SUNOCO INC
Form 10-K
February 28, 2012
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2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-6841

SUNOCO, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-1743282**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1818 Market Street, Suite 1500, Philadelphia, PA	**19103**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (215) 977-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each**

	exchange on which registered
Common Stock, $1 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

At June 30, 2011, the aggregate market value of voting stock held by non-affiliates was $5,046 million.

At January 31, 2012, there were 106,816,757 shares of Common Stock, $1 par value, outstanding.

Selected portions of the Sunoco, Inc. definitive Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2011, are incorporated by reference in Part III of this Form 10-K.

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PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

Those statements in the Business and Properties discussion that are not historical in nature should be deemed forward-looking statements that are inherently uncertain. See Forward-Looking Statements in Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) for a discussion of the factors that could cause actual results to differ materially from those projected.

General

Sunoco, Inc.* was incorporated in Pennsylvania in 1971. It or its predecessors have been active in the petroleum industry since 1886. Its principal executive offices are located at 1818 Market Street, Suite 1500, Philadelphia, PA 19103. Its telephone number is (215) 977-3000 and its internet website is www.SunocoInc.com. The Company makes available free of charge on its website all materials that it files electronically with the Securities and Exchange Commission (the SEC), including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, interactive data files and amendments to these reports as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC.

The Company, through its subsidiaries, conducted its operations as a petroleum refiner and marketer and chemicals manufacturer with interests in logistics and cokemaking during most of 2011. The refining, marketing, logistics and chemicals operations were conducted principally in the eastern half of the United States and the cokemaking operations were conducted in Virginia, Indiana, Ohio, Illinois, and Vitória, Brazil. During 2011 and the early part of 2012, the Company carried out several strategic actions in executing its fundamental shift away from manufacturing. In addition to its decision to exit the refining business by mid-2012, the exit from the chemicals business during 2011 and the spin-off of SunCoke Energy, Inc. in January 2012, Sunoco also conducted a comprehensive strategic review to determine the best way to deliver value to shareholders, including how best to utilize its strong cash position and maximize the potential for Sunoco s logistics and retail businesses. Sunoco retained a third party advisor to assist in this strategic review which was completed in February 2012. See Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) for a description of the initiatives announced in connection with this review.

At December 31, 2011, the Company s operations were organized into four business segments (Logistics, Retail Marketing, Refining and Supply and Coke) in addition to a holding company and a professional services group. Sunoco, Inc., the holding company, is a non-operating parent company which includes certain corporate officers. For additional information regarding the Company s current and former business units, see Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) and the business segment information presented in Note 18 to the Consolidated Financial Statements (Item 8).

Sunoco owns, principally through Sunoco Logistics Partners L.P. (a master limited partnership) (the Partnership), a geographically diverse and complementary group of pipelines, terminal facilities which transport, terminal and store refined products and crude oil, and crude oil and refined products acquisition and marketing assets. Sunoco is the general partner of the Partnership, which consists of a 2-percent ownership interest and incentive distribution rights, and owns a 32-percent interest in the Partnership s limited partner units (see Logistics below).

Sunoco markets gasoline and middle distillates, and offers a broad range of convenience store merchandise, through a network of 4,933 retail outlets in 23 states primarily on the east coast and in the midwest United States (see Retail Marketing below).

* In this report, the terms Company and Sunoco are used interchangeably to mean Sunoco, Inc. or collectively, Sunoco, Inc. and its subsidiaries. The use of these terms is for convenience of discussion and is not intended to be a precise description of corporate relationships.

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Sunoco currently owns two refineries which are located in Philadelphia and Marcus Hook, PA. The Philadelphia refinery produces fuels and certain commodity petrochemicals. During 2011, Sunoco completed the sale of its Toledo refinery and indefinitely idled the main processing units at its Marcus Hook refinery. During 2009, Sunoco permanently shut down all process units at its refinery in Westville, NJ (also known as Eagle Point) in response to weak demand and increased global refining capacity and sold its refinery located in Tulsa, OK that primarily produced lubricants (see Refining and Supply below).

During 2011, Sunoco completed its exit from the chemicals business by selling its facilities in Philadelphia, PA and Haverhill, OH, which produced phenol and acetone. In 2010, Sunoco sold its polypropylene chemicals business with facilities in LaPorte, TX, Neal, WV and Marcus Hook, PA (see Discontinued Chemicals Operations below).

