named in the written order delivered to the Depositary referred to in the first or second paragraph of this Section 2.02 a Receipt or Receipts for the number of whole Series A Depositary Shares representing the Stock so deposited and registered in such name or names as may be requested by such person or persons. The Depositary shall execute and deliver such Receipt or Receipts at the Corporate Office, except that, at the request, risk and expense of any person requesting such delivery, such delivery may be made at such other place as may be designated by such person. In each case, delivery will be made only upon payment by such person to the Depositary of all taxes and other governmental charges and any fees payable in connection with such deposit and the transfer of the Deposited Stock.

The Company shall deliver to the Depositary from time to time such quantities of Receipts as the Depositary may reasonably request to enable the Depositary to perform its obligations under this Deposit Agreement.

SECTION 2.03. Redemptions of Stock. Whenever the Company shall elect to redeem shares of Stock in accordance with the Certificate of Designation, it shall (unless otherwise agreed in writing with the Depositary) give the Depositary in its capacity as Depositary not less than five business days prior notice of the proposed date of the mailing of the notice of redemption of Stock required pursuant to paragraph 4(h) of the Certificate of Designation to be effected in connection with a redemption of Stock and of the number of such shares of Stock held by the Depositary to be redeemed as hereinafter provided.

On the date of any redemption of Stock in accordance with the Certificate of Designation, provided that the Company shall then have deposited with the Depositary the shares of Common Stock and any funds required pursuant to the Certificate of Designation for the Stock deposited with the Depositary to be redeemed, the Depositary shall redeem (using the shares of Common Stock and funds, if any, deposited with it) the number of Series A Depositary Shares representing such redeemed Stock. The distribution of the shares of Common Stock and funds, if any, used to effect such redemption shall be governed by Sections 4.01 and 4.02 hereof. The Depositary shall, as directed by the Company, mail, first class postage prepaid, the notice of the redemption of Stock and the proposed simultaneous redemption of the Series A Depositary Shares representing the Stock to be redeemed, not less than 30 and not more than 60 days prior to the date fixed for redemption (the "redemption date") of such Stock and Series A Depositary Shares. Such notice shall be mailed to each holder of record on the record date fixed for such redemption pursuant to Section 4.04 hereof of the Receipts evidencing the Series A Depositary Shares, at the address of such holder as the same appears on the records of the Depositary; but neither failure to mail any such notice to one or more such holders nor any defect in any notice shall affect the sufficiency of the proceedings for redemption.

With respect to the notices provided in accordance with the

first paragraph of this Section 2.03, the Company shall provide the Depositary with such notice, and each such notice shall, as appropriate and to the extent determinable at the time of such notice, state: the record date for such redemption; the redemption date; that all outstanding Series A Depositary Shares are to be redeemed or, in the case of a redemption of fewer than all outstanding Series A Depositary Shares in connection with a partial redemption of Stock pursuant to paragraph 4(a) of the Certificate of Designation, the number of such Series A Depositary Shares held by such holder to be so redeemed; in connection with a redemption of Stock pursuant to paragraph 4(a)(1) of the Certificate of Designation, the Call Price (as defined in the Certificate of Designation) for the Series A Depositary Shares, the number of shares of Common Stock deliverable upon redemption of each Series A Depositary Share to be redeemed and the Current Market Price (as defined in the Certificate of Designation) (or in the case of a redemption pursuant to paragraph 4(a)(2) of the Certificate of Designation, the then effective Common Equivalent Rate) used to calculate the number of shares of Common Stock (subject to any subsequent adjustments pursuant to paragraph 4(c) of the Certificate of Designation); the place or places where Receipts evidencing Series A Depositary Shares to be redeemed are to be surrendered for redemption and that dividends in respect of the Stock represented by the Series A Depositary Shares to be redeemed will cease to accrue on such redemption date, unless the Company shall default in delivering the shares of Common Stock or cash, if any, payable by the Company at the time and place specified in such notice. In case fewer than all the outstanding Series A Depositary Shares are to be redeemed, the Series A Depositary Shares to be redeemed shall be selected by lot or pro rata (as nearly as practicable without creating fractional shares) or by any other equitable method determined by the Company.

Notice having been mailed by the Depositary as aforesaid, from and after the redemption date (unless the Company shall have failed to redeem the shares of Stock to be redeemed by it as set forth in the Company's notice provided for in the preceding paragraphs), the Series A Depositary Shares called for redemption shall be deemed no longer to be outstanding and all rights of the holders of Receipts evidencing such Series A Depositary Shares (except the right to receive the shares of Common Stock and any cash upon redemption) shall, to the extent of such Series A Depositary Shares, cease and terminate. Upon surrender in accordance with said notices of the Receipts evidencing such Series A Depositary Shares (properly endorsed or assigned for transfer, if the Depositary shall so require), such Series A Depositary Shares shall be redeemed (as nearly as may be practicable without creating fractional shares) in exchange for shares of Common Stock at a rate equal to one-half of the number of shares of Common Stock delivered in respect of the shares of Stock represented by such Series A Depositary Shares as is provided for in the Certificate of Designation. The foregoing shall be subject further to the terms and conditions of the Certificate of Designation.

If fewer than all of the Series A Depositary Shares evidenced by a Receipt are called for redemption, the Depositary will deliver to the holder of such Receipt upon its surrender to the Depositary, a new Receipt evidencing the Series A Depositary Shares evidenced by such prior Receipt and not called for redemption, together with the shares of Common Stock for the

Series A Depositary Shares called for redemption.

Subject to paragraph 4(e) of the Certificate of Designation with respect to the treatment of fractional shares of Common Stock upon redemption of the Stock, to the extent that Series A Depositary Shares are redeemed for shares of Common Stock and all of such shares of Common Stock cannot be distributed to the record holders of Receipts without creating fractional interests in such shares of Common Stock, the Depositary may, with the consent of the Company, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of such shares of Common Stock representing in the aggregate such fractional interests at such place or places and upon such terms as it may deem proper, and the net proceeds of any such sale shall, subject to Section 3.02, be distributed or made available for distribution to such record holders that would otherwise receive fractional interests in such shares of Common Stock.

The Depositary shall not be required (a) to issue, transfer or exchange any Receipts for a period beginning at the opening of business 15 days next preceding any selection of Series A Depositary Shares and Stock to be redeemed and ending at the close of business on the day of the mailing of notice of redemption of Series A Depositary Shares or (b) to transfer or exchange for another Receipt any Receipt evidencing Series A Depositary Shares called or being called for redemption in whole or in part, except as provided in the second preceding paragraph of this Section 2.03.

SECTION 2.04. Transfer of Receipts. Subject to the terms and conditions of this Deposit Agreement, the Depositary shall make transfers on its books from time to time of Receipts upon any surrender thereof by the holder in person or by a duly authorized attorney, properly endorsed or accompanied by a properly executed instrument of transfer or endorsement, together with evidence of the payment of any transfer taxes as may be required by law. Upon such surrender, the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto evidencing the same aggregate number of Series A Depositary Shares evidenced by the Receipt or Receipts surrendered.

SECTION 2.05. Combination and Split-ups of Receipts. Upon surrender of a Receipt or Receipts at the Corporate Office or such other office as the Depositary may designate for the purpose of effecting a split-up or combination of Receipts, subject to the terms and conditions of this Deposit Agreement, the Depositary shall execute and deliver a new Receipt or Receipts in the authorized denominations requested evidencing the same aggregate number of Series A Depositary Shares evidenced by the Receipt or Receipts surrendered; provided, however, that the Depositary shall not issue any Receipt evidencing a fractional Series A Depositary Share.

