



Imperial Oil

Imperial Oil Limited

Notice of 2008 Annual Meeting of Shareholders and Management Proxy Circular

NOTICE OF ANNUAL MEETING

Imperial Oil Limited invites you to attend the annual meeting of shareholders on May 1, 2008 in Calgary, Alberta

Dear Shareholder,

It is my pleasure to invite you to attend the company's annual meeting of shareholders, to be held in the TELUS Convention Centre, South Building, Macleod Hall, 120 Ninth Avenue S.E., Calgary, Alberta, Canada on Thursday, May 1, 2008, at 9:30 a.m. (MDT).

The meeting is called for the following purposes:

1. to consider the consolidated financial statements for the year ended December 31, 2007, and the auditors' report,
2. to reappoint the auditor for the ensuing year,
3. to elect directors for the ensuing year,
4. to vote on a resolution to amend the restricted stock unit plan as described in the Management Proxy Circular,
5. to consider the shareholder proposal attached as Schedule A to the Management Proxy Circular, and
6. to consider other business that may properly be brought before the meeting or any adjournment of the meeting.

It is important that your shares be represented at the meeting and that your wishes on matters for decision at the meeting are made known to the directors and management of the company. 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 5:00 p.m. (EDT) on April 29, 2008.

The effective date of the Management Proxy Circular is February 14, 2008 on which there were 900,825,903 common shares outstanding.

We can provide reasonable assistance to people with disabilities who wish to attend the meeting. Please contact the corporate secretary by telephone at (403) 237-2915 or fax at (403) 237-2490 at least two weeks before the meeting.

The company will be providing a live Web cast of the annual meeting again this year. Shareholders who cannot attend the meeting in person are encouraged to listen to the Web cast. However, shareholders will not be able to vote through the Web cast or otherwise participate in the meeting. A link to the Web cast will be available on the company's website at www.imperialoil.ca several days prior to the meeting.

A handwritten signature in black ink, appearing to read "T.J. Hearn".

T.J. (Tim) Hearn
Chairman and chief executive officer
March 20, 2008

Table of Contents

I. PROXY INFORMATION AND VOTING INSTRUCTIONS	4
II. BUSINESS OF THE MEETING	6
(i) Consolidated Financial Statements and Auditors' Report	6
(ii) Reappointment of the Auditor.....	6
(iii) Election of Directors	7
(iv) Resolution to approve amendments to the Restricted Stock Unit Plan	7
(v) Shareholder Proposals.....	9
(vi) Other Business.....	9
III. BOARD OF DIRECTORS	9
NOMINEES FOR ELECTION AS DIRECTOR	9
BOARD OF DIRECTORS MANDATE	18
DIRECTORS SELECTION PROCESS	18
NEW DIRECTOR ORIENTATION.....	18
CONTINUING EDUCATION OF DIRECTORS	18
COMMITTEE MEMBERSHIPS OF THE DIRECTORS	18
ATTENDANCE AND NUMBER OF MEETINGS HELD IN 2007	19
Attendance for Directors not nominated for re-election on May 1, 2008.....	19
SHARE OWNERSHIP GUIDELINES FOR DIRECTORS.....	19
INDEPENDENCE OF DIRECTORS	20
INDEPENDENT DIRECTOR EXECUTIVE SESSIONS	20
OTHER PUBLIC COMPANY DIRECTORSHIPS	21
INTERLOCKING DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS	21
DIRECTORS' COMPENSATION	22
DIRECTOR PERFORMANCE ASSESSMENT	22
IV. COMPANY EXECUTIVES AND EXECUTIVE COMPENSATION REPORT	23
SENIOR EXECUTIVES OF THE COMPANY	23
SENIOR EXECUTIVE COMPENSATION	23
REPORT OF EXECUTIVE RESOURCES COMMITTEE ON EXECUTIVE COMPENSATION	23
Compensation Discussion and Analysis.....	23
Base Salary.....	24
Cash Bonus.....	24
Medium/Long-Term Incentive Compensation.....	24
CEO Compensation	25
Independent Consultant	25
Executive Resources Committee Report.....	25
SUMMARY COMPENSATION TABLE	25
DETAILS OF LONG-TERM AND MEDIUM-TERM INCENTIVE COMPENSATION.....	30
PAYMENTS TO EMPLOYEES WHO RETIRE	32
Pension Plan Table	32
Executive Pension Value Disclosure.....	33
SHARE PERFORMANCE GRAPH.....	33
V. OTHER IMPORTANT INFORMATION	34
EFFECTIVE DATE	34
LARGEST SHAREHOLDER	34
TRANSACTIONS WITH EXXON MOBIL CORPORATION.....	34
ETHICAL BUSINESS CONDUCT	34
SHAREHOLDER FEEDBACK	35
IF YOU HAVE A SHAREHOLDER PROPOSAL FOR THE 2009 ANNUAL MEETING.....	35
ANNUAL AND INTERIM REPORTS	36
ADDITIONAL INFORMATION	36
DIRECTORS' APPROVAL	36
VI. SCHEDULES	37
SCHEDULE A - SHAREHOLDER PROPOSAL.....	37
SCHEDULE B - CORPORATE GOVERNANCE DISCLOSURE	39
SCHEDULE C - BOARD OF DIRECTOR AND COMMITTEE CHARTERS	44

Management Proxy Circular

I. Proxy Information and Voting Instructions

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.

1. Q: How do I know what type of shareholder I am?

A: You are a **registered shareholder** if you hold shares in your own name and hold an actual certificate of these shares that indicate the number of shares you hold in the company. To vote as a registered shareholder, please refer to Q&A No. 4 for a description of the procedure to be followed to vote your shares. Alternatively, you may follow the instructions found on the proxy form.

You are a **non-registered shareholder** if you purchased your shares through a broker or intermediary and your account remains with them. The shares are held in the name of the brokerage firm and you do not hold an actual certificate of these shares, but rather the account is recorded on an electronic system. Please refer to Q&A No. 5 for a description of the procedure to be followed to vote your shares or you may follow the instructions found on the voting information form delivered by your broker or intermediary.

If you are unsure about whether you are a registered or non-registered shareholder, please contact our transfer agent, CIBC Mellon Trust Company. Please refer to Q&A No. 13 for the contact information.

2. Q: Who is soliciting my proxy?

A: This circular is furnished in connection with the solicitation by the directors and management of Imperial Oil Limited of proxies for use in voting at its annual meeting of shareholders on May 1, 2008. 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.

3. Q: Who is entitled to vote?

A: Shareholders as of 5:00 p.m. (EST) on March 3, 2008, or their duly appointed proxyholders, will be entitled to attend the meeting and to vote in person or by proxy. The list of shareholders was prepared as of 5:00 p.m. (EST) on March 3, 2008. This was the record date for determining which shareholders are entitled to vote at the meeting. Each shareholder entitled to vote at the meeting receives the invitation to attend the annual meeting, this management proxy circular and the enclosed proxy form, all of which were sent to shareholders on March 20, 2008. Each common share registered in your name in the list of shareholders entitles you to one vote at the annual meeting.

4. 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.

Registered shareholders can return the proxy form to the company's transfer agent, CIBC Mellon Trust Company, in the envelope that has been provided or by fax to 416-368-2502, Attention: Proxy Department, so that it is received by 5:00 p.m. (EDT) on Tuesday, April 29, 2008.

All shares represented by properly completed proxies received by CIBC Mellon Trust Company prior to 5:00 p.m. (EDT) on Tuesday, April 29, 2008 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.

If your shares are **not registered** in your name, but are held in the name of a nominee (a bank, trust company, securities broker or other financial institution) , please see Q&A No. 5 for voting instructions.

