



Imperial Oil Limited invites you to attend the annual meeting of shareholders on April 21, 2005, in Toronto

Dear Shareholder,

It is my pleasure to invite you to attend the company's annual meeting of shareholders, to be held in the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada on Thursday, April 21, 2005, at 10:30 a.m. local time.

The meeting is called for the following purposes:

1. to consider the consolidated financial statements for the year ended December 31, 2004, and the auditors' report;
2. to reappoint the auditors;
3. to elect directors;
4. to vote on shareholder proposals; and
5. to transact other business that may properly be brought before the meeting.

It is important that your shares be represented at the meeting and that your wishes on matters for decision at the meeting be made known to the directors. This will be assured, whether or not you attend the meeting, if you complete and submit the enclosed proxy as soon as possible. You may do so by mail, fax, telephone or Internet as described on the enclosed proxy form.

Your proxy must be received at the Toronto office of CIBC Mellon Trust Company, the company's share transfer agent, by the close of business on April 19, 2005.

We can provide reasonable assistance to people with disabilities who wish to attend the meeting. Please contact the corporate secretary by telephone at (416) 968-4966 or fax at (416) 968-4095 at least two weeks before the meeting.

A handwritten signature in black ink that reads "T.J. Hearn".

T.J. (Tim) Hearn
Chairman, president and chief executive officer
March 18, 2005

Management Proxy Circular

Proxies and voting

The following questions and answers provide guidance on how to vote your shares. Should you have any questions, please contact our transfer agent, CIBC Mellon Trust Company, as indicated in Q&A No. 13. If you are a non-registered shareholder, please refer to Q&A No. 4 for a description of the procedure to be followed to vote your shares.

1. Q: Who is soliciting my proxy?

A: This circular is furnished in connection with the solicitation by the directors of Imperial Oil Limited of proxies for use in voting at its annual meeting of shareholders on April 21, 2005. Proxies from registered shareholders will be solicited primarily by mail, but may also be solicited personally by employees. Voting instructions or proxies from non-registered shareholders will be solicited primarily by mail by intermediaries, or by the company if the names and addresses of non-registered shareholders are provided by the intermediaries. The company will bear the cost of the solicitation.

2. Q: Who is entitled to vote?

A: Shareholders as of the close of business on March 3, 2005, or their duly appointed proxyholders will be entitled to attend the meeting and to vote in person or by proxy.

The list of shareholders will be prepared as of the close of business on March 3, 2005. That is the record date for determining which shareholders are entitled to vote at and to receive the invitation to attend the annual meeting and the accompanying management proxy circular and proxy form, which will be sent to shareholders on March 18, 2005.

Each common share registered in your name in the list of shareholders entitles you to one vote at the annual meeting.

As of February 18, 2005, there were 348 365 873 common shares outstanding.

3. Q: How do I vote?

A: There are two ways in which you can vote your shares if you are a registered shareholder. You can vote in person at the meeting or you can use the enclosed proxy appointing the named persons or some other person you choose to represent you and vote your shares at the meeting.

If you wish to vote in person at the meeting, do not use the proxy. Your vote will be taken and counted at the meeting.

Using your proxy does not preclude you from attending the meeting in person.

If you do not wish to attend the meeting or do not wish to vote in person you should use the enclosed proxy.

A proxy must be in writing and must be executed by the shareholder or by the shareholder's attorney authorized in writing, unless you have chosen to complete your proxy by telephone or the Internet, as described on the enclosed proxy form.

Unless otherwise specified, shareholder votes will be conducted by ballot.

If your shares are registered in the name of a nominee, please see Q&A No. 4 for voting instructions.

All shares represented by properly completed proxies received by CIBC Mellon Trust Company prior to the close of business on Tuesday, April 19, 2005 will be voted or withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot votes that take place at the annual meeting.

In the absence of instructions, the shares will be voted for the reappointment of the auditors, for the election of directors and against the shareholder proposals as stated in bold type on pages 5, 6 and 10.

4. Q: If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?

A: Non-registered shareholders should follow the directions of their intermediaries with respect to the procedures to be followed for voting their proxies. Non-registered shareholders can also vote by telephone or the Internet, as directed by their intermediaries. Generally, non-registered shareholders will either be provided with: (a) a request for voting instructions (the intermediary is required to send to the company an executed proxy form completed in accordance with any voting instructions received by it); or (b) a proxy form executed by the intermediary but otherwise uncompleted (the non-registered shareholder may complete the proxy form and return it directly to the company's share transfer agent).

To vote at the meeting in person, a non-registered shareholder must have himself or herself appointed as proxyholder.

Non-registered shareholders who appoint themselves as proxyholders should, at the meeting, identify themselves at the registration desk.

5. Q: Who will be my proxyholder?

A: Signing the enclosed proxy form gives authority to T.J. Hearn or B.J. Fischer or J.F. Shepard, all of whom are directors of the company, to vote your shares at the meeting.

6. Q: Can I appoint someone other than these directors to vote my shares?

A: Yes. In order to appoint some other person to represent you as your proxyholder at the annual meeting, you may do so either by inserting the name of such person in the space provided in the proxy form or by completing another proper proxy form and, in either case, delivering the completed proxy form to the company's share transfer agent not later than the close of business on April 19, 2005.

At the meeting, proxyholders should identify themselves at the registration desk.

7. Q: What am I voting on?

A: The reappointment of the auditors of the company, the election of the directors and the shareholder proposals.

8. Q: What if amendments are made to these matters or if other matters are brought before the meeting?

A: The person named in the proxy form will have discretionary authority with respect to amendments to matters identified in the invitation to attend the 2005 annual shareholders' meeting and to other matters which may properly come before the meeting. As of the date of this circular, the directors of the company know of no such amendment or other matter to be presented for action at the meeting.

9. Q: Who counts the votes?

A: The company's transfer agent, CIBC Mellon Trust Company, counts and tabulates the proxies. This is done independently of the company in order to preserve the confidentiality of individual shareholder votes, with the following exceptions: (a) where the proxy contains comments clearly intended for management; (b) where it is necessary to have reference to the proxy in order to determine its validity; or (c) where necessary in order to permit management to discharge its legal obligations to shareholders such as a proxy solicitation in opposition to the directors.

10. Q: What do I do with my completed proxy form?

A: Return it to the company's transfer agent, CIBC Mellon Trust Company, in the envelope provided so that it is received by the close of business on Tuesday, April 19, 2005.

11. Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. You can revoke your proxy for the annual meeting or any adjournment of the meeting in any manner permitted by law. This includes depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, (a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Ontario, Canada M5W 1K3, at any time up to and including the last business day before the meeting at which the proxy is to be voted, or (b) with the chairman of the meeting on the day of the meeting. You can also revoke your proxy by telephone or the Internet.

If a proxy is revoked and not replaced by a proxy that is received with the Toronto office of CIBC Mellon Trust Company by the close of business on Tuesday, April 19, 2005, then the shares represented by the revoked proxy can only be voted in person by a registered shareholder at the annual meeting.

12. Q: What must I do to attend the meeting in person?

A: Registered and non-registered shareholders will be required to register for the meeting by identifying themselves at the registration desk. Persons who are not shareholders may be admitted subject to the discretion of the chairman of the meeting and subject to any space constraints, after identifying themselves at the registration desk.

13. Q: Whom can I call if I have questions about the information contained in this circular or require assistance in completing my proxy form?

A: You can contact the transfer agent by mail at: CIBC Mellon Trust Company
PO Box 7010, Adelaide St. Postal Station
Toronto ON M5C 2W9

or by telephone: within Canada and the United States at 1-800-387-0825,

or in the Toronto area or from any other country at (416) 643-5500,

or by fax at (416) 643-5660 or 5661.

Largest shareholder

To the knowledge of the management of the company, the only shareholder who, as of February 18, 2005, owned beneficially, or exercised control or direction over, more than five percent of the outstanding common shares of the company is Exxon Mobil Corporation, 5959 Las Colinas Boulevard, Irving, Texas 75039-2298, which owns beneficially 242 453 672 common shares, representing 69.6 percent of the outstanding voting shares of the company.

Transactions with Exxon Mobil Corporation

On June 23, 2003, the company implemented another 12-month “normal course” share-purchase program under which it purchased 15 511 833 of its outstanding shares between June 23, 2003, and June 22, 2004. On June 23, 2004, another 12-month “normal course” program was implemented under which the company may purchase up to 17 864 398 of its outstanding shares, less any shares purchased by the employee savings plan and company pension fund. Exxon Mobil Corporation participated by selling shares to maintain its ownership at 69.6 percent. In 2004, such purchases cost \$872 million, of which \$594 million was received by ExxonMobil.

During 2003, the company borrowed \$818 million from Exxon Overseas Corporation under two long term loan agreements at interest equivalent to Canadian market rates. Interest paid on the loans in 2004 was \$20 million. The average effective interest rate for the loans was 2.45 percent for 2004.

The amounts of purchases and sales by the company and its subsidiaries for other transactions in 2004 with Exxon Mobil Corporation and affiliates of Exxon Mobil Corporation were \$3176 million and \$1580 million, respectively. These transactions were conducted on terms as favourable as they would have been with unrelated parties, and primarily consisted of the purchase and sale of crude oil, petroleum and chemical products, as well as transportation, technical and engineering services. Transactions with Exxon Mobil Corporation also included amounts paid and received in connection with the company’s participation in a number of natural resources activities conducted jointly in Canada. The company has agreements with affiliates of Exxon Mobil Corporation to provide computer and customer support services to the company and to share common business and operational support services to allow the companies to consolidate duplicate work and systems.

Reappointment of auditors

The audit committee of the board of directors recommends that PricewaterhouseCoopers LLP (“PwC”) be reappointed as auditors of the company.

PwC have been auditors of the company for more than five years.

Unless a proxy specifies that the shares it represents should be withheld from voting in the reappointment of the auditors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of PwC as auditors of the company to hold office until the close of the next annual meeting.

Auditors fees

The aggregate fees of PwC for professional services rendered for the audit of the company’s financial statements and other services for the fiscal years ended December 31, 2004 and December 31, 2003 were as follows:

Dollars (thousands)	2004	2003
Audit fees	1112	767
Audit related fees	92	62
Tax fees	545	395
All other fees	Nil	Nil
Total fees	1749	1224

Audit fees include the audit of the company’s annual financial statements, audit of management’s report on internal control over financial reporting, and a review of the first three quarterly financial statements in 2004.

Audit related fees include other assurance services including the audit of the company’s retirement plan, the Imperial Oil Foundation, and royalty statement audits for oil and gas producing entities.

Tax fees are mainly tax services for employees on foreign loan assignments.

The company did not engage the auditors for any other services.

Election of directors

The company currently has nine directors. Each director is elected to hold office until the close of the next annual meeting.

The proxy provides for instructions from a shareholder to withhold from voting for any or all of the nominees for election as directors.

Unless a proxy specifies that the shares it represents should be withheld from voting in the election of all director nominees, the potential proxyholders named in the accompanying proxy intend to use it to vote for the election of the following nominees (other than those for whom the authority to vote is withheld on the proxy). All of the nominees, except for J.M. Mintz, are now directors and have been since the dates indicated.

The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meeting, the potential proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all director nominees.

Nominees for election as directors

Brian J. Fischer, 58, of Toronto, Ontario, was appointed to the board of the company on September 1, 1992 while serving as senior vice-president, chemicals division. On February 1, 1994, Mr. Fischer was appointed to his present position as senior vice-president, products and chemicals division. Mr. Fischer is a member and chair of the board of the Canadian Petroleum Products Institute. He is also a governor of Junior Achievement of Central Ontario, and a member of the Governors' Council of North York General Hospital.

Tim J. Hearn, 60, of Toronto, Ontario, has served on the board of the company since January 1, 2002. On April 23, 2002, he was appointed to his present position as chairman, president and chief executive officer. Mr. Hearn was vice-president of Imperial's marketing retail and commercial business when he accepted the first in a series of loan assignments beginning with Exxon Chemical in 1992. Following the merger of Exxon Corporation and Mobil Oil in late 1999, he was appointed vice-president of human resources for Exxon Mobil Corporation. On January 1, 2002, Mr. Hearn assumed the position of president of Imperial Oil Limited. Mr. Hearn is a member of the board of directors of The Conference Board of Canada and the C.D. Howe Institute, and is a member of the Canadian Council of Chief Executives.