SECTION 2.06. Surrender of Receipts and Withdrawal of Stock. Any holder of a Receipt or Receipts may withdraw any or all of the Stock (but only in whole shares of Stock) represented by the Series A Depositary Shares evidenced by such Receipts by surrendering such Receipt or Receipts at the

Corporate Office or at such other office as the Depositary may designate for such withdrawals. After such surrender, without unreasonable delay, the Depositary shall deliver to such holder, or to the person or persons designated by such holder as hereinafter provided, the whole number of shares of Stock represented by the Series A Depositary Shares evidenced by the Receipt or Receipts so surrendered for withdrawal, but holders of such shares of Stock will not thereafter be entitled to deposit such shares of Stock hereunder or to receive Series A Depositary Shares therefor. If the Receipt or Receipts delivered by the holder to the Depositary in connection with such withdrawal shall evidence a number of Series A Depositary Shares in excess of the number of Series A Depositary Shares representing the whole number of shares of Stock to be withdrawn, the Depositary shall at the same time, in addition to such whole number of shares of Stock, deliver to such holder, or (subject to Section 2.04) upon his order, a new Receipt or Receipts evidencing such excess number of Series A Depositary Shares. Delivery of the Stock being withdrawn may be made by the delivery of such certificates, documents of title and other instruments as the Depositary may deem appropriate, which, if required by the Depositary, shall be properly endorsed or accompanied by proper instruments of transfer.

To the extent that Series A Depositary Shares are surrendered and all shares of Stock which would otherwise be distributed cannot be distributed to the record holder of Receipts without creating fractional interests in such shares of Stock, the Depositary may, with the consent of the Company, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of such shares of Stock representing in the aggregate such fractional interests at such place or places and upon such terms as it may deem proper, and the net proceeds of any such sale shall, subject to Section 3.02, be distributed or made available for distribution to such record holders that would otherwise receive fractional interests in such shares of Stock.

If the Stock being withdrawn is to be delivered to a person or persons other than the record holder of the Receipt or Receipts being surrendered for withdrawal of Stock, such holder shall execute and deliver to the Depositary a written order so directing the Depositary and the Depositary may require that the Receipt or Receipts surrendered by such holder for withdrawal of such shares of Stock be properly endorsed in blank or accompanied by a properly executed instrument of transfer or endorsement in blank.

The Depositary shall deliver the Stock represented by the Series A Depositary Shares evidenced by Receipts surrendered for withdrawal at the Corporate office, except that, at the request, risk and expense of the holder surrendering such Receipt or Receipts and for the account of the holder thereof, such delivery may be made at such other place as may be designated by such holder.

SECTION 2.07. Limitations on Execution and Delivery, Transfer, Split-up, Combination, Surrender and Exchange of Receipts. As a condition

precedent to the execution and delivery, transfer, split-up, combination, surrender or exchange of any Receipt, the Depositary, any of the Depositary's Agents or the Company may require any or all of the following: (i) payment to it of a sum sufficient for the payment (or, in the event that the Depositary or the Company shall have made such payment, the reimbursement to it) of any tax or other governmental charge with respect thereto (including any such tax or charge with respect to the Stock being deposited or withdrawn or with respect to the Common Stock of the Company being issued upon redemption); (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature; and (iii) compliance with such regulations, if any, as the Depositary or the Company may establish not inconsistent with the provisions of this Deposit Agreement.

The deposit of Stock may be refused, the delivery of Receipts against Stock may be suspended, the transfer of Receipts may be refused, and the transfer, split-up, combination, surrender or exchange of outstanding Receipts may be suspended (i) during a period when the register of stockholders of the Company is closed, (ii) if any such action is deemed necessary or advisable by the Depositary, any of the Depositary's Agents or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement, or (iii) with the approval of the Company, for any other reason. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any shares of Stock that are required to be registered under the Securities Act unless a registration statement under the Securities Act is in effect as to such shares of Stock.

SECTION 2.08. Lost Receipts, etc. In case any Receipt shall be mutilated or destroyed or lost or stolen, the Depositary in its discretion may execute and deliver a Receipt of like form and tenor in exchange and substitution for such mutilated Receipt or in lieu of and in substitution for such destroyed, lost or stolen Receipt; provided, however, that the holder thereof provides the Depositary with (i) evidence satisfactory to the Depositary of such destruction, loss or theft of such Receipt, of the authenticity thereof and of his ownership thereof, (ii) reasonable indemnification satisfactory to the Depositary and (iii) payment of any expense (including fees, charges and expenses of the Depositary) in connection with such indemnification, execution and delivery.

SECTION 2.09. Cancellation and Destruction of Surrendered Receipts. All Receipts surrendered to the Depositary or any Depositary's Agent shall be cancelled by the Depositary. Except as prohibited by applicable law or regulation, the Depositary is authorized to destroy such Receipts so cancelled.

### ARTICLE III

#### CERTAIN OBLIGATIONS OF HOLDERS OF RECEIPTS AND THE COMPANY

SECTION 3.01. Filing Proofs, Certificates and Other Information. Any person presenting Stock for deposit or any holder of a Receipt may be required from time to time to file such proof of residence or other information, to execute such certificates and to make such representations and warranties as the Depositary or the Company may reasonably deem necessary or proper. The Depositary or the Company may withhold or delay the delivery of any Receipt, the transfer, redemption or exchange of any Receipt, the withdrawal of the Stock represented by the Series A Depositary Shares evidenced by any Receipt or the distribution of any dividend or other distribution until such proof or other information is filed, such certificates are executed or such representations and warranties are made.

SECTION 3.02. Payment of Taxes or Other Governmental Charges. If any tax or other governmental charge shall become payable by or on behalf of the Depositary with respect to any Receipt, the Series A Depositary Shares evidenced by such Receipt, the Stock (or fractional interest therein) represented by such Series A Depositary Shares or any transaction referred to in Section 4.06, such tax (including transfer, issuance or acquisition taxes, if any) or governmental charge shall be payable by the holder of such Receipt. Until such payment is made, transfer of any Receipt or any withdrawal of the Stock represented by the Series A Depositary Shares evidenced by such Receipt may be refused, any dividend or other distribution may be withheld and any part or all of the Stock represented by the Series A Depositary Shares evidenced by such Receipt may be sold for the account of the holder thereof (after attempting by reasonable means to notify such holder prior to such sale). Any dividend or other distribution so withheld and the proceeds of any such sale may be applied to any payment of such tax or other governmental charge, the holder of such Receipt remaining liable for any deficiency. Unless the Company determines otherwise, the Depositary shall act as the withholding agent for any payments, distributions and exchanges made with respect to the Series A Depositary Shares and Receipts, and the Stock represented thereby (collectively, the "Securities"). The Depositary shall be responsible with respect to the Securities for the timely (i) collection and deposit of any required withholding or backup withholding tax, and (ii) filing of any information returns or other documents with federal (and other applicable) taxing authorities. In the event the Depositary is required to pay any such amounts, the Company shall reimburse the Depositary for payment thereof upon the request of the Depositary and the Depositary shall, upon the Company's request and as instructed by the Company, pursue its rights against such holder at the Company's expense.

SECTION 3.03. Representations and Warranties as to Stock. In the case of the initial deposit of the Stock, the Company and, in the case of subsequent deposits thereof, each person so depositing Stock under this Deposit Agreement shall be deemed thereby to represent and warrant that such Stock and each certificate therefor are valid, fully paid and nonassessable and that the person making such deposit is duly authorized to do so. Such representations and warranties shall survive the deposit of the Stock and the issuance of Receipts.