On January 17, 2012, Sunoco completed the separation of SunCoke Energy, Inc. and its affiliates (individually and collectively, SunCoke Energy), from Sunoco by distributing its remaining shares of SunCoke Energy common stock to Sunoco shareholders by means of a spin-off. SunCoke Energy makes high-quality, blast-furnace coke at its facilities in Vansant, VA (Jewell), East Chicago, IN (Indiana Harbor), Franklin Furnace, OH (Haverhill), Granite City, IL (Gateway) and Middletown, OH (Middletown) and produces metallurgical coal from mines in Virginia and West Virginia primarily for use at the Jewell cokemaking facility. SunCoke Energy is also the operator and has an equity interest in a facility in Vitória, Brazil (Vitória) (see Coke below).

The following are separate discussions of the business segments.

Logistics

The Logistics business, which is conducted through Sunoco Logistics Partners L.P., operates refined product and crude oil pipelines and terminals and conducts crude oil and refined products acquisition and marketing activities primarily in the northeast, midwest and southwest regions of the United States. The Logistics business also has an ownership interest in several refined product and crude oil pipeline joint ventures.

On December 2, 2011, the Partnership completed a three-for-one split of its limited partnership units. The unit split resulted in the issuance of two additional limited partnership units for every one limited partnership unit owned. All limited partnership unit information included in this report is presented on a post-split basis.

During 2011, 2010 and 2009, Sunoco received $98, $91 and $98 million, respectively, from the Partnership representing 47, 48 and 57 percent, respectively, of the Partnership s total cash distributions. These amounts include $50, $46 and $48 million, respectively, in 2011, 2010 and 2009 attributable to Sunoco s general partner interest and incentive distribution rights. Sunoco s share of Partnership distributions is expected to be 47 percent at the Partnership s current quarterly cash distribution rate but is expected to increase to approximately 49 percent, assuming the Partnership s current quarterly cash distribution rate and no additional unit issuances, when the deferred distribution units received in July 2011 (see below) convert to common units in the third quarter of 2012.

In 2009, the Partnership issued 6.75 million limited partnership units in a public offering, generating $110 million of net proceeds. In February 2010, Sunoco received $201 million in cash from the Partnership in connection with a modification of the incentive distribution rights. Also in February 2010, Sunoco sold 6.60 million of its limited partnership units to the public, generating $145 million of net proceeds. In August 2010, the Partnership issued 6.04 million limited partnership units in a public offering, generating $144 million of net proceeds.

In July 2011, the Partnership issued 3.94 million deferred distribution units valued at $98 million and paid $2 million in cash to Sunoco in exchange for the tank farm and related assets located at the Eagle Point refinery. These units will not participate in Partnership distributions until they convert into common units on the one-year anniversary of their issuance. Upon completion of this transaction, Sunoco s interest in the Partnership s limited partner units increased to the current 32 percent.

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At December 31, 2011, the Partnership owned and operated approximately 5,400 miles of crude oil pipelines and approximately 2,500 miles of refined product pipelines. In 2011, crude oil and refined product shipments on these pipelines totaled 1,587 and 522 thousand barrels daily, respectively, as compared to 1,183 and 468 thousand barrels daily in 2010 and 658 and 577 thousand barrels daily in 2009.

Pipeline operations are primarily conducted through the Partnership s pipelines and also through other pipelines in which the Partnership has an ownership interest. The pipelines are principally common carriers and, as such, are regulated by the Federal Energy Regulatory Commission for interstate movements and by state regulatory agencies for intrastate movements. The tariff rates charged for most of the pipelines are regulated by the governing agencies. Tariff rates for certain pipelines are set by the Partnership based upon competition from other pipelines or alternate modes of transportation.

Refined product pipeline operations, located primarily in the northeast, midwest and southwest United States, transport gasoline, jet fuel, diesel fuel, home heating oil and other products for Sunoco s other businesses and for third-party integrated petroleum companies, independent refiners, independent marketers and distributors.