Jack M. Mintz, 53, of Toronto, Ontario is being nominated for a position on the board of the company for the first time. Dr. Mintz has been the president and chief executive officer of the C.D. Howe Institute since 1999, and has also been a professor at the Joseph L. Rotman School of Management at the University of Toronto since 1989. Dr. Mintz is a director of Brascan Corporation, CHC Helicopter Corporation, the Ontario Financing Authority Board, the Royal Ontario Museum Foundation, the National Statistics Council, the International Institute of Public Finance, and the Sylvia Ostry Foundation Board. Dr. Mintz has published more than 180 books and articles in the fields of public economics and fiscal federalism, and has frequently published articles in the national newspapers.

Roger Phillips, O.C., S.O.M., F.Inst.P., 65, of Regina, Saskatchewan, has served on the board of the company since April 23, 2002. Mr. Phillips is a corporate director and the retired president and chief executive officer of IPSCO Inc., a steel manufacturing company. He held that position from 1982 until his retirement in January 2002. He is also a director of Canadian Pacific Railway Limited, Cleveland-Cliffs Inc., Inco Limited, and The Toronto-Dominion Bank. Mr. Phillips was appointed an Officer of the Order of Canada in 1999 and was awarded the Saskatchewan Order of Merit in 2002.

James F. Shepard, 66, of Vancouver, British Columbia, has served on the board of the company since October 21, 1997. Mr. Shepard retired from Finning International Inc. in April 2000 after a 32-year career, including 9 years as chief executive officer. Mr. Shepard was also chairman of the board of Finning International Inc. Mr. Shepard has served as vice-chairman of the Conference Board of Canada, vice-chairman of the Business Council on National Issues, honorary chairman of Leadership Vancouver and is the past chairman of the executive committee for the Business Council of B.C. He was founding co-chairman of the Business Summit of B.C. and is a member of The Conference Board, Inc., New York. He is also a member of the board of directors of MacDonald Dettwiler and Associates Ltd. and Oncogenex Technologies Inc. Mr. Shepard is a member of the Association of Professional Engineers of B.C.

Paul A. Smith, 51, of Toronto, Ontario, has served on the board of the company since February 1, 2002. In February 2002, Mr. Smith was appointed to his present position as controller and senior vice-president, finance and administration. Mr. Smith has held a number of senior financial positions at Imperial Oil and Exxon Mobil Corporation as well as a number of senior operating positions at Imperial Oil. Mr. Smith is a member of Financial Executives International Canada.

Sheelagh D Whittaker, 57, has served on the board of the company since April 1996. Ms. Whittaker, a vice-president of Electronic Data Systems of Plano, Texas, divides her time primarily between North America and London, England where she currently serves as managing director, public sector business for the U.K., Middle East and Africa for Electronic Data Systems Limited. Ms. Whittaker joined EDS Canada as president and chief executive officer in 1993.

J. Michael Yeager, 51, of Calgary, Alberta, has served on the board of the company since August 1, 2004. On August 1, 2004, Mr. Yeager was appointed to his present position as senior vice-president, resources division and president and chief executive officer of Imperial Oil Resources. In 1999, Mr. Yeager was vice president, Europe, with responsibility for ExxonMobil's European producing operations. In January 2003, he was appointed vice president, Africa, with ExxonMobil Production Company where he was responsible for ExxonMobil's producing operations in Nigeria, Equatorial Guinea, Angola, Chad and Cameroon. Mr. Yeager is a member of the Canadian Association of Petroleum Producers' CEO Task Group on Climate Change, is on the board of directors of Syncrude Canada Limited, and is a member of the Society of Petroleum Engineers.

Victor L. Young, O.C., 59, of St. John's, Newfoundland and Labrador, has served on the board of the company since April 23, 2002. From 1984 until May 2001, Mr. Young served as chairman and chief executive officer of Fishery Products International Limited, a frozen seafood products company. Mr. Young is a director of Aliant Inc., BCE Inc., McCain Foods Limited and Royal Bank of Canada. Mr. Young is past chair of the Royal Commission set up to review how Newfoundland and Labrador might renew and strengthen its place in Canada. Mr. Young was appointed an Officer of the Order of Canada in 1996.

The following table provides information on the nominees for election as directors.

Name and current principal occupation or employment	Last major position or office with the company or Exxon Mobil Corporation	Director since	Holdings(1)(2)	
B.J. (Brian) Fischer Senior vice-president, products and chemicals division, Imperial Oil Limited	Senior vice-president, chemicals division, Imperial Oil Limited	September 1, 1992	Common shares of Imperial Oil Limited	33 963
			Deferred share units of Imperial Oil Limited	20 047
			Restricted stock units of Imperial Oil Limited	82 600
			Shares of Exxon Mobil Corporation	0
T.J. (Tim) Hearn Chairman, president and chief executive officer, Imperial Oil Limited	President, Imperial Oil Limited	January 1, 2002	Common shares of Imperial Oil Limited	25 291
			Deferred share units of Imperial Oil Limited	100
			Restricted stock units of Imperial Oil Limited	174 400
			Shares of Exxon Mobil Corporation	9 453
J.M. (Jack) Mintz President and chief executive officer C.D. Howe Institute (public policy institute) and professor, Joseph L. Rotman School of Management, University of Toronto	–	–	Common shares of Imperial Oil Limited	100
			Deferred share units of Imperial Oil Limited	0
			Restricted stock units of Imperial Oil Limited	0
			Shares of Exxon Mobil Corporation	0
R. (Roger) Phillips Retired president and chief executive officer, IPSCO Inc. (steel manufacturing)	–	April 23, 2002	Common shares of Imperial Oil Limited	3000
			Deferred share units of Imperial Oil Limited	3 334
			Restricted stock units of Imperial Oil Limited	2 750
			Shares of Exxon Mobil Corporation	2000
J.F. (Jim) Shepard Retired chairman and chief executive officer, Finning International Inc. (sale, lease, repair and financing of heavy equipment)	–	October 21, 1997	Common shares of Imperial Oil Limited	3000
			Deferred share units of Imperial Oil Limited	5 932
			Restricted stock units of Imperial Oil Limited	2 750
			Shares of Exxon Mobil Corporation	0

(table continued on following page)

Name and current principal occupation or employment	Last major position or office with the company or Exxon Mobil Corporation	Director since	Holdings(1)(2)	
P.A. (Paul) Smith Controller and senior vice-president, finance and administration, Imperial Oil Limited	Corporate finance manager, Exxon Mobil Corporation	February 1, 2002	Common shares of Imperial Oil Limited	4302
			Deferred share units of Imperial Oil Limited	0
			Restricted stock units of Imperial Oil Limited	48 500
			Shares of Exxon Mobil Corporation	1190
S.D. (Sheelagh) Whittaker Vice-president, Electronic Data Systems of Plano, Texas and managing director, public sector business, Electronic Data Systems Limited (business and information technology services)	–	April 19, 1996	Common shares of Imperial Oil Limited	3 000
			Deferred share units of Imperial Oil Limited	8 400
			Restricted stock units of Imperial Oil Limited	2 750
			Shares of Exxon Mobil Corporation	0
J.M. (Michael) Yeager Senior vice-president, resources division Imperial Oil Limited	Vice president, Africa ExxonMobil Production Company	August 1, 2004	Common shares of Imperial Oil Limited	5 006
			Deferred share units of Imperial Oil Limited	–
			Restricted stock units of Imperial Oil Limited	–
			Shares of Exxon Mobil Corporation	105 809
V.L. (Victor) Young Corporate director of several corporations	–	April 23, 2002	Common shares of Imperial Oil Limited	3 000
			Deferred share units of Imperial Oil Limited	1 080
			Restricted stock units of Imperial Oil Limited	2 750
			Shares of Exxon Mobil Corporation	0

(1) The information includes the beneficial ownership of common shares of Imperial Oil Limited and shares of Exxon Mobil Corporation, which information not being within the knowledge of the company, has been provided by the nominees individually.

(2) The company's plans for deferred share units and restricted stock units for selected employees and nonemployee directors are described on pages 13 and 14.

Nonemployee director executive sessions

The nonemployee directors conduct executive sessions following every board meeting in the absence of members of management to monitor and assess board processes and issues, and to communicate to management as appropriate the results of private discussions among nonemployee directors. In 2004 and to date in 2005, these meetings have been chaired by P. Des Marais II, the independent and unrelated director designated by the committee to chair and lead these discussions.

Audit committee

The company is required to have an audit committee of the board of directors that is described on page 26. The following directors were the members of the audit committee: P. Des Marais II, R. Phillips, J.F. Shepard, S.D. Whittaker and V.L. Young.

Directors' compensation

Directors' fees are paid only to nonemployee directors. For 2004, nonemployee directors were paid an annual retainer of \$35 000 and 1000 restricted stock units for their services as directors, plus an annual retainer of \$4 500 for each committee on which they served, an additional \$5 000 for serving as chair of a committee and \$2 000 for each board and board committee meeting attended. The restricted stock units issued to nonemployee directors have the same features as the restricted stock units for selected key employees described on page 14.

Starting in 1999, the nonemployee directors have been able to receive all or part of their directors' fees in the form of deferred share units for nonemployee directors. The purpose of the deferred share unit plan for nonemployee directors is to provide them with additional motivation to promote sustained improvement in the company's business performance and shareholder value by allowing them to have all or part of their directors' fees tied to the future growth in value of the company's common shares. This plan is described on page 13.

Share ownership guideline

Directors are required to hold the equivalent of at least 5 000 shares of Imperial Oil Limited, including common shares, deferred share units and restricted stock units. Directors are expected to reach this level within five years. The board of directors believes that the share ownership guideline will result in an alignment of the interest of board members with the interests of all other shareholders.

Shareholder proposals

Set out in Schedule 'A' to this management proxy circular are the shareholder proposals that have been submitted for consideration at the annual meeting of shareholders.

In order for any shareholder proposal to become effective, the resolution to approve the shareholder proposal, which is set out in Schedule A to this management proxy circular, must be passed by a majority of the votes cast by the shareholders who vote in respect of the resolution.

Unless a proxy specifies that the shares it represents should be voted for the shareholder proposal, the

potential proxyholders named in the accompanying proxy intend to use it to vote against the proposal.

If you have a proposal for the 2006 annual meeting

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the 2006 annual meeting of shareholders, must be received by the company no later than December 17, 2005. The proposal can then be included in the management proxy circular and the proxy for the 2006 annual meeting.