## ARTICLE IV

### THE STOCK, NOTICES

SECTION 4.01. Cash Distributions. Whenever any cash dividend or other cash distribution shall be paid on the Stock (including pursuant to paragraph 4 of the Certificate of Designation), the Company, on behalf of the Depositary, (or, if the Company determines otherwise, the Depositary) shall, subject to Sections 3.01 and 3.02, distribute to record holders of Receipts on the record date fixed pursuant to Section 4.04 such amounts of such sum as are, as nearly as practicable, in proportion to the respective numbers of Series A Depositary Shares evidenced by the Receipts held by such holders; provided, however, that in case the Company or the Depositary shall be required to withhold and does withhold from any cash dividend or other cash distribution in respect of the Stock an amount on account of taxes or as otherwise required pursuant to law, regulation or court process, the amount made available for distribution or distributed in respect of Series A Depositary Shares shall be reduced accordingly. The Company, on behalf of the Depositary, (or, if the Company determines otherwise, the Depositary) shall distribute or make available for distribution, as the case may be, only such amount, however, as can be distributed without attributing to any owner of Series A Depositary Shares a fraction of one cent. In the event that the calculation of any such cash dividend or other cash distribution to be paid to any record holder on the aggregate number of Series A Depositary Shares held by such holder results in an amount which is a fraction of a cent, the amount the Depositary shall distribute to such record holder shall be rounded to the next highest whole cent; and upon request of the Depositary, the Company shall pay the additional amount to the Depositary for distribution.

SECTION 4.02. Distributions Other Than Cash. Whenever any distribution other than cash shall be made on the Stock (including pursuant to paragraph 4 of the Certificate of Designation), the Company on behalf of the Depositary (or, if the Company determines otherwise, the Depositary) shall, subject to Sections 3.01 and 3.02, distribute to record holders of Receipts on the record date fixed pursuant to Section 4.04 such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of Series A Depositary Shares evidenced by the Receipts held by such holders, in any manner that the Company may deem equitable and practicable for accomplishing such distribution. If, in the opinion of the Company, such distribution cannot be made proportionately among such record holders, or if for any other reason (including any requirement that the Company or the Depositary withhold an amount on account of taxes or as otherwise required pursuant to law, regulation or court process), the Company deems such distribution not to be feasible, the Company on behalf of the Depositary (or, if the Company determines otherwise, the Depositary) may adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall, subject to Sections 3.01 and 3.02, be distributed or made



available for distribution, as the case may be, by the Company on behalf of the Depositary (or, if the Company determines otherwise, the Depositary) to record holders of Receipts as provided by Section 4.01 in the case of a distribution received in cash.

SECTION 4.03. Subscription Rights, Preferences or Privileges.

If the Company shall at any time offer or cause to be offered to the persons in whose names Stock is registered on the books of the Company any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or privileges of any other nature, such rights, preferences or privileges shall in each such instance be made available by the Depositary or the Company to the record holders of Receipts if the Company so directs in such manner as the Company shall instruct (including by the issue to such record holders of warrants representing such rights, preferences or privileges); provided, however, that (a) if at the time of issue or offer of any such rights, preferences or privileges the Company determines that it is not lawful or feasible to make such rights, preferences or privileges available to some or all holders of Receipts (by the issue of warrants or otherwise) or (b) if and to the extent instructed by holders of Receipts who do not desire to exercise such rights, preferences or privileges, the Depositary shall then, if so instructed by the Company, and if applicable laws or the terms of such rights, preferences or privileges so permit, sell such rights, preferences or privileges of such holders at public or private sale, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall, subject to Sections 3.01 and 3.02, be distributed by the Depositary or the Company, as the case may be, to the record holders of Receipts entitled thereto as provided by Section 4.01 in the case of a distribution received in cash.

If registration under the Securities Act of the securities to which any rights, preferences or privileges relate is required in order for holders of Receipts to be offered or sold such securities, the Company shall promptly file a registration statement pursuant to the Securities Act with respect to such rights, preferences or privileges and securities and use its best efforts and take all steps available to it to cause such registration statement to become effective sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges. In no event shall the Depositary make available to the holders of Receipts any right, preference or privilege to subscribe for or to purchase any securities unless and until the Depositary has been notified by the Company that such registration statement has become effective or that the offering and sale of such securities to such holders are exempt from registration under the provisions of the Securities Act.

If any other action under the law of any jurisdiction or any governmental or administrative authorization, consent or permit is required in order for such rights, preferences or privileges to be made available to holders of Receipts, the Company will use its best efforts to take such action or obtain such authorization, consent or permit sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to

exercise such rights, preferences or privileges.

SECTION 4.04. Notice of Dividends, Fixing of Record Date for Holders of Receipts. Whenever any cash dividend or other cash distribution shall become payable, any distribution other than cash shall be made, or any rights, preferences or privileges shall at any time be offered with respect to the Stock, or whenever the Depositary shall receive notice of (i) any meeting at which holders of Stock are entitled to vote or of which holders of Stock are entitled to notice or any solicitation of consents in respect of the Stock, (ii) any call for redemption of any shares of Stock or (iii) any event of which holders of Stock are entitled to notice in accordance with the Certificate of Designation, the Depositary shall in each such instance fix a record date (which shall be the same date as the record date fixed by the Company with respect to the Stock) for the determination of the holders of Receipts who shall be entitled (i) to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, (ii) to receive notice of, and to give instructions for the exercise of voting rights at, or the delivery of consents with respect to, any such meeting or consent solicitation, as the case may be, or (iii) to receive notice of any such call or other event.

SECTION 4.05. Voting Rights. Upon receipt of notice of any meeting at which the holders of Stock are entitled to vote, the Depositary shall, as soon as practicable thereafter (unless another arrangement for allowing holders of Series A Depositary Shares to exercise the voting rights associated with the Series A Depositary Shares is agreed by the Company and the Depositary), mail to the record holders of Receipts a notice, which shall be provided by the Company and which shall contain (i) such information as is contained in such notice of meeting, (ii) a statement that the holders of Receipts at the close of business on a specified record date fixed pursuant to Section 4.04 will be entitled, subject to any applicable provision of law, the Articles of Incorporation or the Certificate of Designation, to instruct the Depositary as to the exercise of the voting rights with respect to the amount of Stock represented by their respective Series A Depositary Shares and (iii) a brief statement as to the manner in which such instructions may be given. Upon the written request of a holder of a Receipt on such record date, the Depositary shall endeavor insofar as practicable to vote or cause to be voted with respect to the amount of Stock represented by the Series A Depositary Shares evidenced by such Receipt in accordance with the instructions set forth in such request. In the absence of specific instructions from the holder of a Receipt, the Depositary will abstain from voting to the extent of the Stock represented by the Series A Depositary Shares evidenced by such Receipt.

SECTION 4.06. Changes Affecting Stock and Reclassifications, Recapitalizations, etc. Upon any split-up, consolidation or any other reclassification of Stock, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party or sale of all or substantially all of the Company's assets, the Depositary shall, upon the instructions of the Company, treat any shares of stock or other securities (including depositary shares) or property (including cash) that shall be received by the Depositary in exchange for or upon

conversion of or in respect of the Stock as new deposited property under this Deposit Agreement, and Receipts then outstanding shall thenceforth represent the proportionate interests of holders thereof in the new deposited property so received in exchange for or upon conversion or in respect of such Stock. In any such case the Depositary may, in its discretion, with the approval of the Company, execute and deliver additional Receipts, or may call for the surrender of all outstanding Receipts to be exchanged for new Receipts specifically describing such new deposited property. If upon any split-up, consolidation or any other reclassification of Stock, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party or sale of all or substantially all of the Company's assets the Company delivers to the Depositary shares of stock or other securities (including depositary shares) or property (including cash) a portion of which shall be distributed to record holders of Receipts in accordance with Sections 4.01, 4.02 and 4.03 and a portion of which shall be received by the Depositary in exchange for or upon conversion of or in respect of the Stock as new deposited property under this Section 4.06, the Company shall clearly indicate such division in the instructions to the Depositary provided pursuant to this Section 4.06.