In the absence of instructions, the shares will be voted **FOR** the reappointment of the auditor and **FOR** the election of nominated directors, **FOR** the amendment to the restricted stock unit plan and **AGAINST** the shareholder proposal as stated in **bold blue type** on pages 6, 7 and 9.

5. 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.

6. Q: Who will be my proxyholder?

A: Signing the enclosed proxy form gives authority to B.H. March, P.A. Smith or S.D. Whittaker, all of whom are directors of the company, to vote your shares at the meeting.

7. 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 5:00 p.m. (EDT) on April 29, 2008.

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

8. Q: What am I voting on?

A: The reappointment of the auditor of the company, the election of the directors, the approval of an amendment to the company's restricted stock unit plan and a shareholder proposal set out in Schedule A.

9. 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 2008 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.

10. 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.

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 filing a later dated proxy or depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, (a) at the head office of the company at 237 Fourth Avenue S.W., Calgary, Alberta, Canada, T2P 3M9, 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.

If a proxy is revoked and not replaced by a proxy that is received with the Toronto office of CIBC Mellon Trust Company by 5:00 p.m. (EDT) on Tuesday, April 29, 2008, 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 CIBC Mellon Trust Company, our transfer agent and registrar,

by mail: PO Box 7010, Adelaide St. Postal Station, Toronto, Ontario, Canada M5C 2W9,

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,

by fax: (416) 643-5501,

by email: inquiries@cibcmellon.com,

or on-line: www.cibcmellon.com.

II. Business of the Meeting

(i) Consolidated Financial Statements and Auditors' Report

The audited consolidated financial statements of the company for the year ended December 31, 2007 and the auditors' report thereon will be received at the meeting. The statements and the auditors' report are contained in the 2007 annual report of the company, which has been made available to each shareholder entitled to receive a copy of this circular. Copies can also be obtained on our website at www.imperialoil.ca and they have also been reported online on SEDAR at www.sedar.com.

(ii) Reappointment of the Auditor

The audit committee of the board of directors recommends that PricewaterhouseCoopers LLP ("PwC") be reappointed as the auditor of the company until the close of the next annual meeting. PwC has been the auditor 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 auditor, the potential proxyholders named in the accompanying proxy intend to use it to vote FOR the reappointment of PwC as the auditor of the company to hold office until the close of the next annual meeting.

Auditor 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, 2007 and December 31, 2006 were as follows:

Dollars (thousands)	2007	2006
Audit fees	1,117	1,117
Audit related fees	62	62
Tax fees	942	815
All other fees	Nil	Nil
Total fees	2,121	1,994

Audit fees include the audit of the company's annual financial statements and internal control over financial reporting and a review of the first three quarterly financial statements in 2007. Audit related fees include other assurance services including the audit of the company's retirement plan 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 auditor for any other services.

(iii) Election of Directors

The company currently has nine directors. The articles of the company require that the board have between five and fifteen directors. Each director is elected to hold office until the close of the next annual meeting. The proxy provides for instructions for a shareholder to withhold from voting for any or all of the nominees for election as directors. See pages 10 through 17 for more information on the eight directors nominated for election.

Unless a proxy specifies that the shares it represents should be withheld from voting in the election of any of the director nominees, the proxyholders named in the accompanying proxy intend to use it to vote FOR the election of the following nominees.

Director nominees are: Krystyna T. Hoeg, Bruce H. March, Jack M. Mintz, Robert C. Olsen, Roger Phillips, Paul A. Smith, Sheelagh D. Whittaker and Victor L. Young.

(iv) Resolution to approve amendments to the Restricted Stock Unit Plan

In December 2002, the company introduced a restricted stock unit plan (the "Plan"), which will be the primary long-term incentive compensation plan. The purpose of the Plan is to align the interests of the selected key employees of the company or key employees of a designated employer (that is an affiliate of the company which is designated as such by the company), and non-employee directors directly with the interests of shareholders. Each unit entitles the recipient the 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. Additional information concerning the Plan is included on page 30 under the heading "Details of Long-Term and Medium-Term Incentive Compensation".

With the approval of the Toronto Stock Exchange ("TSX"), the Plan was amended for all units previously granted and for units to be granted in 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 in the seventh year following the grant date. Amendments made in February 2007 extended this provision to units granted in 2002.

The Plan provides that the aggregate number of common shares that may be issued pursuant to the Plan shall not exceed 10.5 million common shares. The Plan was amended in February 2008 to provide that:

- (a) the number of common shares issuable to insiders (as defined by the Toronto Stock Exchange), at any time, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding common shares; and
- (b) the number of common shares issued to insiders (as defined by the Toronto Stock Exchange), within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding common shares.

By Staff Notice 2006-0001 issued on June 6, 2006, the TSX clarified that effective June 30, 2007, the company will no longer be able to make any additional amendments to the Plan (which is a security-based compensation arrangement) without shareholder approval, including amendments considered to be of a "housekeeping" nature and amendments to the amending provisions of the Plan.

Amendments to Amending Provisions of the Plan

The Plan does not currently contain a provision indicating which amendments to the Plan require shareholder approval and which may be made by the company without shareholder approval. Shareholders will be asked at the meeting to approve an amendment of the Plan to permit the board of directors to make future amendments to the Plan without the approval of the shareholders, and to provide that shareholder approval shall be required only for any amendment or modification that:

- (a) increases the number of common shares reserved for issuance under the Plan;
- (b) increases the exercise price;
- (c) extends eligibility to participate in the Plan to any persons not currently contemplated;
- (d) extends the right of the grantee to transfer or assign RSUs; or
- (e) adjusts the Exercise Date of any RSUs previously granted

Amendments Permitting Grant of Alternative Units with Extended Exercise Dates

Shareholders will be asked at the meeting to approve the amendment of the Plan to give flexibility to the company to grant restricted stock units that either have the original exercise dates, or have a vesting period of five years for the first 50%, and the later of 10 years and the employee's retirement date for the remaining 50%. This longer vesting period would be used in restricted stock units granted to senior executive positions within the company, but would also give the company flexibility for restricted stock units granted to any recipient.

The Plan will also be amended to permit a recipient to receive one common share of the company per unit or elect to receive the cash payment for the units to be exercised on the vesting dates proposed by this amendment described in the previous paragraph.

Amendment to Definition of Exercise Price

The Plan currently provides that where the grantee receives a cash payment equal to the exercise price of the company's common shares that that cash payment shall be equal to the average of the closing price of the company's common shares on the TSX on the exercise date and the four immediately preceding trading days. To ensure that the Plan complies with the requirements of the TSX, shareholders will be asked at the meeting to approve the amendment of the Plan to provide that this cash payment shall instead be based on the weighted average price of the company's common shares on the TSX during that five-day period.

A copy of the company's Plan reflecting these amendments may be obtained by writing to the investor relations manager or to the corporate secretary at 237 Fourth Avenue S.W., Calgary, Alberta, Canada, T2P 3M9. Copies of the Plan, as amended, will also be available at the meeting.

The resolution to approve the amendments to the company's Plan which will be presented at the meeting and, if deemed appropriate, adopted with or without variation is as follows:

1. That the amendments to the company's restricted stock unit plan by the board of directors of the company on February 26, 2008, as described in the management proxy circular, are hereby approved; and
2. That any one of the officers, vice-presidents or assistant secretaries of the company be, and hereby is, authorized and directed to execute and deliver, in the name and on behalf of the company, under its corporate seal or otherwise, all documents, instruments and agreements and to take all such other action as may be appropriate and requisite for the purpose of carrying into effect the foregoing provisions of these resolutions, including, without limitation, authority to make all necessary regulatory filings.