The senior executives of your company at the end of 2004

T.J. (Tim) Hearn

Chairman, president and chief executive officer

B.J. (Brian) Fischer

Senior vice-president, products and chemicals division

P.A. (Paul) Smith

Controller and senior vice-president, finance and administration

J.M. (Michael) Yeager

Senior vice-president, resources division

J.F. (John) Kyle

Vice-president and treasurer

Senior executive compensation

Summary compensation table

The following table shows the compensation for the chief executive officer and the four other senior executives of the company who were serving as senior executives at the end of 2004 and the compensation for K.C. Williams who was a senior executive of the company until July 31, 2004. This information includes the dollar value of base salaries, cash bonus awards, and units of other long-term incentive compensation and certain other compensation.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (9) (\$)
		Salary (\$)	Bonus (2) (\$)	Other Annual Compensation (3) (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted (4) (#)	Shares or Units Subject to Resale Restrictions (5)(6)(7) (#)	LTIP Payouts (8) (\$)	
T.J. Hearn Chairman, president and chief executive officer	2004	1 000 000	872 266	246 249	–	64 400 restricted stock units 100 deferred share units	750 000	30 000
	2003	825 000	750 000	182 072 U.S. 293 450	–	60 000 restricted stock units 0 deferred share units	738 000	24 750
	2002	668 333	442 000	71 777 U.S. 328 796	65 000 stock options	50 000 restricted stock units 0 deferred share units	–	20 050
P.A. Smith Controller and senior vice-president, finance and administration	2004	378 333	193 600	67 022	–	19 300 restricted stock units 0 deferred share units	183 000	22 700
	2003	357 917	183 000	11 083 U.S. 72 891	–	16 700 restricted stock units 0 deferred share units	204 510	21 475
	2002	331 667	94 500	U.S. 100 390	25 000 stock options	12 500 restricted stock units 0 deferred share units	–	19 900
B.J. Fischer Senior vice-president, products and chemicals division	2004	551 667	392 775	99 744	–	34 200 restricted stock units 275 deferred share units	357 000	33 100
	2003	530 833	357 000	24 815	–	26 700 restricted stock units 341 deferred share units	486 000	31 850
	2002	505 000	216 000	0	50 000 stock options	21 700 restricted stock units 353 deferred share units	–	30 300
K.C. Williams (1) Senior vice-president, resources division until July 31, 2004	2004	U.S. 257 083	U.S. –	U.S. 204 682	–	–	U.S. 158 010	U.S. 17 475
	2003	U.S. 431 667	U.S. 260 900	U.S. 530 391	–	–	U.S. 197 490	U.S. 27 900
	2002	U.S. 412 500	U.S. 158 000	U.S. 363 932	–	–	U.S. 197 450	U.S. 26 750

(table continued on following page)

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (2) (\$)	Other Annual Compensation (3) (\$)	Awards		Payouts	All Other Compensation (9) (\$)
					Securities Under Options/SARs Granted (4) (#)	Shares or Units Subject to Resale Restrictions (5)(6)(7) (#)	LTIP Payouts (8) (\$)	
J.M. Yeager (1) Senior vice-president, resources division from Aug. 1, 2004	2004	U.S. 170 833	U.S. 277 000	U.S. 48 831	–	–	U.S. 0	U.S. 10 250
J.F. Kyle Vice-president and treasurer	2004	359 583	172 105	74 585	–	13 200 restricted stock units 0 deferred share units	171 000	21 575
	2003	355 000	171 000	41 391	–	11 400 restricted stock units 0 deferred share units	261 000	21 300
	2002	345 000	110 000	13 077	29 000 stock options	10 600 restricted stock units 0 deferred share units	–	20 700

- (1) K.C. Williams was on a loan assignment from Exxon Mobil Corporation until July 31, 2004 and J.M. Yeager is from August 1, 2004. Their compensation was paid to them directly by Exxon Mobil Corporation in United States dollars, and is disclosed in United States dollars. Also, they received employee benefits under Exxon Mobil Corporation's employee benefit plans, and not under the company's employee benefit plans. The company reimburses Exxon Mobil Corporation for the compensation paid and employee benefits provided to them.
- (2) Any part of bonus elected to be received as deferred share units is excluded.
- (3) Amounts under "Other Annual Compensation", except for K.C. Williams and J.M. Yeager, consist of interest paid in respect of deferred payments for long-term incentive compensation, other than the company's plan for deferred share units for selected executives, described on pages 13 and 14, dividend equivalent payments on restricted stock units, interest paid in respect of deferred payments of bonuses and reimbursement for any income tax paid as a result of use of company aircraft. The amounts also include an earned benefits allowance which in 2004 was \$90 000 for T.J. Hearn, \$45 000 for P.A. Smith, \$45 000 for B.J. Fischer and \$35 000 for J.F. Kyle. For T.J. Hearn and P.A. Smith, the U.S. dollar amounts were payments by the company on account of U.S. income taxes incurred while on assignment in the U.S.A. For K.C. Williams and J.M. Yeager, the amounts are the net payments by Exxon Mobil Corporation on account of Canadian income taxes and other compensation for assignment outside of the United States. Each year, while on assignment, T.J. Hearn and P.A. Smith paid to the company and K.C. Williams and J.M. Yeager paid to Exxon Mobil Corporation amounts that were approximate to the income taxes that would have been imposed if they were resident in their originating country of employment.
- (4) In 2002, the company granted stock options which are described on pages 13 and 14.
- (5) These include the number of units granted under the company's plan for deferred share units for selected executives described on page 13. The values and number of these units, as at the end of 2004, were \$7 034 for 100 units for T.J. Hearn, nil for P.A. Smith and J.F. Kyle and \$1 426 373 for 20 047 units for B.J. Fischer. These amounts include no deferred share units elected to be received in lieu of bonus for 2004, 2003 and 2002 for B.J. Fischer, P.A. Smith and J.F. Kyle, and 100 deferred share units based on \$7 034 of bonus elected to be received as deferred share units for 2004 for T.J. Hearn.
- (6) These also include restricted stock units granted under the company's plan for restricted stock units for selected key employees and nonemployee directors described on page 14. The values and number of these units, as at the end of 2004, were \$12 408 560 for 174 400 units for T.J. Hearn, \$3 450 775 for 48 500 units for P.A. Smith, \$5 876 990 for 82,600 units for B.J. Fischer, and \$2 504 480 for 35,200 units for J.F. Kyle. The values of these units granted for 2004, as at the end of 2004 being the date of grant, were \$4 582 060 for T.J. Hearn, \$1 373 195 for P.A. Smith, \$2 433 330 for B.J. Fischer, and \$939 180 for J.F. Kyle. The values of these units granted for 2003, as at the end of 2003 being the date of grant, were \$3 451 800 for T.J. Hearn, \$960 751 for P.A. Smith, \$1 536 051 for B.J. Fischer, and \$655 842 for J.F. Kyle. The values of these units granted for 2002, as at the end of 2002 being the date of grant, were \$2 243 000 for T.J. Hearn, \$560 750 for P.A. Smith, \$973 462 for B.J. Fischer and \$475 516 for J.F. Kyle.
- (7) K.C. Williams and J.M. Yeager participate in Exxon Mobil Corporation's restricted stock plan which is similar to the company's restricted stock unit plan. The value and number of these units for K.C. Williams, as at the end of the year, were U.S. \$2 398 968 for 46 800 units. The value and number of these units for J.M. Yeager, as at the end of the year, were U.S. \$4 170 924 for 81 368 units. Under that plan, K.C. Williams was granted 23,400 units in 2003 whose value on the date of grant was U.S. \$959 400 and 23 400 units in 2002 whose value on the date of grant was U.S. \$810 576. Under that plan, J.M. Yeager was granted 31,400 units in 2004, whose value on the date of grant was U.S. \$1 609 564.
- (8) Payouts were from 2003 earnings bonus units that reached maximum value of \$3.00 per unit in 2004. That plan is described on page 13.
- (9) Amounts under "All Other Compensation", except for K.C. Williams and J.M. Yeager, are the company's contributions to the savings plan, which is a plan available to all employees. Under one of the options of that plan to which the senior executives subscribe, except for K.C. Williams and J.M. Yeager, the company matched employee contributions up to six percent of base salary per year; however, an employee may elect to receive an enhanced pension under the company's pension plan by foregoing three percent of the company's matching contributions. The plan is intended to be primarily for retirement savings, although employees may withdraw their contributions prior to retirement. For K.C. Williams and J.M. Yeager, the amounts are Exxon Mobil Corporation's contributions to its employee savings plan.

Long-term incentive compensation

Consistent with the company's compensation philosophy of being performance driven, long-term incentive compensation is granted to retain selected employees and reward them for high performance. The compensation has generally been in the form of units.

The assessment of employee performance is conducted through the company's appraisal program. The appraisal program is a disciplined annual program that incorporates business performance measures relevant to eligible employees, and involves ranking of employee performance using a consistent process throughout the organization at all levels. The number of units received by each employee is tied to the performance of the employee in achieving these business performance measures. The scope of the company program is determined by the overall performance of the company each year.

The company's incentive share units give the recipient a right to receive cash equal to the amount by which the market price of the company's common shares at the time of exercise exceeds the issue price of the units. These units were granted prior to 2002. The issue price of the units granted to executives was the closing price of the company's shares on the Toronto Stock Exchange on the grant date. Incentive share units are eligible for exercise up to 10 years from issuance.

In 1998, an additional form of long-term incentive compensation ("deferred share units") was made available to selected executives whereby they could elect to receive all or part of their performance bonus compensation in the form of such units. The number of units granted to an executive is determined by dividing the amount of the executive's bonus elected to be received as deferred share units by the average of the closing prices of the company's shares on the Toronto Stock Exchange for the five consecutive trading days ("average closing price") immediately prior to the date that the bonus would have been paid to the executive. Additional units will be granted to recipients of these units based on the cash dividend payable on the company shares divided by the average closing price immediately prior to the payment date for that dividend and multiplying the resulting number by the number of deferred share units held by the recipient. An executive may not exercise these units until after termination of employment with the company and must exercise the units no later than December 31 of the year

following termination of employment with the company. The units held must all be exercised on the same date. On the date of exercise, the cash value to be received for the units will be determined by multiplying the number of units exercised by the average closing price immediately prior to the date of exercise.

Starting in 1999, a form of long-term incentive compensation, similar to the deferred share units for executives, was made available to nonemployee directors in lieu of their receiving all or part of their directors' fees. The main differences between the two plans are that all nonemployee directors are allowed to participate in the plan for nonemployee directors and that the number of units granted to a nonemployee director is determined at the end of each calendar quarter by dividing the amount of the directors' fees for that calendar quarter that the nonemployee director elected to receive as deferred share units by the average closing price immediately prior to the last day of the calendar quarter.

Starting in 2001, the earnings bonus unit plan was made available to selected executives to promote individual contribution to sustained improvement in the company's business performance and shareholder value. Each earnings bonus unit entitles the recipient to receive an amount equal to the company's cumulative net earnings per common share as announced each quarter beginning after the grant. Payout occurs on the fifth anniversary of the grant or when the maximum settlement value per unit is reached, if earlier.

Under the stock option plan, adopted by the company in April 2002, a total of 3 210 200 options were granted to selected key employees on April 30, 2002 for the purchase of the company's common shares at an exercise price of \$46.50 per share. All of the options are exercisable. Any unexercised options expire after April 29, 2012.

As of February 18, 2005, there have been 534 525 common shares issued upon exercise of stock options and 2 643 275 common shares are issuable upon future exercise of stock options. The common shares that were issued and those that may be issued in the future represent about 0.91 percent of the company's currently outstanding common shares.

The company's directors, officers and vice-presidents as a group hold 7.7 percent of the unexercised stock options.

The maximum number of common shares that any one person may receive from the exercise of stock options is 145 000 common shares, which is about 0.04 percent of the currently outstanding common shares.

Stock options may be exercised only during employment with the company except in the event of death, disability or retirement. Also, stock options may be forfeited if the company believes that the employee intends to terminate employment or if during employment or during the period of 24 months after the termination of employment the employee, without the consent of the company, engaged in any business that was in competition with the company or otherwise engaged in any activity that was detrimental to the company. The company may determine that stock options will not be forfeited after the cessation of employment. Stock options cannot be assigned except in the case of death.

The company may amend or terminate the incentive stock option plan as it in its sole discretion determines appropriate. No such amendment or termination can be made to impair any rights of stock option holders under the incentive stock option plan unless the stock option holder consents, except that in the event of (a) any adjustments to the share capital of the company or (b) a take-over bid, amalgamation, combination, merger or other reorganization, sale or lease of assets, or any liquidation, dissolution, or winding-up, involving the company. Appropriate adjustments may be made by the company to : (i) the number of common shares that may be acquired on the exercise of outstanding stock options; (ii) the exercise price of outstanding stock options, or (iii) the class of shares that may be acquired in place of common shares on the exercise of outstanding stock options in order to preserve proportionately the rights of the stock option holders and give proper effect to the event.

In December 2002, the company introduced a restricted stock unit plan, which will be the primary long-term incentive compensation plan in future years. The purpose of the plan is to align the interests of the selected key employees and nonemployee directors directly with the interests of shareholders. Each unit entitles the recipient the conditional right to receive from the company, upon exercise, an amount equal to the closing price of the company's shares on the exercise dates. Fifty percent of the units will be exercised on the third anniversary of the grant date, and the remainder will be exercised on the seventh anniversary of the grant date. The company will pay the

recipients cash with respect to each unexercised unit granted to the recipient corresponding in time and amount to the cash dividend that is paid by the company on a common share of the company. The restricted stock unit plan was amended for units granted in 2003 and future years by providing that the recipient may receive one common share of the company per unit or elect to receive the cash payment for the units to be exercised on the seventh anniversary of the grant date. A total of 987 480 units were granted on December 31, 2004.