## ARTICLE V

### THE DEPOSITARY AND THE COMPANY

SECTION 5.01. Maintenance of Offices, Agencies, Transfer Books by the Depositary; the Registrar. Upon execution of this Deposit Agreement in accordance with its terms, the Depositary shall maintain at the Corporate Office facilities for the execution and delivery, transfer, surrender and exchange, split-up and combination of Receipts and the deposit and withdrawal of Stock and at the offices of the Depositary's Agents, if any, facilities for the delivery, transfer, surrender and exchange, split-up, combination and redemption of Receipts and the deposit and withdrawal of Stock, all in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep books at the Corporate Office for the registration and transfer of Receipts, which books at all reasonable times shall be open for inspection by the record holders of Receipts as and to the extent provided by applicable law. The Depositary shall consult with the Company upon receipt of any request for inspection. The Depositary may close such books, at any time or from time to time, when deemed expedient by it in connection with the performance of its duties hereunder.

The Depositary shall make available for inspection by holders of Receipts at the Corporate Office and at such other places as it may from time to time deem advisable during normal business hours any reports and communications received from the Company that are both received by the Depositary as the holder of Stock and made generally available to the holders of Stock.

Promptly upon request from time to time by the Company and at

the Company's sole expense, the Depositary shall furnish to it a list, as of a recent date, of the names, addresses and holdings of Series A Depositary Shares of all persons in whose names Receipts are registered on the books of the Depositary.

If the Receipts or the Series A Depositary Shares evidenced thereby or the Stock represented by such Series A Depositary Shares shall be listed on the New York Stock Exchange, Inc., the Depositary shall, if directed by the Company, appoint a Registrar for registry of such Receipts or Series A Depositary Shares in accordance with the requirements of such Exchange. Such Registrar (which may be the Depositary if so permitted by the requirements of such Exchange) may be removed and a substitute registrar appointed by the Depositary upon the request or with the approval of the Company. If the Receipts, such Series A Depositary Shares or such Stock are listed on one or more other stock exchanges, the Depositary will, at the request of the Company, arrange such facilities for the delivery, transfer, surrender and exchange of such Receipts, such Series A Depositary Shares or such Stock as may be required by law or applicable stock exchange regulations.

SECTION 5.02. Liability of the Depositary, the Depositary's Agents or the Company. Neither the Depositary nor any Depositary's Agent nor the Company shall incur any liability to any holder of any Receipt, if by reason of any provision of any present or future law or regulation thereunder of the United States of America or of any other governmental authority or, in the case of the Depositary or the Depositary's Agent, by reason of any provision, present or future, of the Articles of Incorporation or the Certificate of Designation or, in the case of the Company, the Depositary or the Depositary's Agent, by reason of any act of God or war or other circumstances beyond the control of the relevant party, the Depositary, any Depositary's Agent or the Company shall be prevented or forbidden from doing or performing any act or thing that the terms of this Deposit Agreement provide shall be done or performed; nor shall the Depositary, any Depositary's Agent or the Company incur any liability to any holder of a Receipt by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing that the terms of this Deposit Agreement provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement except, in case of any such exercise or failure to exercise discretion not caused as aforesaid, if caused by the negligence, bad faith or willful misconduct of the party charged with such exercise or failure to exercise.

SECTION 5.03. Obligations of the Depositary, the Depositary's Agents and the Company. Neither the Depositary nor any Depositary Agent nor the Company nor the Registrar assumes any obligation or shall be subject to any liability under this Deposit Agreement or any Receipt to holders of Receipts other than that each of them agrees to use good faith in the performance of such duties as are specifically set forth in this Deposit Agreement and other than for its negligence, bad faith or wilful misconduct.

Neither the Depositary nor any Depositary's Agent nor the

Company nor the Registrar shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding with respect to Stock, Series A Depositary Shares or Receipts or Common Stock or other securities or property that in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

Neither the Depositary nor any Depositary's Agent nor the Company nor the Registrar shall be liable for any action or any failure to act by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Stock for deposit, any holder of a Receipt or any other person believed by it in good faith to be competent to give such advice or information. The Depositary, any Depositary Agent, the Registrar and the Company may each rely and shall each be protected in acting upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Notwithstanding the first paragraph of this Section 5.03, the Depositary shall not be responsible for any failure to carry out any instruction to vote any of the deposited shares of Stock or for the manner or effect of any such vote made, as long as any such action or non-action is in good faith or in accordance with this Deposit Agreement. The Depositary undertakes, and any Registrar shall be required to undertake, to perform such duties and only such duties as are specifically set forth in this Deposit Agreement against the Depositary or any Registrar. The Depositary will indemnify the Company against any liability that may arise out of acts performed or omitted by the Depositary or its agents due to its or their negligence, bad faith or willful misconduct. The Depositary, its parent, affiliates or subsidiaries and any Depositary's Agent may own, buy, sell or deal in any class of securities of the Company and its affiliates and in Receipts or Series A Depositary Shares or become pecuniarily interested in any transaction in which the Company or its affiliates may be interested or contract with or lend money to or otherwise act as fully or as freely as if it were not the Depositary or the Depositary's Agent hereunder. The Depositary may also act as transfer agent or registrar of any of the securities of the Company and its affiliates or act in any other capacity for the Company or its affiliates.

It is intended that neither the Depositary nor any Depositary's Agent shall be deemed to be an "issuer" of the securities under the federal securities laws or applicable state securities laws, it being expressly understood and agreed that the Depositary and any Depositary's Agent are acting only in a ministerial capacity as Depositary for the Stock.

The Depositary agrees to comply with all information reporting and withholding requirements applicable to it under law or this Deposit Agreement in its capacity as Depositary.

Each of the Company and the Depositary agree to be bound by, and act in accordance with, the Operating Guidelines current from time to time.

The Depositary shall not lend the Series A Depositary Shares.

Neither the Depositary (or its officers, directors, employees or agents) nor any Depositary's Agent nor the Registrar makes any representation or has any responsibility as to the validity of the Offer to Purchase/Offering Circular pursuant to which the Series A Depositary Shares are offered, the Stock, the Series A Depositary Shares or the Receipts (except its countersignature thereon), or any instruments referred to therein or herein, or as to the correctness of any statement made therein or herein; provided, however, that the Depositary is responsible for its representations in this Deposit Agreement.

The Depositary assumes no responsibility for the correctness of the description that appears in the Receipts, which can be taken as a statement of the Company summarizing certain provisions of this Deposit Agreement. Notwithstanding any other provision herein or in the Receipts, the Depositary makes no warranties or representations as to the validity, genuineness or sufficiency of any Stock at any time deposited with the Depositary hereunder or of the Series A Depositary Shares, as to the validity or sufficiency of this Deposit Agreement, as to the value of the Series A Depositary Shares or as to any right, title or interest of the record holders of Receipts in and to the Series A Depositary shares, except that the Depositary hereby represents and warrants as follows: (i) the Depositary has been duly organized and is validly existing and in good standing under the laws of the State of New York, with full power, authority and legal right under such law to execute, deliver and carry out the terms of this Deposit Agreement; (ii) this Deposit Agreement has been duly authorized, executed and delivered by the Depositary; and (iii) this Deposit Agreement constitutes a valid and binding obligation of the Depositary, enforceable against the Depositary in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). The Depositary shall not be accountable for the use or application by the Company of the Series A Depositary Shares or the Receipts or the proceeds thereof.

SECTION 5.04. Resignation and Removal of the Depositary, Appointment of Successor Depositary. The Depositary may at any time resign as Depositary hereunder by notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Company may, by notice in writing to the Depositary, terminate the engagement of the Depositary with respect to any or all of the duties or obligations of the Depositary set out in this Deposit Agreement (including such duties as are customarily associated with the role of a transfer agent or paying agent), such termination to take effect upon the appointment of a successor to fulfill those duties or obligations and its

acceptance of such appointment as hereinafter provided. In the event that the Company terminates the engagement of the Depositary with respect to some, but not all, of the duties or obligations of the Depositary, the Depositary shall thereafter be deemed only to have such rights and obligations under this Deposit Agreement as are necessary for it to fulfill its remaining duties or obligations. The Depositary agrees to cooperate with the Company or any person appointed by the Company or that person with respect to the performance of any of the duties previously performed by the Depositary.