In May 2011, the Partnership obtained a controlling financial interest in Inland Corporation (Inland), which is the owner of a refined products pipeline in Ohio, through a series of transactions involving Sunoco and a third party. Sunoco exercised its rights to acquire additional ownership interests in Inland for $56 million, net of cash received, and the Partnership purchased additional ownership interests from a third party for $30 million. The Partnership s total ownership interest in Inland increased to 84 percent after it purchased all of Sunoco s interests. As a result of these transactions, Inland became a consolidated subsidiary of Sunoco.

Product terminalling operations include 42 active terminals in the northeast, midwest and southwest United States that receive refined products from pipelines and distribute them to Sunoco and to third parties, who in turn make deliveries to end-users such as retail outlets. Certain product terminals also provide certain blending and other product additive services. During 2011, 2010 and 2009, throughput at these product terminals totaled 492, 488 and 462 thousand barrels daily, respectively. Terminalling operations also include an LPG terminal near Detroit, MI, a crude oil terminal complex adjacent to Sunoco s Philadelphia refinery, a refined products terminal adjacent to Sunoco s Marcus Hook refinery and docks and terminalling assets which are connected to Sunoco s Eagle Point refinery. During 2011, 2010 and 2009, throughput at these other terminals totaled 443, 465 and 591 thousand barrels daily, respectively.

The Partnership s Nederland, TX terminal provides approximately 22 million barrels of storage and provides terminalling throughput capacity exceeding one million barrels per day. Its Gulf Coast location provides local, south central and midwestern refiners access to foreign and offshore domestic crude oil. The facility is also a key link in the distribution system for U.S. government purchases for and sales from certain Strategic Petroleum Reserve storage facilities. During 2011, 2010 and 2009, throughput at the Nederland terminal totaled 757, 729 and 597 thousand barrels daily, respectively. During the 2009-2011 period, the Partnership completed construction of eight new crude oil storage tanks. The Partnership also completed construction of a crude oil pipeline from the Nederland terminal to Motiva Enterprise LLC s Port Arthur, TX refinery and three related storage tanks with a combined capacity of 2.0 million barrels in 2009 at a total cost of $94 million.

In August 2011, the Partnership acquired a refined products terminal located in East Boston, MA from affiliates of ConocoPhillips for $73 million including $17 million attributable to the fair value of inventory. The terminal is the sole service provider of Logan International Airport under a long-term contract.

In July 2010, the Partnership acquired a butane blending business from Texon L.P. (Texon) for $152 million including inventory. The acquisition includes patented technology for blending butane into gasoline, contracts with customers currently utilizing the patented technology, butane inventories and other related assets.

In the third quarter of 2009, the Partnership acquired a refined products terminal in Romulus, MI for $18 million.

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Crude oil pipeline operations, located in the southwest and midwest United States, transport foreign crude oil received at the Partnership s Nederland, TX and Marysville, MI terminals and crude oil produced primarily in Oklahoma and Texas to refiners or to local trade points.

The Partnership exercised its rights to acquire additional ownership interests in Mid-Valley Pipeline Company (Mid-Valley) and West Texas Gulf Pipe Line Company (WTG) for a total of $85 million during the third quarter of 2010, increasing its ownership interests in Mid-Valley and WTG to 91 and 60 percent, respectively. As the Partnership obtained a controlling financial interest in both Mid-Valley and WTG, the joint ventures were both reflected as consolidated subsidiaries of Sunoco from the dates of their respective acquisitions.

In the third quarter of 2009, the Partnership acquired Excel Pipeline LLC, the owner of a crude oil pipeline which services Gary Williams Wynnewood, OK refinery for $32 million.

Crude oil acquisition and marketing activities include the gathering, purchasing, marketing and selling of crude oil primarily in Oklahoma and Texas. During 2011, 2010 and 2009, approximately 224, 189 and 181 thousand barrels daily, respectively, of crude oil were purchased (including exchanges) from third-party leases and approximately 439, 449 and 411 thousand barrels daily, respectively, were purchased in bulk or other exchange transactions. Purchased crude oil is delivered to various trunk pipelines either directly from the wellhead through gathering pipelines or utilizing the Partnership s fleet of trucks or third-party trucking operations.

In August 2011, the Partnership acquired a crude oil purchasing and marketing business from Texon for $222 million including $17 million attributable to the fair value of crude oil inventory. The purchase consists of a lease crude business and gathering assets in 16 states, primarily in the western United States. The current crude oil volume of the business is approximately 75 thousand barrels per day at the wellhead.