There are 927 908 common shares issuable upon future exercise of restricted stock units, which represent about 0.27 percent of the company's currently outstanding common shares. The company's directors, officers and vice-presidents have available as a group 22 percent of the common shares issuable under outstanding restricted stock units.

The maximum number of common shares that any one person may receive from the exercise of outstanding restricted stock units is 62 200 common shares, which is about 0.02 percent of the currently outstanding common shares.

Restricted stock units will be exercised only during employment except in the event of death, disability or retirement. Also, restricted stock units may be forfeited if the company believes that the employee intends to terminate employment or if during employment or during the period of 24 months after the termination of employment the employee, without the consent of the company, engaged in any business that was in competition with the company or otherwise engaged in any activity that was detrimental to the company. The company may determine that restricted stock units will not be forfeited after the cessation of employment. Restricted stock units cannot be assigned.

In the case of any subdivision, consolidation, or reclassification of the shares of the company or other relevant change in the capitalization of the company, the company, in its discretion, may make appropriate adjustments in the number of common shares to be issued and the calculation of the cash amount payable per restricted stock unit.

Effective December 31, 2004, the restricted stock unit plan was amended by the company to provide that on retirement the company shall determine whether the employee's restricted stock units will not be forfeited. Shareholder approval for that change was not required by the Toronto Stock Exchange.

Earnings bonus unit plan – awards in most recently completed financial year

The following table provides information on

earnings bonus units granted in 2004 to the named senior executives.

Name	Securities Units or Other Rights (#)	Performance or Other Period Until Maturity or Payout (1)	Estimated Future Payouts Under Non-Securities-Price Based Plans		
			Threshold (\$)	Target (\$) (2)	Maximum (\$) (2)
T.J. Hearn	232 000	Nov. 17 2009	0	3.75	3.75
P.A. Smith	51 500	Nov. 17 2009	0	3.75	3.75
B.J. Fischer	104 700	Nov. 17 2009	0	3.75	3.75
K.C. Williams	–	–	–	–	–
J.M. Yeager (3)	–	–	–	–	–
J.F. Kyle	45 700	Nov. 17 2009	0	3.75	3.75

- (1) Payment will be made earlier when the cumulative net earnings per outstanding common share reach the maximum settlement value per unit prior to the fifth anniversary of the grant date.
 (2) This is the maximum settlement value payable per earnings bonus unit granted in 2004.

- (3) J.M. Yeager participates in Exxon Mobil Corporation's earnings bonus unit plan which is similar to the company's earnings bonus unit plan. In 2004, J.M. Yeager was granted 85 230 units under that plan for which the maximum settlement value payable per earnings bonus unit is U.S. \$3.25.

Aggregated option/SAR exercises during the most recently completed financial year and financial year-end option/SAR values

The following table provides information on the

exercise in 2004 and the aggregate holdings at the end of 2004 of incentive share units (referred to in the table as "SARs") by the named senior executives.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End (#)		Value of Unexercised in-the-Money Options/SARs at Financial Year-End (\$)	
			Exercisable	Unexercisable (1)	Exercisable	Unexercisable (1)
T.J. Hearn	–	369 375	50 000	0	1 607 500	0
P.A. Smith	–	686 100	67 000	0	2 571 250	0
B.J. Fischer	–	125 120	152 000	0	5 885 400	0
K.C. Williams	–	–	–	–	–	–
J.M. Yeager	–	–	–	–	–	–
J.F. Kyle	–	0	89 000	0	3 455 250	0

- (1) Unexercisable units are units for which the conditions for exercise have not been met.

The following table provides information on the exercise in 2004 and the aggregate holdings at the

end of 2004 of stock options by the named senior executives.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End (#)		Value of Unexercised in-the-Money Options/SARs at Financial Year-End (\$)	
			Exercisable	Unexercisable (3)	Exercisable	Unexercisable (3)
T.J. Hearn	–	126 059	43 750	16 250	1 078 438	400 563
P.A. Smith	–	0	18 750	6 250	462 188	154 063
B.J. Fischer	–	0	37 500	12 500	924 375	308 125
K.C. Williams (1)	–	–	–	–	–	–
J.M. Yeager (2)	–	–	–	–	–	–
J.F. Kyle	–	0	21 750	7 250	536 138	178 713

(1) At the end of 2004, K.C. Williams held options to acquire 373 064 Exxon Mobil Corporation shares of which all options were exercisable. The values of K.C. Williams's exercisable options were U.S. \$5 708 941 at the end of 2004. In 2004, he exercised 49 000 options and realized an aggregate value of U.S. \$1 369 859.

(2) At the end of 2004, J.M. Yeager held options to acquire 378 176 Exxon Mobil Corporation shares of which all options were exercisable. The values of J.M. Yeager's exercisable options were U.S. \$6 383 064 at the end of 2004. In 2004, J.M. Yeager exercised 10 560 options and realized an aggregate value of U.S. \$322 430.

(3) Unexercisable units are units for which the conditions for exercise have not been met.

The following table provides information on the common shares of the company that may be issued as

of the end of 2004 pursuant to compensation plans of the company.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options warrants and rights (\$)(b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(c)
Equity compensation plans approved by security holders (1)	2 854 500	46.50	0
Equity compensation plans not approved by security holders (2)	927 908	–	2 572 092
Total	3 782 408	46.50	2 572 092

(1) This is a stock option plan, which is described on pages 13 and 14.

(2) This is a restricted stock unit plan, which is described on page 14.

Payments to employees who retire

Pension plan table

Remuneration for determining payments on retirement (\$)	Estimated undiscounted payments on retirement at the age of 65 after years of service indicated below (\$)				
	20 Years	25 Years	30 Years	35 Years	40 Years
100 000	32 000	40 000	48 000	56 000	64 000
200 000	64 000	80 000	96 000	112 000	128 000
300 000	96 000	120 000	144 000	168 000	192 000
400 000	128 000	160 000	192 000	224 000	256 000
500 000	160 000	200 000	240 000	280 000	320 000
600 000	192 000	240 000	288 000	336 000	384 000
800 000	256 000	320 000	384 000	448 000	512 000
1 000 000	320 000	400 000	480 000	560 000	640 000
1 500 000	480 000	600 000	720 000	840 000	960 000
2 000 000	640 000	800 000	960 000	1 120 000	1 280 000
2 500 000	800 000	1 000 000	1 200 000	1 400 000	1 600 000
3 000 000	960 000	1 200 000	1 440 000	1 680 000	1 920 000

The company's pension plan applies to almost all employees. The plan provides an annual pension of a specific percentage of an employee's "final three year average earnings", multiplied by the employee's years of service, subject to certain requirements concerning age and length of service. An employee may elect to forego three of the six percent of the company's contributions to the savings plan under one of the options of that plan (except for K.C. Williams and J.M. Yeager), to receive an enhanced pension equal to 0.4 percent of the employee's "final three year average earnings", multiplied by the employee's years of service while foregoing such company contributions. In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement income to employees who have earned a pension in excess of the maximum pension under the Income Tax Act. The pension plan table on this page shows estimated undiscounted annual payments, consisting of pension and supplemental retirement income, payable on retirement to employees including the senior executives in specified classifications of remuneration and years of service currently applicable to that group.

The remuneration used to determine the payments on retirement to the individuals named in the summary compensation table on pages 11 and 12 corresponds generally to the salary, bonus compensation, and bonus compensation amount elected to be received as deferred share units in that table, and the aggregate maximum settlement value that could be paid for earnings bonus units granted shown in the table on page 15 is included in the employee's "final three year average earnings" for the year of grant of such units. As of February 18, 2005, the number of completed years of service with Imperial Oil Limited used to determine payments on retirement were 38 for T.J. Hearn, 36 for B.J. Fischer, 25 for P.A. Smith and 28 for J.F. Kyle.

K.C. Williams and J.M. Yeager are not members of the company's pension plan but are members of Exxon Mobil Corporation's pension plan. Under that plan, J.M. Yeager has 23 years of service and he will receive a pension payable in U.S. dollars. The remuneration used to determine the payment on retirement to him also corresponds generally to his salary extended on a full year basis and bonus compensation in the summary compensation table on pages 11 and 12, which total may be applied to the pension plan table on the previous page but with the dollars in that table representing U.S. rather than Canadian dollars.

Composition of the company's compensation committee

The executive resources committee of the board of directors, composed of the nonemployee directors, is responsible for decisions on the compensation of senior management above the level of vice-president including all officers of the company, and for reviewing the executive development system, including specific succession plans for senior management positions. It also reviews corporate policy on compensation. During 2004, the membership of the executive resources committee was as follows:

P. Des Marais II - Chair
R. Phillips - Vice-chair
J.F. Shepard
S.D. Whittaker
V.L. Young

T.J. Hearn periodically attends meetings at the request of the committee.

Executive resources committee report on executive compensation

The company's executive compensation policy is designed to reinforce the company's orientation toward career employment and its emphasis on performance as the primary determinant of advancement. This acknowledges the long-term nature of the company's business and its philosophy that the experience, skill and motivation of its senior executives are significant determinants of future business success. The compensation program emphasizes competitive salaries and performance-based incentives as the primary instruments to develop and retain key personnel.

In establishing levels of compensation for its senior executives, the executive resources committee relies on market comparisons to other leading Canadian employers, typically in the group of major companies with revenues in excess of \$1 billion a year. These market comparisons are prepared by independent external compensation consultants. On a case-by-case basis, depending on the scope of market coverage represented by a particular comparison, compensation is targeted to a range between the mid-point and the upper quartile of comparable employers, reflecting the company's emphasis on quality of management.

The company's senior executive compensation policy has three main elements: base salary, short-term and long-term incentive compensation. While these elements are related to the extent that compensation

policy is compared in total to the competitive practices of other major Canadian employers, individual decisions on base salary, short-term and long-term incentive compensation are made independently of each other.

Base salary

The company's salary ranges for executives were increased by three percent in 2003, two and one-half percent in 2004 and one and one-half percent in 2005. High-performing executives, and those recently promoted, whose salaries were low relative to their level of responsibility, were given limited additional salary increases. This included senior executives.

T.J. Hearn's salary is currently assessed to be within the range of the competitive target for the company's chief executive officer which is between the median and upper quartile. The target is consistent with the executive resources committee's view that the chief executive officer's salary should be above the average of salaries for chief executive officers of major Canadian companies, reflecting the company's executive development philosophy and the significance placed on experience and judgment in leading a large, complex operation.

Cash bonus

Cash bonuses are typically granted to about 80 executives at the end of each year, based on individual performance. The bonuses are drawn from an aggregate bonus amount established annually by the executive resources committee based on the company's financial and operating performance, and are granted in tandem with the company's earnings bonus units, which are described on page 13.

In 2004, the executive resources committee increased the bonus awards including the grant of earnings bonus units to reflect the company's record financial results and in response to comparisons to other leading Canadian employers.

In the case of T.J. Hearn, the committee's approach to cash bonuses is based on the company's financial and operating performance and on the committee's assessment of T.J. Hearn's effectiveness in leading the organization. The continuing progress being made in focussing the organization on advancing key strategic interests, safety, environmental performance, productivity, cost effectiveness and asset management were primary considerations in determining a cash bonus for the chief executive officer. T.J. Hearn's bonus

including the grant of earnings bonus units was increased in 2004 to reflect his effectiveness in the position, the company's record financial results, and comparisons to other leading Canadian employers.

Long-term incentive compensation

Each year, the executive resources committee has approved long-term incentive awards for selected key employees. These awards were an added incentive to promote individual contribution to sustained improvement in business performance and shareholder value, and to encourage key employees to remain with the company. Individual awards reflected both level of responsibility and performance, with an emphasis on ability to influence longer-term results. In each case, including senior executives and the chief executive officer, award amounts took into account the competitive practices of other major Canadian employers and were not influenced by prior-years' results or by an individual's holdings of unexercised long-term incentive compensation units.