In case at any time the Depositary acting hereunder shall resign or the Company shall terminate the engagement of the Depositary with respect to any or all of the duties or obligations of the Depositary set out in this Deposit Agreement, the Company shall, within 45 days after the delivery of the notice of resignation or termination, as the case may be, appoint a successor with respect to such duties and obligations so terminated. If such successor is to take title to the Stock (a "Depositary Successor"), the Depositary Successor shall be a bank or trust company, or an affiliate of a bank or trust company, having its principal office in the United States of America and having a combined capital and surplus of at least \$50,000,000. If a successor shall not have been appointed in 45 days, the resigning Depositary may petition a court of competent jurisdiction to appoint a successor.

Every Depositary Successor shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such Depositary Successor, without any further act or deed, shall become fully vested with all the duties and obligations of its predecessor so terminated and all rights and powers with respect thereto and for all purposes shall be the Depositary under this Deposit Agreement with respect to the duties and obligations of the predecessor so terminated, and such predecessor, upon payment of all sums due it and on the written request of the Company, shall promptly execute and deliver an instrument transferring to such Depositary Successor all such rights and powers of such predecessor hereunder, shall, if applicable, duly assign, transfer and deliver all rights, title and interest in the Stock and any moneys or property held hereunder to such Depositary Successor and shall, if applicable, deliver to such Depositary Successor a list of the record holders of all outstanding Receipts. Any Depositary Successor shall promptly mail notice of its appointment to the record holders of Receipts.

Any corporation into or with which the Depositary may be merged, consolidated or converted shall be the successor of such Depositary without the execution or filing of any document or any further act. Such successor depositary may execute the Receipts either in the name of the predecessor depositary or in the name of the successor depositary.

SECTION 5.05. Corporate Notices and Reports. The Company agrees that it will deliver to the Depositary, and the Depositary will, promptly after receipt thereof, transmit to the record holders of Receipts, in each case at the address recorded in the Depositary's books, copies of all notices and reports (including financial statements) required by law, by the rules of any national securities exchange upon which the Stock, the Series A

Depository Shares or the Receipts are listed or by the Articles of Incorporation and the Certificate of Designation to be furnished by the Company to holders of Stock. Such transmission will be at the Company's expense and the Company will provide the Depository with such number of copies of such documents as the Depository may reasonably request. In addition, the Depository will transmit to the record holders of Receipts at the Company's expense such other documents as may be requested by the Company. The Depository will make available for inspection by holders of Receipts at the Corporate office and at such other places as it may from time to time deem advisable during normal business hours any such notices and reports received from the Company.

SECTION 5.06. Deposit of Stock by the Company. Neither the Company nor any company controlled by the Company will at any time deposit any Stock if such Stock is required to be registered under the provisions of the Securities Act and no registration statement is at such time in effect as to such Stock.

SECTION 5.07. Indemnification by the Company. The Company agrees to indemnify the Depository, any Depository's Agent and any Registrar against, and hold each of them harmless from, any liability, costs and expenses (including reasonable attorneys, fees) that may arise out of or in connection with its acting as Depository, Depository's Agent or Registrar, respectively, under this Deposit Agreement and the Receipts, except for any liability arising out of negligence, bad faith or willful misconduct on the part of any such person or persons.

SECTION 5.08. Fees, Charges and Expenses. No fees, charges and expenses of the Depository or any Depository's Agent hereunder or of any Registrar shall be payable by any person other than the Company, except for any taxes and other governmental charges and except as provided in this Deposit Agreement. If the Depository incurs fees, charges or expenses for which it is not otherwise liable hereunder at the election of a holder of a Receipt or other person, such holder or other person will be liable for such fees, charges and expenses. All other fees, charges and expenses of the Depository and any Depository's Agent hereunder and of any Registrar (including, in each case, fees and expenses of counsel) incident to the performance of their respective obligations hereunder will be paid from time to time upon consultation and agreement between the Depository and the Company as to the amount and nature of such fees, charges and expenses.

## ARTICLE VI

### AMENDMENT AND TERMINATION

SECTION 6.01. Amendment. The form of the Receipts and any provision of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depository in any respect that they may deem necessary or desirable. Any amendment that shall impose any fees, taxes or charges (other than fees and charges



provided for herein or in the Receipts), or that shall otherwise prejudice any substantial existing right of holders of Receipts, shall not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the record holders of outstanding Receipts. Every holder of an outstanding Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by this Deposit Agreement as amended thereby. In no event shall any amendment impair the right, subject to the provisions of Sections 2.03, 2.06, 2.07 and Article III, of any owner of any Series A Depositary Shares to surrender the Receipt evidencing such Series A Depositary Shares with instructions to the Depositary to deliver to the holder the Stock represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.02. Termination. This Deposit Agreement may be terminated by the Company or the Depositary only after (a) (i) all outstanding Series A Depositary Shares shall have been redeemed pursuant to Section 2.03 or (ii) there shall have been made a final distribution in respect of the Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution shall have been distributed to the holders of Series A Depositary Shares pursuant to Section 4.01 or 4.02 as applicable and (b) reasonable notice has been given to any remaining holders of Receipts.

If any Receipts shall remain outstanding after the date of termination of this Deposit Agreement, the Depositary thereafter shall discontinue the transfer of Receipts, the Company or the Depositary, as the case may be, shall suspend the distribution of dividends to the holders thereof, and the Depositary shall not give any further notices (other than notice of such termination) or perform any further acts under this Deposit Agreement, except that the Depositary shall, if applicable, continue to collect dividends and other distributions pertaining to Stock, sell rights, preferences or privileges as provided in this Deposit Agreement and shall continue to deliver the Stock and any money and other property represented by Receipts upon surrender thereof by the holders thereof. At any time after the expiration of two years from the date of termination, the Depositary may sell Stock then held hereunder at public or private sale, at such places and upon such terms as it deems proper and may thereafter hold the net proceeds of any such sale, together with any money and other property held by it hereunder, without liability for interest, for the benefit, pro rata in accordance with their holdings, of the holders of Receipts that have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement except to account for such net proceeds and money and other property.

Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary, any Depositary's Agent and any Registrar under Sections 5.07 and 5.08. In the event this Deposit Agreement is terminated, the Company hereby agrees to use its best efforts to list the underlying Stock on the New York Stock Exchange, Inc. or any other national

securities exchange on which the Common Stock is listed.

## ARTICLE VII

### MISCELLANEOUS

SECTION 7.01. Counterparts. This Deposit Agreement may be executed by the Company and the Depositary in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Deposit Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Deposit Agreement. Copies of this Deposit Agreement shall be filed with the Depositary and the Depositary's Agents and shall be open to inspection at all reasonable times during normal business hours at the Corporate Office and the respective offices of the Depositary's Agents, if any, by any holder of a Receipt.

SECTION 7.02. Exclusive Benefits of Parties. This Deposit Agreement is for the exclusive benefit of the parties hereto, and their respective successors hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

SECTION 7.03. Invalidity of Provisions. In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.04. Notices. Any notices to be given to the Company hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, or by telegram or telex or telecopier confirmed by letter, addressed to the Company at Ten Penn Center, 1801 Market Street, Philadelphia, PA 19103, (telecopier (215) 977-6733), Attention: Corporate Secretary, or at any other place to which the Company may have transferred its principal executive office.

Any notices to be given to the Depositary hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, or by telegram or telex or telecopier confirmed by letter, addressed to the Depositary at the Corporate Office.

Any notices given to any record holder of a Receipt hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, or by telegram or telex or telecopier confirmed by letter, addressed to such record holder at the address of such record holder as it appears on the books of the Depositary or, if such holder shall have timely filed with the Depositary a written request that notices intended for such holder be mailed to some other address, at the

address designated in such request.