The Partnership intends to take advantage of additional growth opportunities in the future, both within its current system and with third-party acquisitions.

Sunoco has agreements with the Partnership which establish fees for administrative services provided by Sunoco to the Partnership and provide indemnifications by Sunoco for certain environmental, toxic tort and other liabilities.

Retail Marketing

The Retail Marketing business consists of the retail sale of gasoline and middle distillates and the operation of convenience stores in 23 states, primarily on the east coast and in the midwest region of the United States. The highest concentrations of outlets are located in Connecticut, Florida, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Virginia. The Company has increased its retail gasoline outlets by over 200 sites over the three-year period ended December 31, 2011.

In August 2011, Sunoco entered into leasehold agreements for 14 retail locations located in central Pennsylvania. Each site will be company operated and include an APlus® convenience store.

In January 2011, Sunoco reached an agreement to begin operating the nine fuel stations at service plazas along the Garden State Parkway located in New Jersey. The six-year agreement began in January 2011 and runs through December 2016. Sunoco also announced an extension on the two fuel stations along the Palisades Parkway, also in New Jersey, through December 2015.

In December 2010, Sunoco acquired 25 retail locations consisting of assets located in the Buffalo, Syracuse, Albany, and Rochester markets of central and northern New York for $25 million including inventory. Sunoco was also selected by the Ohio Turnpike Commission to operate the fuel stations at the 16 service plazas along the Ohio Turnpike under an initial lease agreement from 2012 through 2016 with renewals available through 2026.

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The following table sets forth Sunoco s retail gasoline outlets at December 31, 2011, 2010 and 2009:

	2011	2010	2009
Direct Outlets:			
Company-Owned or Leased:			
Company Operated:			
Traditional	51	51	49
APlus® Convenience Stores	366	337	346
	417	388	395
Dealer Operated:			
Traditional	140	150	160
APlus® Convenience Stores	229	229	223
Ultra Service Centers®	98	103	112
	467	482	495
Total Company-Owned or Leased*	884	870	890
Dealer Owned**	496	507	509
Total Direct Outlets	1,380	1,377	1,399
Distributor Outlets	3,553	3,544	3,312
	4,933	4,921	4,711

*Gasolineand diesel throughput per Company-owned or leased outlet averaged 160, 156 and 151 thousand gallons per month during 2011, 2010 and 2009, respectively.

**Primarily traditional outlets.

Retail Marketing has a portfolio of outlets that differ in various ways including: product distribution to the outlets; site ownership and operation; and types of products and services provided.

Direct outlets may be operated by Sunoco or by an independent dealer, and are sites at which fuel products are delivered directly to the site by Sunoco trucks or by contract carriers. The Company or an independent dealer owns or leases the property. These sites may be traditional locations that sell fuel products under the Sunoco® and Coastal® brands or may include APlus® convenience stores or Ultra Service Centers® that provide automotive diagnostics and repair. Included among Retail Marketing s outlets at December 31, 2011 were 63 outlets on turnpikes and expressways in Pennsylvania, New Jersey, New York, Maryland and Delaware. Of these outlets, 47 were Company-operated sites providing gasoline, diesel fuel and convenience store merchandise.

Distributor outlets are sites in which the distributor takes delivery of fuel products at a terminal where branded products are available. Sunoco does not own, lease or operate these locations. During 2010, Sunoco entered into agreements with nine new distributors and added more than 200 sites to its portfolio of distributor outlets.

During the 2009-2011 period, Sunoco generated $178 million of divestment proceeds related to the sale of 229 retail sites under a Retail Portfolio Management (RPM) program to selectively reduce the Company s invested capital in Company-owned or leased sites. Most of the sites were converted to contract dealers or distributors thereby retaining most of the gasoline sales volume attributable to the divested sites within the Sunoco branded business.

Branded fuels sales (including middle distillates) averaged 326.8 thousand barrels per day in 2011 compared to 321.6 thousand barrels per day in 2010 and 321.2 thousand barrels per day in 2009.