Incentive awards also have been awarded selectively to the general managerial, professional and technical (non-executive) workforce as a way of delivering added financial incentive to selected high-performing employees.

For selected executives, the executive resources committee allows cash bonus awards to be elected to be received in the form of deferred share units and also awards earnings bonus units as a means of providing additional incentive to promote the company's long-

term financial performance. Eligibility to participate in the deferred share unit and earnings bonus plans is restricted to those executives whose decisions are considered to have a direct effect on the long-term financial performance of the company. In 2004, one executive elected to receive deferred share units and 77 executives were awarded earnings bonus units.

For many years, the company's long-term incentive compensation programs have been cash-based programs tied to earnings and share performance, and incentive awards have been reported as expenses in the consolidated statement of earnings. In 2002, to meet competitive practices, the company introduced a stock option program. However, recognizing current concerns over stock option incentive programs and their proper accounting treatment, the company decided to return to straightforward, primarily cash-based incentive compensation programs that will again be reported as expenses against earnings. There are no plans to issue stock options in the future.

A total of 575 employees, including executives, were granted restricted stock units in 2004.

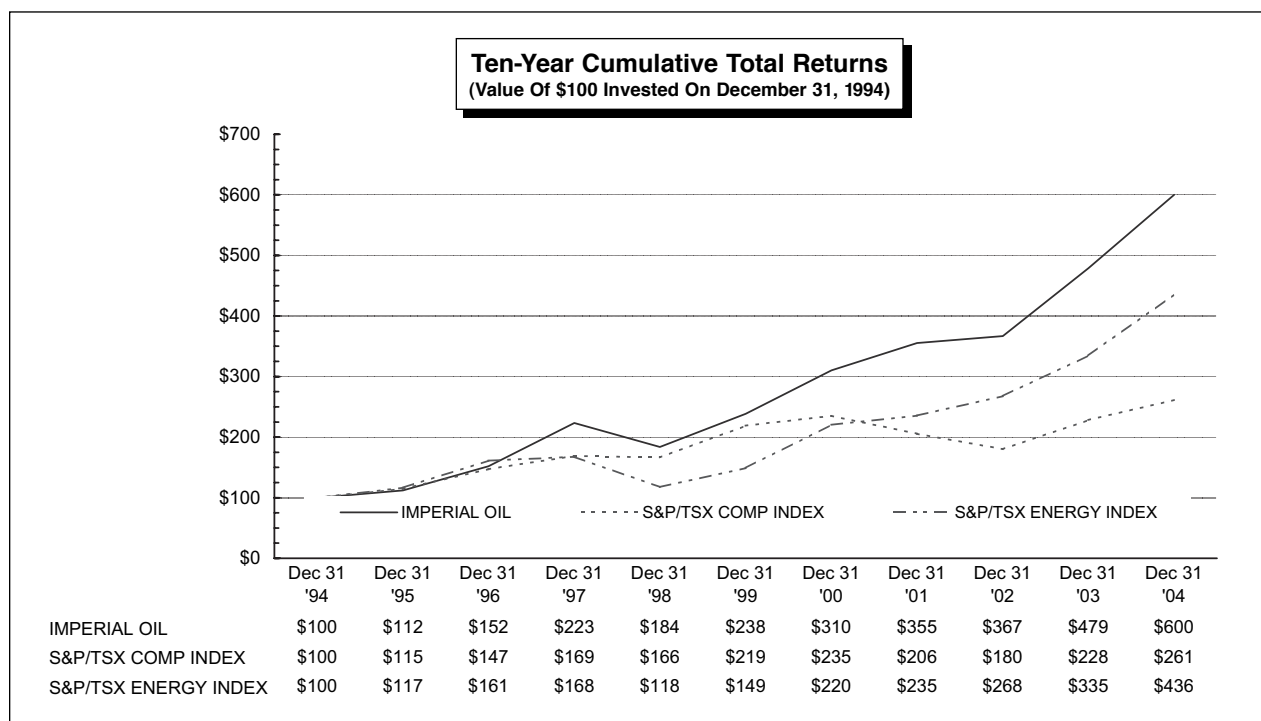
Submitted on behalf of the executive resources committee:

P. Des Marais II - Chair
R. Phillips - Vice-chair
J.F. Shepard
S.D. Whittaker
V.L. Young

Share performance graph

The following graph shows changes over the past ten years in the value of \$100 invested in (1) Imperial Oil Limited common shares, (2) the S&P/TSX Composite Index, and (3) the S&P/TSX Energy Index. The S&P/TSX Energy Index is made up of share performance data for 29 oil and gas companies including integrated oil companies, oil and gas producers and oil and gas service companies.

The year-end values in the graph represent appreciation in share price and the value of dividends paid and reinvested. The calculations exclude trading commissions and taxes. Total shareholder returns from each investment, whether measured in dollars or percent, can be calculated from the year-end investment values shown beneath the graph.



Corporate governance

In the following statement, the company's corporate governance procedures are compared with the Toronto Stock Exchange's guidelines for corporate governance. It has been prepared by the nominations and corporate governance committee of the board of directors, and has been approved by the board of directors. The board of directors has determined that its corporate governance practices are aligned with all of the Toronto Stock Exchange's guidelines.

On October 29, 2004, the Ontario Securities Commission published Proposed National Policy 58-201 Corporate Governance Guidelines and Proposed National Instrument 58-101 Disclosure of Corporate Governance Practices. The board of directors has also determined that the company's corporate governance practices are aligned with the Proposed National Policy. The disclosure contained in the following statement is also aligned with the Proposed National Instrument.

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
<p>1. Stewardship of the corporation</p> <p>The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:</p>	Yes.	<p>The board is responsible for the stewardship of the company. The board's written mandate is contained in the board of directors charter attached as Appendix 1 of Schedule B.</p> <p>The board met eight times in 2004.</p>
(a) adoption of a strategic planning process;	Yes.	The board is actively involved in the company's strategic planning process and is responsible for reviewing and approving the strategic plan. The board discusses and reviews all materials relating to the strategic plan with management. At least one board meeting each year involves the discussion and consideration of the strategic plan.
(b) the identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Yes.	The board is responsible for identifying the principal risks of the company and requires that appropriate risk management systems are implemented. The principal risks of the company are those related to safe and reliable operations, environmental risks and liabilities, commodity price, and exchange rates.
(c) succession planning, including appointing, training and monitoring senior management;	Yes.	The board, on the recommendation of the executive resources committee, is responsible for choosing the president and chief executive officer and appointing senior management. The executive resources committee approves the chief executive officer's compensation as well as the compensation for senior management above the vice-president level, including all officers of the company.

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
(d) a communications policy for the corporation; and	Yes.	<p>The board approves all of the company's major communications including the annual and quarterly reports to shareholders, and the annual report on Form 10-K that is filed with the U.S. Securities and Exchange Commission and Canadian securities commissions and administrators.</p> <p>The company has a corporate disclosure policy, which has been approved by the board. This policy is reviewed annually.</p> <p>The company has an investor relations group that communicates with and responds to inquiries from both institutional and individual investors and the financial community.</p> <p>The company annually solicits questions and comments from shareholders by way of comment cards that are mailed to shareholders with the annual meeting materials. The comments received are reviewed by senior management, and those requiring a response are answered individually.</p> <p>Investor relations staff are available to shareholders by telephone and fax, and the company communicates to shareholders and investors on the company's Web site: www.imperialoil.ca.</p>
(e) the integrity of the corporation's internal control and management information systems.	Yes.	<p>The board, through its audit committee, examines the effectiveness of the company's internal control processes and management information systems. The board consults with the external auditor, the internal auditor and the management of the company to ensure the integrity of the systems.</p> <p>The board has adopted a written code of ethics and business conduct for its directors, officers and employees. The code may be found on the company's web site at www.imperialoil.ca. On an annual basis, management provides the board of directors with a review on corporate ethics and conflicts of interest. As well, under the company's procedures and open door communication, which constitutes part of the company's code of ethics and business conduct, employees are encouraged to refer suspected violation of the law or company policies to company ethics advisers or the company's controller or general auditor or to individual non-employee directors or to</p>

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
		<p>non-employee directors as a group. The audit committee will initially review all issues involving directors or executive officers, and will then refer all issues to the board of directors.</p> <p>There have been no material change reports filed within the preceding 12 months pertaining to any conduct of a director or executive officer that constitutes a departure from the code.</p>
<p>2. Majority of unrelated directors and fair representation of minority</p> <p>The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.</p>	<p>Yes.</p>	<p>The board of directors is composed of nine directors, five of whom are not employees of the company.</p> <p>The four employee directors are considered to be related to the company and are not considered to be independent. They are the chairman, president and chief executive officer, and the three senior vice-presidents of the company. The board believes that their extensive knowledge of the company's business is beneficial to the other directors and their participation as directors enhances the effectiveness of the board.</p> <p>The board believes that all five nonemployee directors are unrelated to the company and are independent, that is each of them is independent of management and none of them has any interest, business or other relationship that could or could reasonably be perceived to materially interfere with his or her ability to act in the best interests of the company.</p> <p>The company has a significant shareholder, Exxon Mobil Corporation, which holds 69.6 percent of the outstanding voting shares of the company.</p>

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
<p>3. Determination of “unrelated director” and fair representation of minority</p> <p>The application of the definition of “unrelated director” to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.</p>	Yes.	<p>The board, on the advice of the nominations and corporate governance committee, is responsible for determining whether or not each director is an unrelated director and an independent director. In order to do this, the board analyses the relationships of all of the directors with the company.</p> <p>The board believes that the investment of minority shareholders in the company is fairly reflected on the board, in that the minority shareholders own 30.4 percent of the company and five of the nine directors (55.5 percent) are unrelated to the company or to Exxon Mobil Corporation.</p>
<p>4. Nominations committee</p> <p>The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.</p>	Yes.	See the description of the mandate of the nominations and corporate governance committee in Appendix 5 of Schedule B. The process by which the nominations and corporate governance committee recommends new candidates for board nomination is described in clause 9(a) of the board of directors charter attached as Appendix 1 of Schedule B. The nominations and corporate governance committee is composed entirely of directors who are unrelated and independent.
<p>5. Board effectiveness</p> <p>Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.</p>	Yes.	<p>The board and its committees are assessed on an annual basis by means of a survey of each director. The results of the survey are reviewed by the nominations and corporate governance committee. That survey assesses the effectiveness of the organization and administration of the board of directors and the effectiveness of the board in discharging its stewardship responsibilities. The survey assesses the</p>

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
		<p>mandate and effectiveness of each board committee. The survey also assesses the personal performance and contribution of each director.</p> <p>The nominations and corporate governance committee reviews its own charter and effectiveness and the charter of the board on an annual basis. The competencies and skills directors are expected to bring to the board are assessed by the nominations and corporate governance committee in making its recommendations for appointment of individuals to the board.</p> <p>Each other board committee assesses its mandate and its effectiveness and performs this function at least once a year.</p>
<p>6. Orientation and education of new directors</p> <p>Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.</p>	Yes.	<p>The company has an orientation program for new directors. All new directors meet with and are briefed by senior management. All new directors receive a board manual containing a record of historical information about the company as well as the charters of the board and its committees and other relevant corporate and business information.</p> <p>Continuing education is provided by virtue of the regular presentations provided by senior management to the board on the main areas of company business. As well, the board annually visits company operating sites.</p>
<p>7. Size of the board</p> <p>Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.</p>	Yes.	<p>The nominations and corporate governance committee reviews the size of the board from time to time. The board believes that the present size, nine directors, is appropriate for a company of its size and complexity and permits the board to operate in an efficient manner.</p>