Delivery of a notice sent by mail, or by telegram or telex or telecopier shall be deemed to be effected at the time when a duly addressed letter containing the same (or a duly addressed letter confirming an earlier notice in the case of a telegram or telex or telecopier message) is deposited, postage prepaid, in a post office letter box. The Depositary or the Company may, however, act upon any telegram or telex or telecopier message received by it from the other or from any holder of a Receipt, notwithstanding that such telegram or telex or telecopier message shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.05. Depositary's Agents. The Depositary may from time to time appoint Depositary's Agents (with the Company's prior written consent and on terms and conditions acceptable to the Company) to act in any respect for the Depositary for the purposes of this Deposit Agreement and may at any time appoint additional Depositary's Agents and vary or terminate the appointment of such Depositary's Agents. The Depositary will notify the Company prior to any such action.

SECTION 7.06. Holders of Receipts Are Parties. Notwithstanding that holders of Receipts have not executed and delivered this Deposit Agreement or any counterpart thereof, the holders of Receipts from time to time shall be deemed to be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance of delivery of Receipts.

SECTION 7.07. Governing Law. This Deposit Agreement and the Receipts and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflict of laws.

SECTION 7.08. Headings. The headings of articles and sections in this Deposit Agreement and in the form of the Receipt set forth in Exhibit A hereto have been inserted for convenience only and are not to be regarded as a part of this Deposit Agreement or to have any bearing upon the meaning or interpretation of any provision contained herein or in the Receipts.

IN WITNESS WHEREOF, Sun Company, Inc. and First Chicago Trust Company of New York have duly executed this agreement as of the day and year first above set forth and all holders of Receipts shall become parties hereto by and upon acceptance by them of delivery of Receipts issued in accordance with the terms hereof.

SUN COMPANY, INC.

By: /s/ Malcolm I. Ruddock

\_\_\_\_\_  
Authorized Officer

FIRST CHICAGO TRUST COMPANY  
OF NEW YORK

By: /s/ Joanne Gorostiola

\_\_\_\_\_  
Authorized Signatory

EXHIBIT A

DEPOSITARY RECEIPT  
FOR  
SERIES A DEPOSITARY SHARES,  
EACH REPRESENTING ONE-HALF SHARE OF  
SERIES A CUMULATIVE PREFERENCE STOCK  
(no par value)  
OF  
SUN COMPANY, INC.

(Incorporated under the Laws of the State of Pennsylvania)

No. \_\_\_\_\_ Series A Depositary Shares (each Series A Depositary  
Share represents one-half share of Series A Cumulative  
Preference Stock (no par value))

1. First Chicago Trust Company of New York, a New York State trust company, as Depositary (the "Depositary"), hereby certifies that \_\_\_\_\_ is the registered owner of \_\_\_\_\_ Depositary Shares (the "Series A Depositary Shares"), each Series A Depositary Share representing one-half share of Series A Cumulative Preference Stock, no par value (the "Stock"), of Sun Company, Inc., a corporation duly organized and existing under the laws of the State of Pennsylvania (the "Company"), deposited with the Depositary, and the same proportionate interest in any and all other property received by the Depositary in respect of such share of Stock and held by the Depositary under the Deposit Agreement (as defined below). Subject to the terms of the Deposit Agreement, each owner of a Series A Depositary Share is entitled, proportionately, to all the rights, preferences and privileges of the Stock represented thereby, including the dividend, voting, liquidation and other rights contained in the Certificate of Designation of Series A Cumulative Preference Stock, as amended from time to time, establishing the rights, preferences, privileges and limitations of the Stock (the "Certificate of Designation"), copies of which are on file at the Depositary's office located at the time of the execution of the Deposit Agreement at 14 Wall Street, Suite 4680, New York,

New York 10005 (such office or the corporate trust office of the Depositary at which its business in respect of matters governed by the Deposit Agreement is administered at any later time, being at the relevant time, the "Corporate Office").

2. The Deposit Agreement. Depositary Receipts (the "Receipts"), of which this Receipt is one, are made available upon the terms and conditions set forth in the Deposit Agreement, dated as of June 13, 1995 (the "Deposit Agreement"), between the Company and the Depositary. The Deposit Agreement (copies of which are on file at the Corporate Office and at the office of any Depositary's Agent) sets forth the rights of holders of Receipts and the rights and duties of the Depositary. The statements made on the face and the reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are subject to the detailed provisions thereof, to which reference is hereby made. In the event of any conflict between the provisions of this Receipt and the provisions of the Deposit Agreement, the provisions of the Deposit Agreement will govern. Unless otherwise expressly herein provided, all defined terms used herein shall have the meanings ascribed thereto in the Deposit Agreement.

3. Redemptions of Stock. Whenever the Company shall elect to redeem shares of Stock in accordance with the Certificate of Designation, it shall (unless otherwise agreed in writing with the Depositary) give the Depositary in its capacity as Depositary not less than five business days prior notice of the proposed date of the mailing of the notice of redemption of the Stock required pursuant to paragraph 4(h) of the Certificate of Designation in connection with a redemption of Stock and of the number of such shares of Stock held by the Depositary to be redeemed as provided herein.

On the date of any redemption of Stock in accordance with the Certificate of Designation, provided that the Company shall then have deposited with the Depositary the shares of Common Stock, par value \$1 per share ("Common Stock"), and any funds required pursuant to the Certificate of Designation for the Stock deposited with the Depositary to be redeemed, the Depositary shall redeem (using the shares of Common Stock and funds, if any, deposited with it) the number of Series A Depositary Shares representing such redeemed Stock. The distribution of the shares of Common Stock and funds, if any, used to effect such redemption shall be governed by Sections 4.01 and 4.02 of the Deposit Agreement. The Depositary shall, as directed by the Company, mail, first class postage prepaid, notice of the redemption of Stock and the proposed simultaneous redemption of Series A Depositary Shares representing the Stock to be redeemed, not less than 30 and not more than 60 days prior to the date fixed for redemption (the "redemption date") of such Stock and Series A Depositary Shares. Such notice shall be mailed to each holder of record on the record date fixed for such redemption as provided in paragraph 14 below of the Receipts evidencing Series A Depositary Shares. In case fewer than all the outstanding Series A Depositary Shares are to be redeemed, the Series A Depositary Shares to be redeemed shall be selected by lot or pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Company.

Notice having been mailed as aforesaid, from and after the redemption date (unless the Company shall have failed to redeem the shares of Stock to be redeemed by it, as set forth in the Company's notice provided for above), the Series A Depositary Shares called for redemption shall be deemed no longer to be outstanding and all rights of the holders of Receipts evidencing such Series A Depositary Shares (except the right to receive the shares of Common Stock and any cash upon redemption) shall, to the extent of such Series A Depositary Shares, cease and terminate. Upon surrender in accordance with said notices of the Receipts evidencing such Series A Depositary Shares (properly endorsed or assigned for transfer, if the Depositary shall so require), such Series A Depositary Shares shall be redeemed (as nearly as may be practicable without creating fractional shares) into shares of Common Stock at a rate equal to one-half of the number of shares of Common Stock delivered in respect of the shares of Stock represented by such Depositary Shares as is provided for in the Certificate of Designation. The foregoing shall be subject further to the terms and conditions of the Certificate of Designation. If fewer than all of the Series A Depositary Shares evidenced by this Receipt are called for redemption, the Depositary will deliver to the holder of this Receipt upon its surrender to the Depositary, a new Receipt evidencing the Series A Depositary Shares evidenced by such prior Receipt and not called for redemption, together with the shares of Common Stock or other property for the Series A Depositary Shares called for redemption.