To be effective, the resolution to approve the amendment must be passed by a majority of the votes cast thereon in person and by proxy by the shareholders at the meeting.

Unless a proxy specifies that the shares it represents should vote against the resolution to amend the restricted stock unit plan, the proxyholders named in the accompanying proxy intend to use it to vote FOR the resolution.

(v) Shareholder Proposals

Attached to the circular as Schedule A is a reproduction of the shareholder proposal that has been submitted for consideration at the meeting and the response of management and the board opposing this proposal. The proposal is that the company establish a policy regarding the company's pension plan that would exclude all incentive pay from inclusion in the plan's definition of covered compensation used to establish benefits and prohibit granting past service credits or accelerated service benefits to participating executives.

In order for any shareholder proposal to become effective, the resolution to approve the shareholder proposal 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 shareholder proposal.

(vi) Other Business

Management of the company does not intend on presenting any other business and is not aware of any amendments to the proposed business that have been presented for action by the shareholders other than those mentioned herein or in the notice of meeting.

III. Board of Directors

Nominees for Election as Director

The following charts provide information on the eight nominees proposed for election to the Board of Directors of the company. All of the nominees, except for K.T. Hoeg and Robert C. Olsen, are now directors and have been since the dates indicated. Randy L. Broiles, Timothy J. Hearn and James F. Shepard are currently directors and have each requested not to be nominated for re-election. Timothy J. Hearn has announced his retirement as director, chairman and chief executive officer effective March 31, 2008. Bruce H. March has been elected as chairman, president and chief executive officer effective April 1, 2008. Included in these charts is information relating to the directors' independence status, committee memberships, public board memberships and holdings as of February 14, 2008, the effective date of this circular. 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 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 any or all of the director nominees.

Krystyna T. Hoeg
(age 58)



Toronto, Ontario, Canada

Position: Nonemployee director

Independent

K.T. Hoeg is being nominated for a position to the board of the company for the first time.

Ms. Hoeg was the President and Chief Executive Officer of Corby Distilleries Limited from 1996 until her retirement in February 2007. She previously held several positions in the finance and controllers functions of Allied Domecq PLC and Hiram Walker & Sons Limited. Prior to that she spent 5 years in public practice as a Chartered Accountant with the accounting firm of Touche Ross. She is currently a director of Sun Life Financial Inc., Shoppers Drug Mart Corporation, Canadian Pacific Railway Limited and Cineplex Galaxy Income Fund, and is also a director of Ganong Brothers Limited and Samuel, Son & Co. Limited, both of which are privately owned corporations. Ms. Hoeg sits on the board of the Woodrow Wilson Center, Canadian Institute (Advisory Council).

Board and Committee Membership

Attendance in 2007

Not currently a member of the board.

--

--

Imperial Oil Limited Securities Held (1) (2) (3)

Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
0	0	0	0	0

Imperial Oil Limited Options Held (4)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)

Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
0	0	0	0

Exxon Mobil Corporation Options Held

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
--	--	--	--	--	--

Other Public Board Memberships

- Sun Life Financial Inc. (TSX, NYSE: SLF)
- Shoppers Drug Mart Corporation (TSX: SC)
- Canadian Pacific Railway Limited (TSX, NYSE: CP)
- Cineplex Galaxy Income Fund (TSX: CGX)

Bruce H. March
(age 51)



Calgary, Alberta, Canada

Current Position: President,
Imperial Oil Limited

Not independent

Director since January 1,
2008

Mr. March is currently president of Imperial Oil Limited and has been a director of Imperial since January 1, 2008. A native of Middleport, New York, he joined Mobil Oil at the Buffalo Refinery as a project engineer in 1980 and advanced through increasingly responsible management assignments in refining, supply and environment, health and safety. He was named production manager at the Beaumont Refinery in 1993. In 1997, Mr. March was appointed manager, product supply and trading for Mobil's Europe/Middle East supply transportation area, and became a senior advisor, operations with ExxonMobil's global Refining & Supply Company in 2000. In 2003, he became manager, Baton Rouge Refinery, and in 2006 was the project executive for a Qatar Gas to Liquids project with ExxonMobil Development Company. In 2007, Mr. March was appointed as director, refining Europe/Africa/Middle East with ExxonMobil Petroleum & Chemicals BVBA in Brussels, Belgium.

Board and Committee Membership

Attendance in 2007

Board Membership:

- Board Member (appointed Jan 1, 2008)

(Mr. March was not a board member in 2007)

Committee Memberships:

- None

Imperial Oil Limited Securities Held (1) (2) (3)

Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
5,000	0	0	5,000	271,400

Imperial Oil Limited Options Held (4)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)

Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
20,679	50,250	70,929	6,067,976

Exxon Mobil Corporation Options Held

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
1999 - 2001	2009 - 2011	82,028	various	64,214	2,899,631

Other Public Board Memberships

Last major position or office with the company or Exxon Mobil Corporation

Not currently serving on any other public company board

Director, refining Europe/Africa/Middle East with ExxonMobil Petroleum & Chemicals in Brussels, Belgium

Jack M. Mintz
(age 56)



Calgary, Alberta, Canada

Position: Nonemployee director

Independent

Director since April 21, 2005

Dr. Mintz is currently the Palmer Chair in Public Policy for the University of Calgary. Prior to that he was a professor at the Joseph L. Rotman School of Management at the University of Toronto from 1989. Dr. Mintz is a director of Brookfield Asset Management, CHC Helicopter Corporation, the Ontario Financing Authority Board, the National Statistics Council and the International Institute of Public Finance. Dr. Mintz has published widely in the fields of public economics and fiscal federalism and has frequently published articles in the national newspapers and magazines.

Board and Committee Membership	Attendance in 2007	
Board Member	10 of 10	100%
Audit Committee	5 of 5	100%
Executive Resources Committee	9 of 9	100%
Environment, Health and Safety Committee	3 of 3	100%
Nominations and Corporate Governance Committee	3 of 3	100%
Imperial Oil Foundation Board (Chair)	4 of 4	100%

Imperial Oil Limited Securities Held (1) (2) (3)

Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
1,000	1,684	8,000	10,684	579,928

Imperial Oil Limited Options Held (4)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)

Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
0	0	0	0

Exxon Mobil Corporation Options Held

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
--	--	--	--	--	--

Other Public Board Memberships

- Brookfield Asset Management Inc. (TSX, NYSE: BAM)
- CHC Helicopter Corporation (TSX, NYSE: FLY)

Robert C. Olsen
(age 57)



Houston, Texas, United States of America

Current Position: Executive Vice-President, ExxonMobil Production Company

Not independent

R.C. Olsen is being nominated for a position to the board of the company for the first time.

Mr. Olsen has been appointed the Executive Vice-President of ExxonMobil's global Production Company, and will be located in Houston, Texas. He has been an employee of ExxonMobil for over 35 years. Mr. Olsen has spent his career in a number of upstream assignments in the United States, Asia, Australia and Europe. His previous position was located in London, England, and was as Chairman and Production Director of ExxonMobil International Limited with responsibility for that company's producing business in Europe, the Caspian and Russia.