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
<p>8. Compensation of directors The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.</p>	Yes.	The nominations and corporate governance committee reviews directors' compensation once per year. To make its recommendation on directors' compensation, the committee relies on a survey of leading Canadian public companies. See page 10 of this circular for information about compensation received by the directors in 2004.
<p>9. Board committees Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.</p>	<p>Yes.</p> <p>Yes.</p> <p>Yes.</p>	<p>The board has four committees: the audit committee, the environment, health and safety committee, the executive resources committee and the nominations and corporate governance committee.</p> <p><i>Audit committee</i> J.F. Shepard, <i>chair</i> The audit committee charter is set out in Appendix 2 of Schedule B. The position description of the chair of the audit committee is set out in clause 2 of that charter. The committee is composed entirely of directors who are unrelated and independent. The committee met five times in 2004.</p> <p>The United States Sarbanes-Oxley Act of 2002 contains accounting and corporate governance requirements for companies that are subject to United States securities laws, including requirements for the audit committee. The audit committee has concluded that it meets all of the Act's existing requirements.</p> <p><i>Environment, health and safety committee</i> S.D. Whittaker, <i>chair</i> The environment, health and safety committee charter is set out in Appendix 3 of Schedule B. The position description of the chair of the environment, health and safety committee is set out in clause 2 of that charter. The committee is composed entirely of directors who are unrelated and independent. The committee met three times in 2004.</p> <p><i>Executive resources committee</i> P. Des Marais II, <i>chair</i> The executive resources committee charter is set out in Appendix 4 of Schedule B. The position description of the chair of the executive resources committee is set out in clause 2 of that charter.</p>

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
	Yes.	<p>The executive resources committee, composed of directors who are unrelated and independent, is responsible for decisions on the compensation of senior management above the level of vice-president including all officers of the company, and it reviews corporate policy on compensation. It is also responsible for reviewing the executive development system, including succession plans for senior management positions. The committee met six times in 2004.</p> <p><i>Nominations and corporate governance committee</i> V.L. Young, <i>chair</i></p> <p>The nominations and corporate governance committee charter is set out in Appendix 5 of Schedule B. The position description of the chair of the corporate governance committee is set out in clause 2 of that charter. The committee is composed entirely of directors who are unrelated and independent. The committee met three times in 2004.</p> <p>The process by which compensation is determined for the company's executives is described on pages 18 and 19 of this circular. The nominations and corporate governance committee reviews and recommends the nonemployee directors' compensation.</p> <p><i>Imperial Oil Foundation</i> R. Phillips, <i>chair</i></p> <p>The board of directors of the Imperial Oil Foundation, composed of the unrelated and independent directors of the company and B.J. Fischer, an employee director, oversees the company's charitable contributions program. The company's contributions program is aimed at enhancing the quality of life in communities where the company has a significant presence, with particular emphasis on education and youth. The directors met twice in 2004.</p>
<p>10. Governance issues Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.</p>	Yes.	See the description of the mandate of the nominations and corporate governance committee in relation to Guideline No. 9 (above).

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
<p>11. Chief executive officer The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives, which the CEO is responsible for meeting.</p>	Yes.	<p>The board of directors' charter sets out the mandate of the board and the limits to management authority. The position description of the chairman, president and chief executive officer is set out in clause 10(a) of the board of directors charter attached as Appendix 1 of Schedule B.</p> <p>In addition to matters that must by law be approved by the board, management must seek board approval for major transactions. The board of directors has delegated to senior management the authority for various types of transactions, subject to specified limitations. Management must consult with the board before entering into any venture that is outside of the company's existing businesses.</p> <p>The executive resources committee reviews and approves the goals and objectives that the chief executive officer is responsible for meeting and assesses the chief executive officer's performance against these goals and objectives.</p>
<p>12. Independence of the board Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board.</p>	Yes.	<p>The board believes that there are a number of structures and processes in place to facilitate the functioning of the board independently of management. The board has a majority of directors who are unrelated and independent. The committee chairs are directors who are unrelated and independent. The agendas of the board and its committees are not set by management alone, but by the board as a whole and by each committee. A significant number of agenda items are mandatory and recurring. Board meetings are scheduled at least one full year in advance. Any director may call a meeting of the board or a meeting of a committee of which the director is a member. There is a board-prescribed flow of financial, operating and other corporate information to all directors.</p> <p>The nonemployee directors conduct executive sessions following every board meeting in the absence of members of management to monitor and assess board processes and issues, and to communicate to management as appropriate the results of private discussions among non-employee directors. These meetings are chaired by P. Des Marais II, the independent and unrelated director designated by the committee to chair and lead these discussions. The unrelated and independent directors of the company held seven such meetings in 2004.</p>

Toronto Stock Exchange Guidelines	Do Imperial Oil Limited's procedures align?	Governance procedures at Imperial Oil Limited
		<p>The board of directors does not have a chair separate from the chief executive officer, or a lead director. The chair of the executive sessions of the board provides leadership for the unrelated and independent directors and ensures that the board's agenda will enable it to successfully carry out its duties. The position description of the chair of the executive sessions of the board is described in clause 8(3) of the board of directors charter attached as Appendix 1 of Schedule B.</p>
<p>13. Audit committee The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.</p>	<p>Yes.</p>	<p>See the description of the mandate of the audit committee in relation to Guideline No. 9 (above).</p>
<p>14. Outside advisors for directors The board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.</p>	<p>Yes.</p>	<p>The board has implemented a system to enable an individual director (with the approval of the board), a committee of the board, or a member of a committee (with the approval of the committee), to engage an outside adviser at the expense of the company.</p>

Summary of board and committee meetings held

Board.....8
 Audit.....5
 Environment, health and safety.....3
 Executive resources6
 Nominations and corporate governance.....3
 Imperial Oil Foundation board of directors.....2

Record of attendance by directors

For the 12 months ended December 31, 2004

	Number of meetings attended	
	Board	Committees
P. (Pierre) Des Marais II	8 of 8	19 of 19
B.J. (Brian) Fischer	8 of 8	2 of 2
T.J. (Tim) Hearn	8 of 8	
R. (Roger) Phillips	8 of 8	18 of 19
J.F. (Jim) Shepard	8 of 8	19 of 19
P.A. (Paul) Smith	8 of 8	
S.D. (Sheelagh) Whittaker	8 of 8	19 of 19
K.C. (K.C.) Williams	5 of 5	
J.M. (Michael) Yeager	3 of 3	
V.L. (Victor) Young	8 of 8	19 of 19

Measures for receiving shareholder feedback and dealing with shareholder concerns

The company has an investor relations group that communicates with and responds to inquiries from both institutional and individual investors and the financial community.

The company annually solicits questions and comments from shareholders by way of comment cards that are mailed to shareholders in connection with the annual meeting. The comments received are reviewed by senior management, and those requiring a response are answered individually.

Investor relations staff are also available to shareholders by telephone and fax, and the company maintains extensive material of interest to shareholders and investors on the company’s Web site at: <http://www.imperialoil.ca>

Additional information

In addition to this management proxy circular, the company’s 2004 annual report and year 2005 quarterly reports to shareholders, you may obtain a copy of the company’s latest Form 10-K by writing to the investor relations manager or the corporate secretary at 111 St. Clair Avenue West, Toronto, Ontario, Canada M5W 1K3. The Form 10-K contains additional information about the company and is filed each year with Canadian and United States securities commissions and administrators.

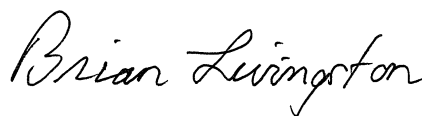
Also, additional information relating to the company is on SEDAR at www.sedar.com.

Effective date

The effective date of this management proxy circular is February 18, 2005.

Directors’ approval

The directors have approved the contents and the sending of this circular to shareholders.



B.W. Livingston
 Vice President, general counsel
 and corporate secretary

Schedule A

Shareholder proposals

1. The Fonds Élisabeth Bergeron has submitted one shareholder proposal that is reproduced below.

Proposal No. 1

Be it resolved that the board of directors, at reasonable cost and omitting proprietary information, by October 2005 issue a report to shareholders, verified by an independent third party with professional competency in this area, on potential risks and liabilities to Imperial Oil arising from the range of climate changes and their effects (as reported by the IPCC), and an assessment of the strategies and initiatives that may be undertaken by Imperial Oil to address those risks and liabilities.

It is now acknowledged that an increase in greenhouse gases (GHGs) caused by the use of fossil fuels is changing the climate patterns throughout the world, as described in the reports of the world's foremost authority, the Intergovernmental Panel on Climate Change (IPCC).

The social, environmental and economic consequences of such changes, as described in the IPCC's Climate Change 2001: Impacts, Adaptation & Vulnerability report, are becoming increasingly evident, e.g., the marked rise in the frequency, severity and costs of extreme weather events. Major impacts on the Canadian northland have been noted in the recent Fourth Arctic Council Ministerial Meeting report.

A majority of national governments, to circumvent the dangers of climate change, have now brought the Kyoto Protocol into force, legally binding them to reduce GHG emissions to below 1990 levels by 2012. Imperial Oil, which is one of the largest GHG emitters in Canada, is currently 5% above 1990 emission levels.

The Canadian government, which under the Kyoto Protocol has committed to a 20% reduction in current emissions in Canada over the next 7 years, will likely institute economic policies to reduce fossil fuel use. Such policies may include the further promotion of renewable energy sources (the 2004 Throne Speech promised the development of 4,000 MW of wind energy, for example).

Other major energy companies are profitably setting and exceeding targets for GHG reduction. BP in 2001 achieved their 1998 GHG emission target of 10% below 1990 levels and in the process saved \$650 million. Other competitors, such as Nexen, Talisman, Shell and Suncor have begun investing in renewable energy projects, leaving Imperial as one of the few remaining energy companies in Canada yet to do so.

Socially responsible shareholders are becoming increasingly concerned that failure by large GHG emitters to adequately deal with the environmental and regulatory effects of climate change could leave them open to litigation for negligence, as was the case for tobacco companies. One of several recent lawsuits saw five of the largest US power companies sued by the attorneys-general of eight states for failing to regulate carbon dioxide emissions.

Socially responsible shareholders are also becoming increasingly concerned that many large institutional investors may be inclined to reduce their investments in companies seen as unresponsive to these risks, as may be inferred from the actions of the Carbon Disclosure Project, a global group of 95 fund managers representing more than \$10 trillion in assets who recently surveyed 500 multinational corporations on their reporting of GHG emissions.

The directors recommend that you vote against this proposal for the following reasons.

A similar proposal was submitted at the 2003 annual meetings and was defeated by 95.4% of the votes cast.

Scientific knowledge on climate change has made considerable progress but much more remains to be done. Areas of uncertainty that require attention have been identified in numerous reports including several by the U.S. National Research Council. Important areas include the role of clouds and aerosols, natural climate variability, oceanic currents and heat transfer, the hydrological cycle and the ability of climate models to predict changes on a regional and local scale. Despite differing views on what near-term policies are appropriate for addressing climate concerns, ongoing research will be essential to informing long-term science-based decisions.

At this time, neither the company nor others in industry know the regulatory obligations to be faced in dealing with the Kyoto Protocol and the climate change issue.

Although the government of Canada in ratifying the Kyoto Protocol agreed to restrictions of greenhouse gas emissions by the period 2008-2012, it has not determined what measures it will impose on companies or individuals. Consequently, attempts to assess impacts on shareholder value can only be speculative.

While the details of future legal requirements are not known, some limits on potential exposure can be estimated. The government of Canada in 2002 and 2003 made commitments to the oil and gas industry regarding the magnitude and cost of CO₂ emission reductions. In analyzing these commitments, Moody's Investor Services concluded that the "cost impact of [Canada's policy on] Kyoto will be relatively small" based on the government's assurances.

The company has widely communicated its strategy to address climate change risks. The company's objective is to achieve the twin goals of economic growth in Canada and meaningful environmental progress for the prosperity and benefit of Canadians.

Although the company is unable to assess the risks and liabilities of climate change, it is taking action to develop effective long-term solutions.

Some specific examples of actions taken by the company that reduce greenhouse gas emissions are:

- Since 1973, the energy efficiency of the company's refining operations has improved by more than 40 percent. Further initiatives continue to improve energy efficiency and lower emissions.
- Flare and vent volumes from the company's upstream operations in the province of Alberta have been reduced nearly 90% since 1998. The company's performance in this area is the best among the 50 largest producers in the province of Alberta.
- In 2004, the company committed \$10 million to a five year research program at the University of Alberta. The Imperial Oil Centre's mandate will be to find more efficient, economically viable, and environmentally responsible ways to develop

Canada's oil-sands resources, one of the largest crude oil deposits in the world.