4. Surrender of Receipts and Withdrawal of Stock. Upon surrender of this Receipt to the Depositary at the Corporate Office, or at such other offices as the Depositary may designate, and subject to the provisions of the Deposit Agreement, the holder hereof is entitled to withdraw, and to obtain delivery, to or upon the order of such holder, of any or all of the Stock (but only in whole shares of Stock) and all money and other property, if any, at the time represented by the Series A Depositary Shares evidenced by this Receipt, but holders of such shares of Stock will not thereafter be entitled to deposit such shares of Stock hereunder or to receive Series A Depositary Shares therefor. If the Receipt or Receipts delivered by the holder to the Depositary in connection with such withdrawal shall evidence a number of Series A Depositary Shares in excess of the number of Series A Depositary Shares representing the whole number of shares of Stock to be withdrawn, the Depositary shall, in addition to such whole number of shares of Stock and such money and other property, if any, to be withdrawn, deliver, to or upon the order of such holder, a new Receipt or Receipts evidencing such excess number of Series A Depositary Shares.

5. Transfers, Split-ups, Combinations. Subject to paragraphs 6, 7 and 8 below, this Receipt is transferable on the books of the Depositary upon surrender of this Receipt to the Depositary, properly endorsed or accompanied by a properly executed instrument of transfer or endorsement, and upon such transfer the Depositary shall sign and deliver a Receipt to or upon the order of the person entitled thereto, all as provided in and subject to the Deposit Agreement. This Receipt may be split into other Receipts or combined with other Receipts into one Receipt evidencing the same aggregate

number of Series A Depositary Shares evidenced by the Receipt or Receipts surrendered; provided, however, that the Depositary shall not issue any Receipt evidencing a fractional Series A Depositary Share.

6. Conditions to Signing and Delivery, Transfer, etc., of Receipts. Prior to the execution and delivery, transfer, split-up, combination, surrender or exchange of this Receipt, the Depositary, any of the Depositary's Agents or the Company may require any or all of the following: (i) payment to it of a sum sufficient for the payment (or, in the event that the Depositary or the Company shall have made such payment, the reimbursement to it) of any tax or other governmental charge with respect thereto (including any such tax or charge with respect to Stock being deposited or withdrawn or with respect to Common Stock of the Company being issued upon redemption); (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature; and (iii) compliance with such regulations, if any, as the Depositary or the Company may establish not inconsistent with the Deposit Agreement. Any person presenting Stock for deposit, or any holder of this Receipt, may be required to file such proof of information, to execute such certificates and to make such representations and warranties as the Depositary or the Company may reasonably deem necessary or proper. The Depositary or the Company may withhold or delay the delivery of this Receipt, the transfer, redemption or exchange of this Receipt, the withdrawal of the Stock represented by the Series A Depositary Shares evidenced by this Receipt or the distribution of any dividend or other distribution until such proof or other information is filed, such certificates are executed or such representations and warranties are made.

7. Suspension of Delivery, Transfer, etc. The deposit of Stock may be refused, the delivery of this Receipt against Stock may be suspended, or the transfer, split-up, combination, surrender or exchange of this Receipt may be suspended (i) during any period when the register of stockholders of the Company is closed, (ii) if any such action is deemed necessary or advisable by the Depositary, any of the Depositary's Agents or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement, or (iii) with the approval of the Company, for any other reason. The Depositary shall not be required (a) to issue, transfer or exchange any Receipts for a period beginning at the opening of business 15 days next preceding any selection of Series A Depositary Shares and Stock to be redeemed and ending at the close of business on the day of the mailing of notice of redemption of Series A Depositary Shares or (b) to transfer or exchange for another Receipt any Receipt evidencing Series A Depositary Shares called or being called for redemption in whole or in part, except as provided in the last sentence of paragraph 3 above.

8. Payment of Taxes or Other Governmental Charges. If any tax or other governmental charge shall become payable by or on behalf of the Depositary with respect to this Receipt, the Series A Depositary Shares evidenced by this Receipt, the Stock (or any fractional interest therein) represented by such Series A Depositary Shares or any transaction referred to in Section 4.06 of the Deposit Agreement, such tax (including transfer,

issuance or acquisition taxes, if any) or governmental charge shall be payable by the holder hereof. Until such payment is made, transfer of this Receipt or any withdrawal of the Stock, represented by the Series A Depositary Shares evidenced by this Receipt may be refused, any dividend or other distribution may be withheld and any part or all of the Stock represented by the Series A Depositary Shares evidenced by this Receipt may be sold for the account of the holder hereof (after attempting by reasonable means to notify such holder prior to such sale). Any dividend or other distribution so withheld and the proceeds of any such sale may be applied to any payment of such tax or other governmental charge, the holder of this Receipt remaining liable for any deficiency.

9. Amendment. The form of the Receipts and any provision of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect that they may deem necessary or desirable. Any amendment that shall impose any fees, taxes or charges (other than fees and charges provided for herein or in the Deposit Agreement), or that shall otherwise prejudice any substantial existing right of holders of Receipts, shall not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the record holders of outstanding Receipts. The holder of this Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold this Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right, subject to the provisions of paragraphs 3, 4, 7 and 8 hereof and of Sections 2.03, 2.06, 2.07 and Article III of the Deposit Agreement, of the owner of the Series A Depositary Shares evidenced by this Receipt to surrender this Receipt with instructions to the Depositary to deliver to the holder the Stock and all money and other property, if any, represented thereby, except in order to comply with mandatory provisions of applicable law.

10. Fees, Charges and Expenses. The Company will pay all fees, charges and expenses of the Depositary, except for taxes (including transfer taxes, if any) and other governmental charges and such charges as are expressly provided in the Deposit Agreement to be at the expense of persons depositing Stock, holders of Receipts or other persons.

11. Title to Receipts. It is a condition of this Receipt, and every successive holder hereof by accepting or holding the same consents and agrees, that title to this Receipt (and to the Series A Depositary Shares evidenced hereby), when properly endorsed or accompanied by a properly executed instrument of transfer or endorsement, is transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that until this Receipt shall be transferred on the books of the Depositary as provided in Section 2.04 of the Deposit Agreement, the Depositary and the Company may, notwithstanding any notice to the contrary, treat the record holder hereof at such time as the absolute owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes.



12. Cash Dividends and Distributions. Whenever any cash dividend or other cash distribution shall be paid on the Stock, the Company, on behalf of the Depositary, (or, if the Company determines otherwise, the Depositary) will, subject to the provisions of the Deposit Agreement, make such distribution to record holders of Receipts as nearly as practicable in proportion to the respective numbers of Series A Depositary Shares evidenced by the Receipts held by such holders; provided, however, that in the event the Company or the Depositary shall be required to withhold and does withhold from any cash dividend or other cash distribution in respect of the Stock an amount on account of taxes or as otherwise required by law, regulation or court process, the amount made available for distribution or distributed in respect of Series A Depositary Shares shall be reduced accordingly. The Company, on behalf of the Depositary, (or, if the Company determines otherwise, the Depositary) shall distribute or make available for distribution, as the case may be, only such amount, however, as can be distributed without attributing to any owner of Series A Depositary Shares a fraction of one cent. In the event that the calculation of any such cash dividend or other cash distribution to be paid to any record holder on the aggregate number of Series A Depositary Shares held by such holder results in an amount which is a fraction of a cent, the amount the Depositary shall distribute to such record holder shall be rounded to the next highest whole cent; and upon request of the Depositary, the Company shall pay the additional amount to the Depositary for distribution.

13. Subscription Rights, Preferences or Privileges. If the Company shall at any time offer or cause to be offered to the persons in whose name Stock is registered on the books of the Company any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or privileges of any other nature, such rights, preferences or privileges shall in each such instance, subject to the provisions of the Deposit Agreement, be made available by the Depositary or the Company to the record holders of Receipts if the Company so directs in such manner as the Company shall instruct.