Board and Committee Membership	Attendance in 2007	
Not currently a member of the board.	--	--

Imperial Oil Limited Securities Held (1) (2) (3)				
Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
0	0	0	0	0

Imperial Oil Limited Options Held (4)					
Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)					
Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)			
Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
104,681	136,300	240,981	20,615,925

Exxon Mobil Corporation Options Held					
Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
1999 - 2001	2009 - 2011	174,000	various	174,000	7,715,931

Other Public Board Memberships	Last major position or office with the company or Exxon Mobil Corporation
Not currently serving on any other public company board	Chairman and Production Director/ Vice President - Europe/Caspian/Russia

Roger Phillips,
O.C., S.O.M., F.Inst.P
(age 68)



Regina, Saskatchewan,
Canada

Position: Nonemployee
director

Independent

Director since April 23, 2002

Mr. Phillips is 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 Company, Canadian Pacific Railway Limited, Cleveland-Cliffs Inc. 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. Mr. Phillips is a Chartered Physicist (U.K.) and a Fellow of the Institute of Physics.

Board and Committee Membership	Attendance in 2007	
Board Member	10 of 10	100%
Audit Committee	5 of 5	100%
Executive Resources Committee (Chair)	9 of 9	100%
Environment, Health and Safety Committee	3 of 3	100%
Nominations and Corporate Governance Committee	3 of 3	100%
Imperial Oil Foundation Board	4 of 4	100%

Imperial Oil Limited Securities Held (1) (2) (3)

Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
9,000	14,887	12,125	36,012	1,954,731

Imperial Oil Limited Options Held (4)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)

Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
2,000	0	2,000	171,100

Exxon Mobil Corporation Options Held

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
--	--	--	--	--	--

Other Public Board Memberships

- Canadian Pacific Railway Company (NYSE, London: CPRY)
- Canadian Pacific Railway Limited (TSX, NYSE: CP)
- Cleveland-Cliffs Inc. (NYSE: CLF)
- The Toronto Dominion Bank (TSX, NYSE, Tokyo: TD)

Paul A. Smith
(age 54)



Calgary, Alberta, Canada

Position: Senior Vice-President, Finance and Administration, and Treasurer

Not independent

Director since February 1, 2002

Mr. Smith has served on the board of the company since February 1, 2002 and currently serves as senior vice-president, finance and administration, and treasurer. Mr. Smith joined Imperial Oil in 1980 and held a variety of financial positions within the company. In 1990, he was appointed to the position of Cold Lake heavy oil plant manager and in 1992, national marketing manager for Imperial's branded associates business. In 1994, he became the controller for Imperial Oil. In 1996, Mr. Smith moved to New Jersey as the assistant controller of Exxon Corporation International and in 1997, he moved to Dallas as the corporate finance manager for Exxon Corporation, now Exxon Mobil Corporation. In 2002, he was appointed as controller and senior vice-president, finance and administration for Imperial Oil. In February 2008, he was appointed to his present position as senior vice-president, finance and administration, and treasurer. Mr. Smith is a member of Financial Executives International Canada.

Board and Committee Membership	Attendance in 2007	
Board Member Imperial Oil Foundation Board	10 of 10 4 of 4	100% 100%

Imperial Oil Limited Securities Held (1) (2) (3)				
Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
13,337	0	190,250	203,587	11,050,702

Imperial Oil Limited Options Held (4)					
Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
April 30, 2002	April 29, 2012	75,000	\$15.50	75,000	2,908,500

Imperial Oil Limited Incentive Share Units Held (5)					
Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
1998 - 2001	2008 - 2011	201,000	various	120,000	5,075,100

Exxon Mobil Corporation Securities Held (1) (3)			
Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
1,662	0	1,662	142,184

Exxon Mobil Corporation Options Held					
Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
--	--	--	--	--	--

Other Public Board Memberships	Last major position or office with the company or Exxon Mobil Corporation
Not currently serving on any other public company board	Controller and Senior Vice-President, Finance and Administration

Sheelagh D. Whittaker
(age 60)



London, England

Position: Nonemployee director

Independent

Director since April 19, 1996

Ms Whittaker spent much of her early business career as director and partner with The Canada Consulting Group, now Boston Consulting Group. From 1989 she was president and chief executive officer of Canadian Satellite Communications (Cancom). In 1993 Ms. Whittaker joined Electronic Data Systems of Plano, Texas, one of the world's foremost providers of information technology services. Initially spending several years as president and chief executive officer of EDS Canada, Ms Whittaker then undertook other key leadership roles globally, ultimately serving the company as managing director, United Kingdom, Middle East and Africa, until her retirement from EDS in November, 2005.

Board and Committee Membership	Attendance in 2007	
Board Member	10 of 10	100%
Audit Committee	5 of 5	100%
Executive Resources Committee	9 of 9	100%
Environment, Health and Safety Committee (Chair)	3 of 3	100%
Nominations and Corporate Governance Committee	3 of 3	100%
Imperial Oil Foundation Board	4 of 4	100%

Imperial Oil Limited Securities Held (1) (2) (3)

Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
9,000	30,452	12,125	51,577	2,799,600

Imperial Oil Limited Options Held (4)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)

Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
0	0	0	0

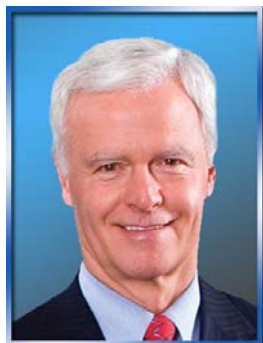
Exxon Mobil Corporation Options Held

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
--	--	--	--	--	--

Other Public Board Memberships

Not currently serving on any other public company board

**Victor L. Young,
O.C.
(age 62)**



St. John's, Newfoundland and
Labrador, Canada

Position: Nonemployee
director

Independent

Director 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 and trustee of Bell Aliant Regional Communications Income Fund and a director of BCE Inc., McCain Foods Limited, Royal Bank of Canada and RBC Dexia Investor Services Trust. 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.

Board and Committee Membership	Attendance in 2007	
Board Member	9 of 10	90%
Audit Committee	4 of 5	80%
Executive Resources Committee	9 of 9	100%
Environment, Health and Safety Committee	3 of 3	100%
Nominations and Corporate Governance Committee (Chair)	3 of 3	100%
Imperial Oil Foundation Board	4 of 4	100%

Imperial Oil Limited Securities Held (1) (2) (3)

Common Shares	Deferred Share Units	Restricted Stock Units	Total Common Shares, DSU and RSU	Total Market Value of Common Shares, DSU and RSU (\$)
10,250	5,320	12,125	27,695	1,503,285

Imperial Oil Limited Options Held (4)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (\$)
--	--	--	--	--	--

Imperial Oil Limited Incentive Share Units Held (5)

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Units	Total Value of Unexercised Units (\$)
--	--	--	--	--	--

Exxon Mobil Corporation Securities Held (1) (3)

Common Shares	Restricted Stock	Total Common Shares and Restricted Stock	Total Market Value of Common Shares and Restricted Stock (U.S. \$)
0	0	0	0

Exxon Mobil Corporation Options Held

Date Granted	Expiry Date	Number Granted	Exercise Price	Total Number of Unexercised Options	Total Value of Unexercised Options (U.S. \$)
--	--	--	--	--	--

Other Public Board Memberships

- Bell Aliant Regional Communications Income Fund (director and trustee) (TSX: BA)
- BCE Inc. (TSX, NYSE, Other: BCE)
- Royal Bank of Canada (TSX, NYSE, Other: RY)

Footnotes to Directors Tables

- (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 30 and 31.
- (3) The numbers for the company's restricted stock units and deferred share units represent the total of the restricted stock units and deferred share units received in 2006 and 2007 after the three-for-one share split in May 2006, plus three times the number of restricted stock units and deferred share units granted before the share split and still held by the director. The numbers for Exxon Mobil Corporation restricted stock include restricted stock and restricted stock units granted under its restricted stock plan which is similar to the company's restricted stock unit plan.
- (4) The number for stock options represent the total number of shares which may be purchased at the exercise price of \$15.50 after the three-for-one share split in May 2006.
- (5) The number for incentive share units has been increased to reflect the three-for-one share split in May 2006.