The company is investing in the groundbreaking Global Climate and Energy Project (GCEP) led by Stanford University. GCEP is dedicated to researching new options for commercially viable, technological systems for energy supply and use which have the capability to substantially reduce greenhouse gas emissions.

The directors believe the company's approach on climate change is comprehensive and responsible and that it establishes a clear process based on scientific, economic and technical analysis that will protect the long-term shareholder value as the issue evolves.

2. The Presbyterian Church in Canada has submitted one shareholder proposal that is reproduced below

Proposal No. 2

Be it resolved that shareholders request the board to prepare a report by September 2005 (at reasonable cost and omitting proprietary information) to describe how the company could promote and participate in the growing market in wind, solar, and other renewable sources of energy, particularly within Canada.

Renewables are the fastest growing segment of the global energy market. According to Clean Edge Research, solar, wind and fuel cells markets have expanded from US\$9.5 billion in 2002 to US\$12.9 billion today, or a combined annual growth rate of 36%. Recent forecasts indicate clean energy markets will grow to US\$82 billion by 2010.

Seventeen states in the U.S. have renewables requirements for electricity production, including California (20%), New York (25%), and Maine (30%). The U.K. adopted a 20% requirement for renewables by 2020; The European Union has a goal of 22% by 2010; and six European and Middle Eastern countries have goals ranging from 3% to 100%.

The Canadian Wind Energy Association (CanWEA) states that a minimum 122 MW of wind energy capacity will be installed in Canada by the end of 2004, a 38% increase over Canada's total installed capacity at the end of 2003. Over the preceding five years, installed wind energy capacity had increased by an average 27% a year in Canada.

In Canada, the Province of Ontario is committed to developing 3,000 MW of renewable energy by 2014. The Government of Quebec intends to develop 1,000 MW of wind energy. The federal government is committed to purchasing 20% of its electricity from emerging renewable sources of energy. In addition, the Canadian government has quadrupled the Wind Power Production Incentive's original target of 1,000 MW to 4,000 MW by 2012.

In the last year, several Canadian energy companies have made investments in wind power to capitalize on business opportunities and diversify their energy mix.

Suncor and Enbridge have joined with EHN Wind Power Inc. to commission the 30 MW Megrath Wind Power Project in Alberta and have submitted a proposal to the Ontario government to build an additional 75 MW wind power project in Ontario.

Talisman Energy announced plans to construct a deepwater wind farm demonstration project off the east coast of Scotland. If successful, Talisman will consider the construction of a full-scale offshore wind farm that could generate up to one gigawatt of electricity. Nexen is participating in a joint venture with GW Power Corp. to develop a 70 MW wind power project south of Fort McLeod, Alberta.

To date, Imperial Oil has focused on reducing the energy intensity of its operations, with its significant investments in cogeneration facilities. It has also funded research primarily on the development of fuel

cell technologies. These are commendable efforts but they do not increase Imperial Oil's presence in the growing renewable energy sector.

The directors recommend that you vote against this proposal for the following reasons.

A similar proposal was submitted at the 2004 annual meeting and was defeated by 96.5% of the votes cast.

Imperial Oil is an energy company. Understanding and projecting energy supply, demand and technology trends and the market opportunities for all energy forms are important elements of the company's strategic business plan. The company is open to considering investments in renewable energy which meet sound investment criteria and can compete favourably with other energy opportunities.

However, the economic prospects of wind, solar and other renewables have not improved materially from a year ago when shareholders voted against a similar resolution. Independent international experts including the International Energy Agency and the U.S. Energy Information Administration also find that wind and other renewables generally have higher costs and are not able to compete with fossil fuels. Consequently, long term forecasts show wind is expected to make only a very small contribution to total energy supply. The directors continue to believe that participation in such renewable projects would be uneconomic and uncompetitive with the company's other opportunities and not in the interest of shareholders.

Schedule B

APPENDIX 1

BOARD OF DIRECTORS CHARTER

The structure, process and responsibilities of the board of directors of the corporation shall include the following items and matters:

1. Responsibility

The directors shall be responsible for the stewardship of the corporation.

2. Duty of care

The directors, in exercising their powers and discharging their duties, shall:

- (a) act honestly and in good faith with a view to the best interests of the corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3. Stewardship process

- 1) In order to carry out their responsibility for stewardship within their duty of care, the directors shall, directly or through one or more committees of directors,
 - (a) contribute to the formulation of and approve strategic plans on at least an annual basis;
 - (b) identify the principal risks of the corporation's business where identifiable and oversee the implementation of appropriate systems to manage such risks;
 - (c) oversee succession planning for senior management, including the appointing, training and monitoring thereof;
 - (d) approve the corporate disclosure policy and monitor the external communications of the corporation;
 - (e) monitor the integrity of the corporation's internal control and management information systems;
 - (f) consider management's recommendations regarding major corporation decisions and actions, which have significant societal implications;
 - (g) monitor compliance with major corporate policies;
 - (h) charge the chief executive officer of the corporation with the general management and direction of the business and affairs of the corporation;
 - (i) monitor the performance of the chief executive officer;

- (j) satisfy itself as to the integrity of the chief executive officer and other executive officers and ensure that the chief executive officer and the other executive officers create a culture of integrity throughout the company;
- (k) approve the corporation's code of ethics and business conduct;
- (l) monitor compliance with the code of ethics and business conduct, provided that any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board only;
- (m) meet with the frequency necessary to consider the range of items listed below;
- (n) by appropriate charter resolutions, establish the audit, executive resources, nominations and corporate governance, and environment, health and safety, committees of the board with specific duties defined;
- (o) direct the distribution to them by management of information that will enhance their familiarity with the corporation's activities and the environment in which it operates, as set out in clause 5;
- (p) review the mandates of the board and of the committees and their effectiveness at least annually; and,
- (q) undertake such additional activities within the scope of their responsibilities as may be deemed appropriate in their discretion.

4. Range of items to be considered by the board

- 1) The following categories and specific items shall be referred to the board for information or decision on a regularly scheduled basis, to the extent appropriate:

Organization/legal

- fixing of the number of directors
- director appointments to fill interim vacancies
- director slate for election by the shareholders
- officer appointments
- board governance processes
- by-laws and administrative resolutions
- changes in fundamental structure of the corporation
- shareholder meeting notice and materials
- non-employee director compensation
- policies adopted by the board
- investigations and litigation of a material nature

Financial

- equity or debt financing
- dividend declarations
- financial statements and the related management discussion and analysis, annual and quarterly
- status of the corporation's retirement plan and employee savings plan

Strategic/investment/operating plans/performance

- near-term and long-range outlooks
- capital, lease, loan and contributions budgets annually
- budget additions over \$100 million individually
- quarterly updates of actual and projected capital expenditures
- capital expenditures or dispositions in excess of \$100 million individually
- entering into any venture that is outside of the corporation's existing businesses
- financial and operating results quarterly
- Canadian and world economic outlooks
- regional socio-economic reviews

- 2) In addition to the items which are specific to the categories identified above, the chief executive officer shall refer to the board for information or decision all other items of corporate significance; and any member of the board may request a review of any such item. Items to be referred to the committees of the board are specified in their respective charters.

5. Information to be received by the board

- 1) Material under the following general headings, including the specific items listed below and only other similar items, shall be distributed to directors on a regular basis:

Information manual (Directors' Digest)

- articles of incorporation, by-laws and administrative resolutions
- corporate policies
- corporate data
- board and management processes
- financial and operating report
- organization outline

Social/political/economic environment

- public issues updates
- economic outlook
- external communications packages

Major announcements

- press releases
- speeches by management
- organization changes

Communications to shareholders

Other significant submissions, studies and reports

- 2) All material distributed to employee directors shall be through normal corporation channels. All material distributed to non-employee directors shall be through the office of the corporate secretary.

6. Unrelated and independent directors

- 1) Subject to occasions when there is a temporary vacancy in respect of a director who is unrelated and independent or when there is a need to accommodate succession for one or more senior executives who are directors, the board intends to be composed of a majority of unrelated and independent directors.
- 2) In respect of each director to be appointed to fill a vacancy and each director to be nominated for election or re-election by the shareholders, the board shall make an express determination as to whether he or she is an unrelated or an independent director and, for a director who may become a member of the audit committee, whether he or she is an audit committee financial expert or financially literate.
- 3) The term "unrelated director", as defined by the Toronto Stock Exchange, means a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding.
- 4) The term "independent", within the meaning of applicable law, means that the director may not, other than in his or her capacity as a member of the board of directors, or any other board committee, (i) accept any consulting, advisory, or other compensatory fee from the issuer; or (ii) be an affiliated person of the issuer or any subsidiary thereof.

7. Independent legal or other advice

The board and, with the approval of the board, any director, may engage independent counsel and other advisors at the expense of the corporation.

8. Meetings of the unrelated and independent directors in the absence of members of management

- 1) Meetings of the unrelated and independent directors ("executive sessions of the board") shall be held in conjunction with all board meetings except unscheduled telephonic board meetings.
- 2) The chair of the executive sessions of the board shall be chosen by the unrelated and independent directors.
- 3) The chair of the executive sessions of the board, or in the chair's absence an unrelated and independent director chosen by the unrelated and independent directors, shall
 - (a) preside at executive sessions of the board;
 - (b) ensure that meetings of the unrelated and independent directors are held in accordance with this charter; and
 - (c) review, and modify if necessary the agenda of the meetings of the board in advance to ensure that the board may successfully carry out its duties.
- 4) The purposes of the executive sessions of the board shall include the following:
 - (a) to raise substantive issues that are more appropriately discussed in the absence of management;
 - (b) to discuss the need to communicate to the chairman of the board any matter of concern raised by any committee or any director;
 - (c) to address issues raised but not resolved at meetings of the board and assess any follow-up needs with the chairman of the board;
 - (d) to discuss the quality, quantity, and timeliness of the flow of information from management that is necessary for the unrelated and independent directors to effectively and responsibly perform their duties, and advise the chairman of the board of any changes required; and
 - (e) to seek feedback about board processes.

9. Selection and tenure of directors

The guidelines for selection and tenure of directors shall be as follows:

(a) Selection

In selecting individuals to recommend for appointment to the board, the nominations and corporate governance committee shall consider what competencies and skills the board, as a whole, should possess. In so doing, it may consider the following factors:

- the requirement for outstanding business, administrative or other valuable experience, such as:
 - > holding a position of high responsibility with a major organization and/or having a broad exposure to or understanding of the policy making level;
 - > possessing expertise in any of the following areas: finance, law, science, marketing, administration, government affairs, social/political environment or community and civic affairs;
- providing diversity of viewpoint, individual competencies in business, other areas of endeavour in contributing to the collective experience of the directors, age, gender or regional association;
- having some career exposures that would contribute to an understanding of a multi-national corporation;

The nominations and corporate governance committee shall then assess what competencies and skills each existing director possesses.

The nominations and corporate governance committee shall identify individuals qualified to become new board members and recommend to the board the new director nominees. In making its recommendations, the nominations and corporate governance committee shall consider the competencies and skills that it considers necessary for the board, as a whole to possess, the competencies and skills that the board considers each existing director to possess and the competencies and skills each new nominee will bring⁸.