The Sunoco® brand is positioned as a premium brand. Brand improvements in recent years have focused on physical image, customer service and product offerings. In addition, Sunoco believes its brands and high

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performance gasoline business have benefited from its sponsorship agreements with NASCAR® and INDYCAR® which continue until 2019 and 2014, respectively. Under this agreement, Sunoco® is the Official Fuel of NASCAR® and APlus® is the Official Convenience Store of NASCAR®. Sunoco has exclusive rights to use certain NASCAR® trademarks to advertise and promote Sunoco products and is the exclusive fuel supplier for the three major NASCAR® racing series. In 2010, Sunoco signed an agreement to become the Official Fuel of the INDYCAR® series for the 2011 through 2014 seasons.

Sunoco s APlus® convenience stores are located principally in Florida, New York and Pennsylvania. These stores supplement sales of fuel products with a broad mix of merchandise such as groceries, fast foods, beverages and tobacco products. The following table sets forth information concerning Sunoco s APlus® convenience stores:

	2011	2010	2009
Number of Stores* (at December 31)	630	602	604
Merchandise Sales (Thousands of Dollars/Store/Month)	$ 92	$ 96	$ 90
Merchandise Margin (Company Operated) (% of Sales)	26%	27%	28%

*Includes 35, 36 and 35 dealer owned sites at December 31, 2011, 2010 and 2009, respectively.

During 2009, Sunoco sold its retail heating oil and propane distribution business for $83 million and recognized a $44 million gain ($26 million after tax) in connection with the transaction. This gain is shown separately in Corporate and Other in the Earnings Profile of Sunoco Businesses.

Refining and Supply

The Refining and Supply business currently manufactures petroleum products, including gasoline, middle distillates (mainly jet fuel, heating oil and diesel fuel) and residual fuel oil as well as commodity petrochemicals, including propylene-propane, benzene and cumene at its Philadelphia refinery. The Company sells these products to other Sunoco business units and to wholesale and industrial customers.

In September 2011, Sunoco announced its decision to exit its refining business and initiated a formal process to sell its remaining refineries located in Philadelphia and Marcus Hook, PA (together, the Northeast Refineries). Sunoco indefinitely idled the main processing units at its Marcus Hook refinery in December 2011 due to deteriorating refining market conditions. As the Company has received no proposals to purchase Marcus Hook as a refinery, Sunoco is pursuing options with third parties for alternate uses of the Marcus Hook facility. Sunoco continues to operate its Philadelphia refinery while it seeks a buyer for that facility. Sunoco has seen some degree of interest in the Philadelphia refinery and therefore continues to pursue a sale of this facility as an operating refinery. However, if a suitable sales transaction cannot be implemented, the Company intends to permanently idle the main processing units at both facilities no later than July 2012. In connection with these decisions, Sunoco recorded a $2,346 million noncash provision ($1,405 million after tax) primarily to write down long-lived assets at the Northeast Refineries to their estimated fair values and recorded provisions for severance, contract terminations and idling expenses of $243 million ($144 million after tax) in the second half of 2011. These accruals include an estimated loss to terminate a ten-year polymer-grade propylene supply contract with Braskem S.A. (Braskem) in connection with the sale of Sunoco s discontinued polypropylene chemicals business in March 2010 (see below). These charges are included in Asset Write-Downs and Other Matters in Corporate and Other in the Earnings Profile of Sunoco Businesses. If such units are permanently idled, additional provisions of up to $300 million, primarily related to shutdown expenses and severance and pension costs, could be incurred. Upon a sale or permanent idling of the main processing units, Sunoco expects to record a pretax gain related to the liquidation of all of its crude oil and a significant portion of its refined product inventories at the Northeast Refineries totaling approximately $2 billion based on current market prices. The actual amount of this gain will depend upon the market value of crude and refined products and the volumes on hand at the time of liquidation.

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In March 2011, Sunoco completed the sale of its Toledo refinery and related crude and refined product inventories to a wholly owned subsidiary of PBF Holding Company LLC. The Company received $1,037 million in net proceeds. In addition, the purchase agreement also includes a participation payment of up to $125 million based on the future profitability of the refinery. Sunoco has not recorded any amount related to the contingent consideration in accordance with its accounting policy election on such amounts. The Company expects to receive a significant portion of the $125 million participation payment in 2012 based on the Toledo refinery s 2011 estimated operating results. In connection with this transaction, the Company recognized a $2 million net pretax gain ($4 million loss after tax) during 2011. The net loss includes a pretax gain of $535 million attributable to the sale of crude and refined product inventories and is reported separately in Corporate and Other in the Earnings Profile of Sunoco Businesses. The results of operations for the Toledo refinery have not been classified as discontinued operations due to Sunoco s expected continuing involvement with the Toledo refinery through a three-year agreement for the purchase of gasoline and distillate to supply Sunoco retail sites in this area.