Board of Directors Mandate

The board's written mandate is set out in the Board of Directors Charter attached as Schedule C.

Directors Selection Process

The process by which the nominations and corporate governance committee recommends new candidates for board nomination is described in paragraph 9(a) of the Board of Directors Charter attached as Schedule C. In the course of considering such candidates, the committee assesses such candidates against the selection criteria set out in the Charter. When the committee is recommending candidates for renomination, it also assesses such candidates against the criteria for re-nomination set out in the Charter. The committee maintains a list of potential director candidates for future consideration. The nominations and corporate governance committee is composed entirely of independent directors. The responsibilities, powers and operation of the nominations and corporate governance committee are set out in the Nominations and Corporate Governance Committee Charter attached as Schedule C.

New Director Orientation

The corporate secretary organizes an orientation program for all new directors that includes a briefing by members of management on all significant areas of the company's operations. All new directors meet with and are briefed by senior management. They also receive a board manual which contains a record of historical information about the company, the charters of the board and its committees and other relevant company business information.

Continuing Education of Directors

Continuing education is provided to board members by regular presentations provided by senior management on the main areas of company business. In August or September, the board has an extended meeting that focuses on a particular area of the company's operations and includes a visit to one or more of the company's operating sites. In August 2007, the board visited the operations of the Syncrude project.

Committee Memberships of the Directors

The chart below shows the company's committees and the membership on the committees and the chair of each committee. The members of all committees are independent with the exception of P.A. Smith who is a non-independent director of the board of the Imperial Oil Foundation.

Director	Board Committees				
	Nominations and Corporate Governance Committee	Audit Committee	Environment Health and Safety Committee	Executive Resources Committee	Imperial Oil Foundation
R. L. Broiles (1)	-	-	-	-	-
T. J. Hearn (1)	-	-	-	-	-
B.H. March (1)	-	-	-	-	-
J.M. Mintz	√	√	√	√	Chair
R. Phillips	√	√	√	Chair	√
J.F. Shepard	√	Chair	√	√	√
P.A. Smith (1)	-	-	-	-	√
S.D. Whittaker	√	√	Chair	√	√
V. L. Young	Chair	√	√	√	√

(1) Not independent directors

Attendance and Number of Meetings held in 2007

The following provides a summary of board and committee meetings held in 2007. The attendance record of each director nominee is set out in his or her biographical information on pages 10 to 17 with the exception of nominees, B.H. March, K.T. Hoeg and R.C. Olsen, who were not directors of the company in 2007. Senior management directors periodically attend committee meetings at the request of the committee chair.

<u>Board or Committee</u>	<u>Number of Meetings Held in 2007</u>
Imperial Oil Limited Board	10
Audit Committee	5
Executive Resources Committee	9
Environment, Health and Safety Committee	3
Nominations and Corporate Governance Committee	3
Imperial Oil Foundation Board	4
Annual Meeting of Shareholders	1

Attendance for Directors not nominated for re-election on May 1, 2008

Randy L. Broiles		
Board and Committee Membership	Attendance in 2007	
Board Member	10 of 10	100%
Tim J. Hearn		
Board and Committee Membership	Attendance in 2007	
Board Member	10 of 10	100%
James F. Shepard		
Board and Committee Membership	Attendance in 2007	
Board Member	9 of 10	90%
Audit Committee (Chair)	4 of 5	80%
Executive Resources Committee	8 of 9	89%
Environment, Health and Safety Committee	3 of 3	100%
Nominations and Corporate Governance Committee	3 of 3	100%
Imperial Oil Foundation Board	3 of 4	75%

Share Ownership Guidelines for Directors

Directors are required to hold the equivalent of at least 15,000 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.

Director	Director Since	Amount acquired since last report (February 15, 2007 to February 14, 2008)	Total Holdings (includes common shares, deferred share units and restricted stock units)	Minimum Requirement	Minimum Requirement Achieved	Date Required to Achieve Minimum Requirement
R.L. Broiles	July 21, 2005	2,500	7,500	15,000	No	July 21, 2010
T.J. Hearn (1)	January 1, 2002	34,946	809,248	15,000	Yes	January 1, 2007
B.H. March	January 1, 2008	5,000	5,000	15,000	No	January 1, 2013
J.M. Mintz	April 21, 2005	3,290	10,684	15,000	No	April 21, 2010
R. Phillips	April 23, 2002	1,884	36,012	15,000	Yes	April 23, 2007
J.F. Shepard	October 21, 1997	1,941	43,994	15,000	Yes	October 21, 2002
P.A. Smith	February 1, 2002	(1,784)	203,587	15,000	Yes	February 1, 2007
S.D. Whittaker	April 19, 1996	1,995	51,577	15,000	Yes	April 19, 2001
V.L. Young	April 23, 2002	859	27,695	15,000	Yes	April 23, 2007

(1) The additional share ownership requirements of Mr. Hearn as Chief Executive Officer are set out on in paragraph 10(b) of the Board of Directors Charter attached as Schedule C.

Independence of Directors

The current board of directors is composed of nine directors, the majority (five out of nine) of which is independent. The five independent directors are not employees of the company. None of the independent directors has any interest, business or other relationship that could or could reasonably be perceived to constitute a material relationship with the company. The four non-independent directors are employees of the company and are the chairman and chief executive officer, the president, the senior vice-president, resources and the senior vice-president, finance and administration, and treasurer. The board believes that the employee directors' extensive knowledge of the company's business is beneficial to the other directors and their participation as directors enhances the effectiveness of the board.

Name of Director	Management	Independent	Not Independent	Reason for Non-Independent Status
R. L. Broiles	√		√	Mr. Broiles is senior vice-president, resources division of Imperial Oil Limited.
T.J. Hearn	√		√	Mr. Hearn is chairman and chief executive officer of Imperial Oil Limited.
B.H. March	√		√	Mr. March is president of Imperial Oil Limited.
J.M. Mintz		√		
R. Phillips		√		
J.F. Shepard		√		
P.A. Smith	√		√	Mr. Smith is senior vice-president, finance and administration, and treasurer of Imperial Oil Limited.
S. D. Whittaker		√		
V.L. Young		√		

Independent Director Executive Sessions

The independent directors conduct executive sessions following every regular board meeting and as required by the independent directors. These meetings are held in the absence of members of management to monitor and assess board processes and issues, to discuss substantive issues that are more appropriately discussed in the absence of management and to communicate to management, as appropriate, the results of private discussions amongst independent directors. The independent directors held seven executive sessions in 2007.

While the chairman of the board is not an independent director, S.D. Whittaker, chair of the executive sessions, provides leadership for the 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 is described in paragraph 8(3) of the Board of Directors Charter attached as Schedule C.

Other Public Company Directorships

The following table shows which current directors serve on the boards of other reporting issuers and the committee membership in those companies.