A candidate may be nominated for directorship after consideration has been given as to his or her degree of compatibility with the following criteria, i.e., as to whether he or she:

- will not adversely affect the requirements with respect to citizenship and residency for the directors imposed by the Canada Business Corporations Act;

- possesses the ability to contribute to the broad range of issues with which the directors and any one or all of the committees of directors must deal;
- is able to devote the necessary amount of time to prepare for and attend meetings of the directors and committees of directors, and to keep abreast of significant corporate developments;
- is free of any present or apparent potential legal impediment or conflict of interest, such as:
 - > serving as an employee or principal of any organization presently providing a significant level of service to the corporation or which might so provide to the corporation, for example, institutions engaged in commercial banking, underwriting, law, management consulting, insurance, or trust companies; or of any substantial customer or supplier of the corporation;
 - > serving as an employee or director of a competitor of the corporation, such as petroleum or chemical businesses, or of a significant competitor of corporations represented by a director of this corporation;
 - > serving as the chief executive officer or a top administrator of an organization that has the chief executive officer or a top administrator of this corporation serving as director;
- is expected to remain qualified to serve for a minimum of five years;
- will not, at the time that he or she stands for election or appointment, have attained the age of 70;
- is, or will become within a period of five years of becoming a director, the beneficial owner, directly or indirectly, of not less than 5000 common shares, deferred share units or restricted stock units of the corporation

(b) Tenure

(i) Re-nomination

An incumbent director shall be supported for re-nomination as long as he or she:

- does not suffer from any disability that would prevent the effective discharge of his or her responsibilities as a director;
- makes a positive contribution to the effective performance of the directors;
- regularly attends directors' and committee meetings;
- has not made a change with respect to principal position or thrust of involvement or regional association that would significantly detract from his or her value as a director of the corporation;
- is not otherwise, to a significant degree, incompatible with the criteria established for use in the selection process;
- in a situation where it is known that a director will become incompatible with the criteria established for use in the selection process within a three-month period of election, such as retirement from principal position at age 65, this information would be included in the management proxy circular, and where possible, information regarding the proposed replacement would also be included;
- will not, at the time that he or she stands for re-election, have attained the age of 70; however, under exceptional circumstances, at the request of the chief executive officer, the nominations and corporate governance committee may continue to support the nomination.

(ii) Resignation

An incumbent director may be asked to resign in the event that he or she:

- displays a change in the exercise of his or her powers and in the discharge of duties that, in the opinion of at least 75 percent of the directors, is incompatible with the duty of care of a director as defined in the Canada Business Corporations Act;
- has made a change in citizenship or residency that will adversely affect the requirements for directors with respect to those areas imposed by the Canada Business Corporations Act;
- develops a conflict of interest, such as

> assuming a position as an employee or principal with any organization providing a significant level of service to the corporation, for example, institutions engaged in commercial banking,

underwriting, law, management consulting, insurance, or trust companies; or with any substantial customer or supplier of the corporation;

- > assuming a position as an employee or director of any competitor of the corporation, such as petroleum or chemical businesses, or of a competitor of corporations represented by a director of this corporation;
- > assuming the position of chief executive officer or a top administrator of an organization that has the chief executive officer or a top administrator of this corporation serving as a director;
- > becomes unable to devote the necessary amount of time to prepare for and regularly attend meetings of the directors and committees of directors, and to keep abreast of significant corporate developments.

10. Chairman and chief executive officer

(a) Position description

The chairman and chief executive officer shall

1. Plan and organize all activities of the board of directors;
2. Ensure that the Board receives sufficient, timely information on all material aspects of the corporation's operations and financial affairs;
3. Chair annual and special meetings of the shareholders;
4. Conduct the general management and direction of the business and affairs of the corporation;
5. Recommend to the board of directors a strategic plan for the corporation's business and, when approved by the board of directors, implement this strategic plan and report to the board of directors on the implementation of this strategic plan;
6. Develop and implement operational policies to guide the corporation within the limits prescribed by the corporation's by-laws and the directions adopted by the board of directors;

7. Identify, for review with the board of directors, the principal risks of the corporation's business, where identifiable, and develop appropriate systems to manage such risks;
8. Under the oversight of the board of directors, develop plans for succession planning for senior management, including the appointing, training and monitoring thereof, and implement those plans;
9. Ensure compliance with the corporation's code of ethics and business conduct so as to foster a culture of integrity throughout the company; and
10. Ensure effective internal controls and management information systems are in place.

(b) Minimum shareholding requirements

The chairman and chief executive officer shall hold, or shall, within three years after his appointment as chairman and chief executive officer, acquire shares of the corporation, including common shares, deferred share units and restricted stock units, of a value no less than five times his base salary.

APPENDIX 2

AUDIT COMMITTEE CHARTER

The structure, process and responsibilities of the audit committee shall include the following items and matters:

1. (1) The committee shall consist of five members, to be appointed by the board of directors from among the unrelated and independent directors, who shall serve during the pleasure of the board but only so long as they continue to be directors of the corporation and are unrelated and independent.
- (2) The committee shall, if possible, have one or more members who is an "audit committee financial expert" within the meaning of applicable law.
- (3) Each member of the committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement.

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- (4) No committee member shall serve on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the audit committee.
 2. The chair and vice-chair shall be appointed by the board from among the members of the committee. The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:
 - (a) preside at committee meetings;
 - (b) ensure that meetings of the audit committee are held in accordance with this charter; and
 - (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.
 3. The committee shall designate its secretariat.
 4. A quorum for the meetings of the committee shall be three members.
 5. Meetings of the committee may be called by any member or by the external auditors of the corporation, and notice of every meeting shall be given to the external auditors.
 6. The committee and, with the approval of the committee, any member, may engage independent counsel and other advisors at the expense of the corporation.
 7. The external auditors of the corporation shall report directly to the audit committee.
 8. The committee shall:
 - (a) recommend the external auditors to be appointed by the shareholders, fix their remuneration, which shall be paid by the corporation, and oversee their work.
 - (b) approve the proposed current year audit program of the external auditors and assess the results of the program after the end of the program period.
 - (c) approve in advance any non-audit services that are permitted by applicable law to be performed by the external auditors after considering the effect of such services on their independence.
- (d) receive from the external auditors a formal written statement delineating all relationships between the external auditor and the corporation consistent with Independence Standards Board Standard 1, and shall actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and shall recommend that the board take any appropriate action to oversee the independence of the external auditor.
 - (e) establish procedures for the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters.
 - (f) approve the proposed current year audit program of the internal auditors and assess the results of the program after the end of each quarter.
 - (g) review annually the adequacy of the corporation's liability and property insurance program.
 - (h) review the adequacy of the corporation's system of internal controls and auditing procedures.
 - (i) review the accounting and financial reporting processes of the corporation.
 - (j) approve changes proposed by management in accounting principles and practices, and review changes proposed by the accounting profession or other regulatory bodies which impact directly on such principles and practices.
 - (k) review the annual and quarterly financial statements of the corporation, accounting items affecting the statements and the overall format and content of the statements, and the related management discussion and analysis, prior to approval of such financial statements by the board of directors.
 - (l) review the results of the monitoring activity under the corporation's business ethics compliance program.
 - (m) review annually a summary of senior management expense accounts.

- (n) require attendances at its meetings by members of management, as the committee may direct.
- (o) review its mandate and its effectiveness at least annually.
- (p) undertake such additional activities within the scope of its responsibilities as may be deemed appropriate in its discretion.

APPENDIX 3

ENVIRONMENT, HEALTH AND SAFETY COMMITTEE CHARTER

The structure, process and responsibilities of the environment, health and safety committee shall include the following items and matters:

1. The committee shall consist of five members, to be appointed by the board of directors from among the unrelated and independent directors, who shall serve during the pleasure of the board but only so long as they continue to be directors of the corporation.
2. The chair and vice-chair shall be appointed by the board from among the members of the committee. The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:
 - (a) preside at committee meetings;
 - (b) ensure that meetings of the environment health and safety committee are held in accordance with this charter; and
 - (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.
3. The committee shall designate its secretariat.
4. A quorum for the meetings of the committee shall be three members.
5. Meetings of the committee may be called by any member.
6. The committee and, with the approval of the committee, any member, may engage independent counsel and other advisors at the expense of the corporation.

7. The committee shall:

- (a) review and monitor the corporation's policies and practices in matters of the environment, health and safety.
- (b) monitor the corporation's compliance with legislative, regulatory and corporation standards for environmental, health and safety practices and matters, and advise the directors on the results and adequacy thereof.
- (c) monitor trends and review current and emerging public policy issues in matters of the environment, health and safety as they may impact the corporation's operations.
- (d) review the impact of proposed legislation in matters of the environment, health and safety on the operations of the corporation and advise the directors and management as to the appropriate response of the corporation thereto.
- (e) recommend to the directors and management desirable policies and actions arising from its review and monitoring activity.
- (f) require attendances at its meetings by members of management, as the committee may direct.
- (g) review its mandate and its effectiveness at least annually.
- (h) undertake such additional activities within the scope of its responsibilities as may be deemed appropriate in its discretion.

APPENDIX 4

EXECUTIVE RESOURCES COMMITTEE CHARTER

The structure, process and responsibilities of the executive resources committee shall include the following items and matters:

1. The committee shall consist of five members, to be appointed by the board of directors from among the unrelated and independent directors, who shall serve during the pleasure of the board but only so long as they continue to be directors of the corporation.
2. The chair and vice-chair shall be appointed by the board from among the members of the committee. The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:

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- (a) preside at committee meetings;
 - (b) ensure that meetings of the executive resources committee are held in accordance with this charter; and
 - (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.
3. The committee shall designate its secretariat.
 4. A quorum for the meetings of the committee shall be three members.
 5. Meetings of the committee may be called by any member.
 6. The committee and, with the approval of the committee, any member, may engage independent counsel and other advisors at the expense of the corporation.
 7. The committee shall:
 - (a) monitor the performance of the chief executive officer at least annually.
 - (b) review and approve corporate goals and objectives relevant to compensation of the chief executive officer and evaluate his performance in light of those goals and objectives.
 - (c) review data on competitive compensation practices and review and evaluate policies and programs through which the corporation compensates its employees.
 - (d) approve salary ranges, salaries and other compensation (including supplemental compensation, long term incentive compensation and any other payments for service), for senior management above the vice-president level, including all officers of the corporation, consistent with their performance and their career development.
 - (e) produce an annual report on compensation for inclusion in the corporation's management proxy circular in accordance with applicable legal requirements.
 - (f) review the executive development system to ensure that it:
 - i. foresees the company's senior management requirements;
 - ii. provides for early identification and development of key resources.
 - (g) approve specific succession plans for senior management positions above the level of vice-president.
 - (h) review the company's process in respect of employee conflicts of interest and directorships in non-affiliated commercial, financial and industrial organizations and the disclosures thereof.
 - (i) require attendance at its meetings by members of management, as the committee may direct.
 - (j) review its mandate and its effectiveness at least annually.
 - (k) undertake such additional activities within the scope of its responsibilities as may be deemed appropriate in its discretion.

APPENDIX 5

NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE CHARTER

The structure, process and responsibilities of the nominations and corporate governance committee shall include the following items and matters:

1. The committee shall consist of five members, to be appointed by the board of directors from among the unrelated and independent directors, who shall serve during the pleasure of the board but only so long as they continue to be directors of the corporation.
2. The chair and vice-chair shall be appointed by the board from among the members of the committee. The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:
 - (a) preside at committee meetings;
 - (b) ensure that meetings of the nominations and corporate governance committee are held in accordance with this charter; and
 - (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.
3. The committee shall designate its secretariat.
4. A quorum for the meetings of the committee shall be three members.
5. Meetings of the committee may be called by any member.

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6. The committee and, with the approval of the committee, any member, may engage independent counsel and other advisors at the expense of the corporation.
 7. The committee shall:
 - (a) oversee issues of corporate governance as they apply to the corporation, including the effectiveness of the system of corporate governance, the evaluation of the overall performance of the board, and the board's relationship with management, and to report to the board on such matters.
 - (b) make recommendations to the board as to the appropriate size of the board with a view to facilitating effective decision-making.
 - (c) review and recommend to the board of directors the procedure for identifying potential nominees for directorships, including guidelines to be used in the selection process.
 - (d) review and recommend to the board of directors any modifications to the charters of the board or any of its committees.
 - (e) review and recommend to the board of directors guidelines to be adopted relating to tenure of directors.
 - (f) assist the chief executive officer to assess potential candidates for directorships and recommend to the board of directors proposed candidates for board membership to fill anticipated vacancies.
 - (g) apply guidelines for board membership to incumbent directors and recommend to the chief executive officer and to the board of directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting.
 - (h) review and recommend the non-employee directors' compensation.
 - (i) require attendances at its meetings by members of management, as the committee may direct.
 - (j) review its mandate and its effectiveness at least annually.
 - (k) undertake such additional activities within the scope of its responsibilities as may be deemed appropriate in its discretion.