14. Notice of Dividends, Fixing of Record Date. Whenever any cash dividend or other cash distribution shall become payable, any distribution other than cash shall be made, or any rights, preferences or privileges shall at any time be offered with respect to the Stock, or whenever the Depositary shall receive notice of (i) any meeting at which holders of Stock are entitled to vote or of which holders of Stock are entitled to notice or any solicitation of consents in respect of the Stock, (ii) any call for redemption or exchange of any shares of Stock or (iii) any event of which holders of Stock are entitled to notice in accordance with the Certificate of Designation, the Depositary shall in each such instance fix a record date (which shall be the same date as the record date fixed by the Company with respect to the Stock) for the determination of the holders of Receipts who shall be entitled (i) to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, (ii) to receive notice of, and to give instructions for the exercise of voting

rights at, or the delivery of consents with respect to, any such meeting or consent solicitation, as the case may be, or (iii) to receive notice of any such call or other event.

15. Voting Rights. Upon receipt of notice of any meeting at which the holders of Stock are entitled to vote, the Depositary shall, as soon as practicable thereafter (unless another arrangement for allowing holders of Series A Depositary Shares to exercise the voting rights associated with the Series A Depositary Shares is agreed by the Company and the Depositary), mail to the record holders of Receipts a notice, which shall contain (i) such information as is contained in such notice of meeting, (ii) a statement that the holders of Receipts at the close of business on a specified record date determined as provided in paragraph 14 will be entitled, subject to any applicable provision of law, the Articles of Incorporation or the Certificate of Designation, to instruct the Depositary as to the exercise of the voting rights with respect to the amount of Stock represented by their respective Series A Depositary Shares, and (iii) a brief statement as to the manner in which such instructions may be given. Upon the written request of a holder of a Receipt on such record date, the Depositary shall endeavor insofar as practicable to vote or cause to be voted with respect to the amount of Stock represented by the Series A Depositary Shares evidenced by such Receipt in accordance with the instructions set forth in such request. In the absence of specific instructions from the holder of a Receipt, the Depositary will abstain from voting to the extent of the Stock represented by the Series A Depositary Shares evidenced by such Receipt.

16. Reports, Inspection of Transfer Books. The Depositary shall make available for inspection by holders of Receipts at the Corporate Office and at such other places as it may from time to time deem advisable during normal business hours any reports and communications received from the Company that are both received by the Depositary as the holder of Stock and made generally available to the holders of Stock by the Company. The Depositary shall keep books at the Corporate Office for the registration and transfer of Receipts, which books at all reasonable times during normal business hours will be open for inspection by the record holders of Receipts as and to the extent provided by applicable law.

17. Liability of the Depositary, the Depositary's Agent and the Company. Neither the Depositary nor any Depositary's Agent nor the Company shall incur any liability to any holder of any Receipt, if by reason of any provision of any present or future law or regulation thereunder of any governmental authority or, in the case of the Depositary or the Depositary's Agent, by reason of any provision, present or future, of the Articles of Incorporation or the Certificate of Designation or, in the case of the Company, the Depositary or the Depositary's Agent, by reason of any act of God or war or other circumstances beyond the control of the relevant party, the Depositary, any Depositary's Agent or the Company shall be prevented or forbidden from doing or performing any act or thing that the terms of the Deposit Agreement provide shall be done or performed; nor shall the Depositary, any Depositary's Agent or the Company incur any liability to any holder of a Receipt by reason of any nonperformance or delay, caused as

aforesaid, in the performance of any act or thing that the terms of the Deposit Agreement provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement.

18. Obligations of the Depositary, the Depositary's Agents and the Company. Neither the Depositary nor any Depositary's Agent nor the Company assumes any obligation or shall be subject to any liability hereunder or under the Deposit Agreement to holders of Receipts other than that each of them agrees to use good faith in the performance of such duties as are specifically set forth in the Deposit Agreement and other than for its negligence, bad faith or willful misconduct.

Neither the Depositary nor any Depositary's Agent nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding with respect to Stock, Series A Depositary Shares or Receipts or Common Stock that in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

Neither the Depositary nor any Depositary's Agent nor the Company shall be liable for any action or any failure to act by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Stock for deposit, any holder of a Receipt or any other person believed by it in good faith to be competent to give such advice or information.

19. Termination of Deposit Agreement. The Deposit Agreement may be terminated by the Company or the Depositary only after (a) (i) all outstanding Series A Depositary Shares shall have been redeemed pursuant to Section 2.03 of the Deposit Agreement or there shall have been made a final distribution in respect of the Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution shall have been distributed to the holders of Series A Depositary Shares pursuant to Section 4.01 or 4.02 of the Deposit Agreement, as applicable and (b) reasonable notice has been given to any remaining holders of Receipts. Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations thereunder except for its obligations to the Depositary, any Depositary's Agent and any Registrar under Sections 5.07 and 5.08 of the Deposit Agreement.

If any Receipts remain outstanding after the date of termination, the Depositary thereafter shall discontinue all functions and be discharged from all obligations as provided in the Deposit Agreement, except as specifically provided therein.

20. Governing Law. The Deposit Agreement and this Receipt and all rights thereunder and hereunder and provisions thereof and hereof shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflict of laws.

This Receipt shall not be entitled to any benefits under the

Deposit Agreement or be valid or obligatory for any purpose unless this Receipt shall have been executed manually or, if a Registrar for the Receipts (other than the Depositary) shall have been appointed, by facsimile by the Depositary by the signature of a duly authorized signatory and, if executed by facsimile signature of the Depositary, shall have been countersigned manually by such Registrar by the signature of a duly authorized signatory.

THE DEPOSITARY IS NOT RESPONSIBLE FOR THE VALIDITY OF ANY DEPOSITED STOCK. THE DEPOSITARY ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF THE FOREGOING DESCRIPTION WHICH CAN BE TAKEN AS A STATEMENT OF THE COMPANY SUMMARIZING CERTAIN PROVISIONS OF THE DEPOSIT AGREEMENT. UNLESS EXPRESSLY SET FORTH IN THE DEPOSIT AGREEMENT, THE DEPOSITARY MAKES NO WARRANTIES OR REPRESENTATIONS AS TO THE VALIDITY, GENUINENESS OR SUFFICIENCY OF ANY STOCK AT ANY TIME DEPOSITED WITH THE DEPOSITARY UNDER THE DEPOSIT AGREEMENT OR OF THE SERIES A DEPOSITARY SHARES OR THE RECEIPTS (EXCEPT FOR ITS COUNTERSIGNATURE THEREON), AS TO THE VALIDITY OR SUFFICIENCY OF THE DEPOSIT AGREEMENT, AS TO THE VALUE OF THE SERIES A DEPOSITARY SHARES OR AS TO ANY RIGHT, TITLE OR INTEREST OF THE RECORD HOLDERS OF THE DEPOSITARY RECEIPTS IN AND TO THE SERIES A DEPOSITARY SHARES.

The Company will furnish to any holder of a Receipt without charge, upon request addressed to its executive office or the office of its transfer agent, a full statement of the designation, relative rights, preferences and limitations of the shares of each authorized class, and of each series of preferred stock authorized to be issued, so far as the same may have been fixed, and a statement of the authority of the Board of Directors of the Company to designate and fix the relative rights, preferences and limitations of each series.

Dated:

FIRST CHICAGO TRUST COMPANY  
OF NEW YORK

By \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Receipt and all rights and interests represented by the Series A Depositary Shares evidenced thereby, and hereby irrevocably constitutes and appoints \_\_\_\_\_ his attorney, to transfer the same on the books of the within-named Depositary, with full power of substitution in the premises.

Dated:

Signature: \_\_\_\_\_

NOTE: The signature to this assignment must correspond with the name as written upon the face of the Receipt in every particular, without alteration or enlargement, or any change whatever.

Signature Guarantee:

\_\_\_\_\_