Name of Director	Other reporting issuers of which Director is also a director	Committee Appointments	
R.L. Broiles	--	--	
T.J. Hearn	Royal Bank of Canada	Audit Committee Corporate Governance and Public Policy Committee	
B.H. March	--	--	
J.M. Mintz	Brookfield Asset Management Inc. CHC Helicopter Corporation	Audit Committee Audit Committee (Chair)	
R. Phillips	Canadian Pacific Railway Limited	Audit Committee (Chair) Governance and Nominating Committee Pension Committee	
		Canadian Pacific Railway Company	Audit Committee (Chair)
		Cleveland-Cliffs Inc.	Board Affairs Committee Compensation and Organizing Committee
	The Toronto-Dominion Bank	Risk Committee (Chair)	
	J.F. Shepard	Canfor Corporation	Audit Committee Environment, Health and Safety Committee Management Resource and Compensation Committee Capital Expenditure Committee
	P.A. Smith	--	--
S.D. Whittaker	--	--	
V.L. Young	Bell Aliant Regional Communications Income Fund	Governance Committee Management Resources and Compensation Committee	
		BCE Inc.	Audit Committee Pension Fund Committee
	Royal Bank of Canada	Audit Committee Conduct Review and Risk Policy Committee	

Interlocking Directorships and Committee Memberships

The following table shows which current directors served on the same board and committees of another reporting issuer. The board considered the fact that Mr. Young was already a director of the Royal Bank of Canada and agreed with Mr. Hearn also joining the board of the Royal Bank of Canada. The board does not believe that these interlocking board memberships adversely impact the effectiveness of those directors on the company's board.

Company	Director	Committee Membership
Royal Bank of Canada	Tim Hearn	Audit Committee
		Corporate Governance and Public Policy
	Vic Young	Audit Committee
		Conduct Review and Risk Policy Committee

Directors' Compensation

Directors' fees are paid only to nonemployee directors. For 2007, nonemployee directors were paid an annual retainer of \$35,000 and 2,000 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 31.

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 30.

Director (1)	Annual Retainer		Annual Retainer for Service as Committee Chair (\$)	Annual Retainer for Committee Membership (\$)	Board and Committee Attendance Fees		Total Cash (\$)	Total RSU / DSU (4) (\$)	Total Compensation (\$)
	\$	Restricted Stock Units			Number of Meetings Attended (#)	Fee (\$2,000 x number of meetings attended) (\$)			
J.M. Mintz (3)	35,000	2,000	5,000 (IOF)	22,500	35	70,000	70,000	161,960	231,960
R. Phillips (3)	35,000	2,000	5,000 (ERC)	22,500	35	70,000	70,000	161,960	231,960
J.F. Shepard (3)	35,000	2,000	5,000 (AC)	22,500	31	62,000	62,000	161,960	223,960
S.D. Whittaker (3)	35,000	2,000	5,000 (EH&S)	22,500	35	70,000	70,000	161,960	231,960
V.L. Young (3)	35,000	2,000	5,000 (N&CG)	22,500	33	66,000	112,875	115,085	227,960

(1) As executives, the employee directors, R.L. Broiles, T.J. Hearn and P.A. Smith did not receive director fees.

(2) Annual retainer includes the combined amount for membership on all five committees (annual retainer of \$4,500 per committee) include the Audit Committee (AC), Environmental Health and Safety Committee (EH&S), Executive Resources Committee (ERC), Nominations and Corporate Governance Committee (N&CG) and the Imperial Oil Foundation (IOF)

(3) 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.

(4) The values of the restricted stock units and the deferred share units shown are the number of units multiplied by the closing price of the company's shares on the date of grant.

Director Performance Assessment

The board and its committees are assessed on an annual basis, as well as the performance of the directors. Detailed surveys are completed by each director and survey results are analyzed and compiled by the corporate secretary. A summary report is provided to each member of the nominations and corporate governance committee, without attribution of feedback to individual directors. The results of the survey are reviewed by the committee. The committee also assesses the company's response to issues raised in the previous year's survey. The survey assesses the effectiveness of the organization, the administration of the board of directors and the effectiveness of the board in discharging its stewardship responsibilities. The survey also assesses the mandate and effectiveness of each board committee and each director assesses the director's own personal performance and contribution.

IV. Company Executives and Executive Compensation Report

Senior Executives of the Company

The named executive officers of your company at the end of 2007 were:

T.J. (Timothy) Hearn, Chairman, president and chief executive officer;
P.A. (Paul) Smith, Controller and senior vice-president, finance and administration;
R.L. (Randy) Broiles, Senior vice-president, resources division;
B.W. (Brian) Livingston, Vice-president, general counsel and corporate secretary, and
J.F. (John) Kyle, Vice-president and treasurer. J.F. Kyle retired from the company on January 31, 2008.

Senior Executive Compensation

The executive resources committee of the board of directors, composed of the independent directors, is responsible for corporate policy on compensation and for specific decisions on the compensation of the chief executive officer and key senior executives and officers reporting directly to that position. In addition to compensation matters, the committee is also responsible for succession plans and appointments to senior executive and officer positions, including the chief executive officer.

During 2007, the membership of the executive resources committee was as follows:

R. Phillips - Chair
V.L. Young - Vice-chair
J.F. Shepard
S.D. Whittaker
J.M. Mintz

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

Report of Executive Resources Committee on Executive Compensation

Compensation Discussion and Analysis

The company's executive compensation program is designed to reinforce the company's orientation toward career employment and individual performance. It acknowledges the long-term nature of the company's business and its philosophy that the experience, skill and motivation of the company's 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.

The assessment of individual performance is conducted through the company's employee appraisal program. Conducted annually, the appraisal process assesses performance against business performance measures and objectives relevant to each employee including the means by which performance is achieved. It involves comparative ranking of employee performance using a standard process throughout the organization and at all levels. The appraisal program is integrated with the compensation program and also with the executive development process. Both have been in place for more than 50 years and are the basis for planning individual development and succession planning for management positions.

In establishing compensation for the company's senior executives, the executive resources committee relies on market comparisons to a group of 25 major Canadian 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 management.

The company's executive compensation program is composed of base salaries, cash bonuses and medium/long-term incentive compensation. The company does not have written employment contracts or any other agreement with its named executive officers providing for payments on change of control or termination of employment.

Base Salary

The company's salary ranges for executives were increased by 2.5 percent in 2006 and 8.0 percent in 2007 and 2008. The salary program in 2008 maintained the company's competitive position on salaries in the marketplace. Individual salary increases vary depending on each executive's performance assessment and other factors such as time in position and potential for advancement.

Cash Bonus

Cash bonuses are typically granted to about approximately 80 executives to reward their contributions to the business during the past year. Bonuses are drawn from an aggregate bonus pool established annually by the executive resources committee based on the company's financial and operating performance.

In 2007, the overall bonus pool generally remained the same as the previous year and continues to reflect improved financial results and operating performance. In relation to this, the company's net income for 2007 was a record \$3.188 billion (up 5 percent), return on shareholders' equity was 42 percent, return on capital employed was 38 percent and total annual shareholders' return was 28 percent. Changes in individual cash bonus awards vary depending on each executive's performance assessment.

Medium/Long-Term Incentive Compensation

A medium-term incentive compensation plan, called the earnings bonus unit plan, was introduced in 2001 and continues today. This plan is made available to selected executives to promote individual contribution to sustained improvement in the company's business performance and shareholder value. Earnings bonus units are generally equal to and granted in tandem with cash bonuses to approximately 80 executives annually. In 2007, 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 after the fifth anniversary of the grant, or when the maximum settlement value per unit is reached, if earlier. If after five years the maximum payout has not been reached, payout will be prorated. In 2007, similar to the cash bonus pool, the earnings bonus units pool generally remained the same as the previous year.

In December 2002, the company introduced a restricted stock unit plan, which is the company's long-term incentive compensation plan. The purpose of the plan is to align the interests of selected employees and nonemployee directors directly with the interests of shareholders. The restricted stock unit plan is a straightforward, primarily cash-based approach to long-term incentive compensation.