In 2009, Sunoco permanently shut down all process units at the Eagle Point refinery. All units ceased production in early November 2009 and in connection with this decision, Sunoco recorded a $476 million provision ($284 million after tax) to write down the affected assets to their estimated fair values and to establish accruals for employee terminations, pension and postretirement curtailment losses and other related costs. The Company recorded additional provisions of $57 and $5 million ($34 and $3 million after tax) in 2010 and 2011, respectively, primarily for additional asset write-downs and contract losses in connection with excess barge capacity resulting from the shutdown of the Eagle Point refining operations. These charges are reported as part of the Asset Write-Downs and Other Matters shown separately in Corporate and Other in the Earnings Profile of Sunoco Businesses.

In June 2009, Sunoco completed the sale of its Tulsa refinery to Holly Corporation. The transaction also included the sale of inventory attributable to the refinery which was valued at market prices at closing. Sunoco received a total of $157 million in cash proceeds from this divestment, comprised of $64 million from the sale of the refinery and $93 million from the sale of the related inventory. Sunoco recognized a $70 million net pretax gain ($41 million after tax) on divestment of this business which is reported separately in Corporate and Other in the Earnings Profile of Sunoco Businesses. As a result of the sale, the Tulsa refinery has been classified as a discontinued operation for all periods presented in the Consolidated Financial Statements included in Item 8. Sunoco had previously recognized a $160 million provision ($95 million after tax) for the write-down of the refinery and related assets in 2008 in connection with its decision to sell the refinery or convert it to a terminal.

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The following table sets forth information concerning the Company s refinery operations (excluding discontinued Tulsa operations) during the last three years (in thousands of barrels daily and percentages):

	2011	2010	2009
Crude Unit Capacity at December 31*	505.0	675.0	675.0
Crude Inputs as Percent of Crude Unit Rated Capacity	82%	87%	78%
Conversion Capacity at December 31	230.0	343.0	343.0
Conversion Capacity Utilized	79%	87%	79%
Throughputs:			
Crude Oil	436.2	588.8	625.4
Other Feedstocks	46.9	56.4	70.8
Total Throughputs	483.1	645.2	696.2
Products Manufactured:			
Gasoline	245.8	337.0	357.9
Middle Distillates	173.5	230.6	225.3
Residual Fuel	30.0	34.6	59.2
Petrochemicals	14.4	23.4	27.3
Other	38.1	48.5	54.7
Total Production	501.8	674.1	724.4
Less Production Used as Fuel in Refinery Operations	23.9	31.3	34.5
Total Production Available for Sale	477.9	642.8	689.9

*Includes 175 thousand barrels-per-day of capacity at the Marcus Hook refinery which has been indefinitely idled and reflects a 170 thousand barrels-per-day reduction attributable to the sale of the Toledo refinery in March 2011.

Sunoco has met all of its crude oil requirements through purchases from third parties. There has been an ample supply of crude oil available to meet worldwide refining needs, and Sunoco has been able to supply its refineries with the proper mix and quality of crude oils without material disruption. Most of the crude oil processed at Sunoco s refineries is light-sweet crude oil. The Company also processes limited amounts of discounted high-acid sweet crude oils in its Northeast refineries. During 2011, 2010 and 2009, approximately 39, 44 and 61 thousand barrels per day, respectively, of such crude oils were processed.

The Northeast Refineries have processed crude oils supplied from foreign sources which has been delivered utilizing ocean-going tankers and coastal distribution tankers and barges that are owned and operated by third parties. Approximately 25 percent of the Company s ocean-going tanker marine transportation requirements pertaining to its crude supply has been met through time charters.

Approximately 50 percent of Sunoco s crude oil supply for its Philadelphia and Marcus Hook refineries came from Nigeria during 2011. Some of the crude oil producing areas of this West African country have experienced political and ethnic violence as well as labor disruptions in