Grant level guidelines for the restricted stock unit program are generally held constant for long periods of time. In 2006, the guidelines were reviewed in light of the company's three-for-one share split. Given the significant appreciation in the company's share price over the previous several years, restricted stock unit guidelines were adjusted on a two-for-one basis rather than the three-for-one share split. This had the effect of reducing grant values in 2006 and 2007 compared to earlier years.

Each unit granted in 2007 entitles the recipient to receive from the company, upon exercise, an amount equal to the five day average of the closing price of the company's shares preceding the exercise dates. Fifty percent of the units will be exercised by the company on the third anniversary of the grant date, and the remainder will be exercised on the seventh anniversary of the grant date. Recipients may receive the proceeds of the seventh year exercise as either one common share per unit or elect a cash payment. The company also pays 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.

In 2007, 800 employees were granted restricted stock units, including 95 executives.

CEO Compensation

T.J. Hearn's salary is currently assessed to be within the range of the competitive target for the company's chairman, president and chief executive officer, namely, between the median and upper quartile of the competitive market. The target is consistent with the executive resources committee's view that the chairman, president and 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 organization.

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 focusing 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 chairman, president and chief executive officer. T.J. Hearn's 2007 cash bonus remained the same as his 2006 cash bonus, again to reflect his effectiveness in the position, the company's record financial performance and comparisons to other leading Canadian employers.

With respect to the company's medium term incentive program, the committee similarly awarded Mr. Hearn the same earnings bonus unit award that he received in 2006 for the same reasons noted above for Mr. Hearn's cash bonus award.

Independent Consultant

In fulfilling its responsibilities during 2007, the executive resources committee retained one independent consultant to assist in determining compensation for senior executives. Towers Perrin provided an independent assessment of competitive chief executive officer compensation to assist in the committee's decision-making for T.J. Hearn. Towers Perrin provides compensation market comparisons for the company, but was not retained to provide any other compensation determinations or advice for the company or committee.

Executive Resources Committee Report

The executive resources committee has reviewed and discussed the Compensation and Discussion and Analysis section with management, and based on this review and discussion, recommended that it be included in the company's annual report on Form 10-K and proxy statement.

Submitted on behalf of the executive resources committee:

R. Phillips - Chair
V.L. Young - Vice-chair
J.F. Shepard
S.D. Whittaker
J.M. Mintz

Summary Compensation Table

The following table shows the compensation for the chairman, president and chief executive officer; the controller and senior vice-president, finance and administration and the three other most highly compensated senior executives of the company who were serving as senior executives at the end of 2007. 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 at the end of 2007	Year	Annual Compensation			Long-Term Compensation				All Other Compensation (8) (\$)	Total 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) (#)	Shares or Units Subject to Resale Restrictions (5) (6) (\$)	LTIP Payouts (7) (\$)		
T.J. Hearn Chairman president and chief executive officer	2007	1,200,000	1,000,050	671,855	-	130,000 restricted stock units 2 deferred share units	6,464,900	999,950	36,000	10,372,755
	2006	1,140,000	1,000,050	562,665	-	130,000 restricted stock units 2 deferred share units	5,623,800	900,000	34,200	9,260,801
	2005	1,100,000	900,000	385,028	-	193,200 restricted stock units 3 deferred share units	7,432,404	870,000	33,000	10,720,526
P.A. Smith Controller and senior vice- president, finance and administration	2007	412,500	181,233	125,486	-	27,200 restricted stock units	1,352,656	197,225	24,750	2,293,850
	2006	404,167	197,267	111,279	-	35,100 restricted stock units	1,518,426	193,050	24,250	2,448,439
	2005	398,333	193,675	87,198	-	55,200 restricted stock units	2,123,544	193,125	23,900	3,019,775
R.L. Broiles (1) Senior vice-president, resources division (from July 1, 2005)	2007	345,000 U.S.	159,000 U.S.	213,914 U.S.	-	11,000 restricted shares	967,120 U.S.	159,265 U.S.	22,950 U.S.	1,867,249 U.S.
	2006	325,083 U.S.	159,200 U.S.	421,481 U.S.	-	11,000 restricted shares	815,760 U.S.	140,513 U.S.	21,705 U.S.	1,883,742 U.S.
	2005	159,000 U.S.	140,500 U.S.	112,214 U.S.	-	11,000 restricted shares	641,740 U.S.	116,253 U.S.	10,175 U.S.	1,179,882 U.S.
B.W. Livingston, Vice-president, general counsel and corporate secretary	2007	342,916	157,574	75,274	-	22,000 restricted stock units	1,094,060	158,900	10,287	1,839,011
	2006	318,750	159,088	83,236	-	22,000 restricted stock units	951,720	153,450	9,562	1,675,806
	2005	303,750	154,330	66,401	-	33,000 restricted stock units	1,269,510	128,625	9,112	1,931,648
J.F. Kyle Vice-president and treasurer	2007	366,166	122,083	103,405	-	19,000 restricted stock units	944,870	119,000	21,970	1,677,494
	2006	365,000	119,145	124,081	-	20,800 restricted stock units	899,808	112,500	21,900	1,642,434
	2005	364,166	112,500	90,821	-	33,900 restricted stock units	1,304,133	171,375	21,850	2,064,845

- (1) R.L. Broiles has been on a loan assignment from Exxon Mobil Corporation since July 1, 2005. His compensation was paid to him directly by ExxonMobil Corporation in United States dollars, and is disclosed in United States dollars. Also, he 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 him.
- (2) Any part of bonus elected to be received as deferred share units is excluded.
- (3) Amounts under "Other Annual Compensation", except for R.L. Broiles, consist of dividend equivalent payments on restricted stock units, interest paid in respect of deferred payments of bonuses and earnings bonus units and any costs associated with the personal use of the company aircraft. There is no tax assistance from the company for taxes related to personal use of the company aircraft. In 2007, the dividend equivalent payments were \$228,476 for T.J. Hearn, \$64,476 for P.A. Smith, \$38,285 for B.W. Livingston and \$42,986 for J.F. Kyle. In 2007, the interest paid in respect of deferred payments of bonuses and earnings bonus units was \$335,446 for T.J. Hearn, \$6,010 for P.A. Smith, \$21,989 for B.W. Livingston and \$30,420 for J.F. Kyle. Also included is an earned benefits allowance. The earned benefits allowance in 2007 was \$70,000 for T.J. Hearn, \$45,000 for P.A. Smith, \$15,000 for B.W. Livingston and \$30,000 for J.F. Kyle. For R.L. Broiles, the U.S. dollar 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, R.L. Broiles paid to Exxon Mobil Corporation amounts that were approximate to the income taxes that would have been imposed if he was resident in his originating country of employment. For R.L. Broiles, the amount includes dividend equivalent payments on restricted stock from Exxon Mobil Corporation.
- (4) The company has not granted stock options since 2002. The stock option plan is described on pages 30 and 31.
- (5) These values include the number of units granted under the company's restricted stock unit plan and deferred share unit plan for selected executives described on pages 30 and 31. The number of restricted stock units and deferred share units for 2006 and 2007 are the number of units actually received. The numbers shown for restricted stock units and deferred share units for 2005 represent three times the number of restricted stock units and deferred share units received in those years before the three-for-one share split in May 2006. The values of the restricted stock units shown are the number of units multiplied by the closing price of the company's shares on the date of grant. The closing price on the date of grant of the restricted stock units was \$38.47 in 2005, \$43.26 for 2006 and \$49.73 for 2007 (all on a post-split basis). T.J. Hearn is the only senior executive who holds deferred share units and he received additional deferred shares from dividends on his existing deferred shares. The values of the deferred share units shown are the number of such additional deferred share units multiplied by the year-end closing price. R.L. Broiles participates in Exxon Mobil Corporation's restricted stock plan under which the grantee may receive restricted stock or restricted stock units (both of which are referred to herein as restricted stock or restricted shares), which plan is similar to the company's restricted stock unit plan. Under that plan, R.L. Broiles was granted 11,000 restricted shares in 2007, whose value on the date of grant (November 28, 2007) was \$967,120 U.S., based on a closing price of Exxon Mobil Corporation shares on the date of grant of \$87.92 U.S.
- (6) The table below shows the number and value of restricted stock units and deferred share units held as of December 31, 2007. The numbers for restricted stock units and deferred share units represent the total of the restricted stock units and deferred share units received in 2006 and 2007 after the three-for-one share split in May 2006, plus three times the number of restricted stock units and deferred share units received before the share split and still held by the employee. The closing price on December 31, 2007 was \$54.62. R.L. Broiles participates in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. Under that plan, R.L. Broiles holds 48,500 restricted shares whose value on December 31, 2007 was \$4,543,965 U.S. based on a closing price for Exxon Mobil Corporation shares on December 31, 2007 of \$93.69 U.S.

Name	Restricted Stock Units		Deferred Share Units	
	Total (#)	Total (\$)	Total (#)	Total (\$)
T.J. Hearn	714,800	39,042,376	306	16,714
P.A. Smith	190,250	10,391,455	0	0
R. L. Broiles	-	-	-	-
B.W. Livingston	119,750	6,540,745	0	0
J.F. Kyle	126,500	6,909,430	0	0

- (7) Payouts were from 2006 earnings bonus units that reached maximum value of \$1.75 per unit in 2007. That plan is described on page 30. R.L. Broiles participates in Exxon Mobil Corporation's earnings bonus unit plan, which is similar to the company's earnings bonus unit plan.
- (8) Amounts under "All Other Compensation", except for R.L. Broiles, 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 R.L. Broiles, 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 R.L. Broiles, the amount is Exxon Mobil Corporation's contributions to its employee savings plan.
- (9) "Total Compensation" for each of 2005, 2006 and 2007 consists of the total dollar value of Salary, Bonus, Other Annual Compensation, Shares or Units Subject to Resale Restrictions, LTIP Payouts and All Other Compensation for each such year.

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

The following table provides information on earnings bonus units granted in 2007 to the named senior executives. The earnings bonus unit plan is described in more detail on page 30.

Name	Securities Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout (1)	Estimated Future Payouts Under Non-Securities-Price Based Plans		
			Threshold (\$)	Target (\$) (2)	Maximum (\$) (2)
T.J. Hearn	444,400	Nov 20, 2012	0	2.25	2.25
P.A. Smith	80,500	Nov 20, 2012	0	2.25	2.25
R.L. Broiles (3)	-	-	-	-	-
B.W. Livingston	70,000	Nov 20, 2012	0	2.25	2.25
J.F. Kyle	54,200	Nov 20, 2012	0	2.25	2.25

(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 2007.

(3) R.L. Broiles participates in Exxon Mobil Corporation's earnings bonus unit plan which is similar to the company's earnings bonus unit plan. In 2007, R.L. Broiles was granted 31,800 units under that plan for which the maximum settlement value payable per earnings bonus unit is \$5.00 U.S.

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 2007 and the aggregate holdings at the end of 2007 of incentive share units (referred to in the table as "SARs") by the named senior executives. The incentive share unit plan is described in more detail on page 30. The number of incentive share units in the table below is equal to three times the number of incentive share units held before the three-for-one share split in May 2006.

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	-	2,711,250	0	0	0	0
P.A. Smith	-	596,100	120,000	0	5,115,900	0
R.L. Broiles	-	-	-	-	-	-
B.W. Livingston	-	0	0	0	0	0
J.F. Kyle	-	0	0	0	0	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 2007 and the aggregate holdings at the end of 2007 of stock options by the named senior executives. The stock option plan is described in more detail on pages 30 and 31.

Name	Securities Acquired on Exercise (#) (1)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End (#) (1)		Value of Unexercised in-the-Money Options/SARs at Financial Year-End (\$)	
			Exercisable	Unexercisable (2)	Exercisable	Unexercisable (2)
T.J. Hearn	10,002	296,272	154,998	0	6,063,522	0
P.A. Smith	-	-	75,000	0	2,934,000	0
R.L. Broiles (3)	-	-	-	-	-	-
B.W. Livingston	15,000	512,255	30,000	0	1,173,600	0
J.F. Kyle	57,000	1,790,530	0	0	0	0

(1) The number for the stock options represents three times the number of stock options granted in 2002 before the three-for-one share split in May 2006 and still held by the employee.

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

(3) At the end of 2007, R. L. Broiles held options to acquire 56,398 Exxon Mobil Corporation shares of which all options were exercisable. The value of R.L. Broiles' exercisable options was \$2,976,628 U.S. at the end of 2007. In 2007, R.L. Broiles exercised 55,598 options and realized an aggregate value of \$2,463,063 U.S.

Equity Compensation Plan Information

The following table provides information on the common shares of the company that may be issued as of the end of 2007 pursuant to compensation plans of the company.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (3) (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)) (3) (c)
Equity compensation plans approved by security holders (1)	4,728,780	15.50	0
Equity compensation plans not approved by security holders (2)	7,074,314	-	3,425,686
Total	11,803,094	15.50	3,425,686

(1) This is a stock option plan, which is described on pages 30 and 31.

(2) This is a restricted stock unit plan, which is described on page 31.

(3) The number of securities reserved for the stock option plan represents three times the number of stock options granted in 2002 before the three-for-one share split in May 2006 and still outstanding. The number of securities reserved for the restricted stock unit plan represents the securities reserved for restricted stock units issued in 2006 and 2007 after the three-for-one share split in May 2006, plus three times the number of securities reserved for restricted stock units issued before the share split and still outstanding. The weighted average exercise price of the outstanding stock options of \$15.50 was determined on a post share split basis.

Details of Long-Term and Medium-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 assessment of employee performance is conducted through the company's appraisal program. The appraisal program is a disciplined annual program that assesses 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 and nonemployee directors whose decisions are considered to have a direct effect on the long term financial performance of the company. They can elect to receive all or part of their cash 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, in respect of unexercised 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. In 2007, no executive elected to receive deferred share units.

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, a medium-term incentive compensation plan was introduced, called the earnings bonus unit plan. This 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. If after five years the maximum settlement has not been reached, payout will be prorated.

Under the stock option plan adopted by the company in April 2002, a total of 9,630,600 options, on a post share split basis, were granted to selected key employees on April 30, 2002 for the purchase of the company's common shares at an exercise price of \$15.50 per share on a post share split basis. All of the options are exercisable. Any unexercised options expire after April 29, 2012. As of February 14, 2008, there have been 5,028,645 common shares issued upon exercise of stock options and 4,601,955 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 1.1 percent of the company's currently outstanding common shares. The company's directors, officers and vice-presidents as a group hold 6.8 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 154,998 common shares, which is about 0.02 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 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 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 2002 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 1,713,488 units were granted on December 4, 2007.

There are 7,074,314 common shares issuable upon future exercise of restricted stock units, which represent about 0.79 percent of the company's currently outstanding common shares. The company's directors, officers and vice-presidents have available, as a group, 16 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 488,200 common shares, which is about 0.05 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. Effective August 2, 2006, the restricted stock unit plan was amended by the company to change the exercise price under the plan from a single day's closing price to a five-day average and to change exercise dates under the plan from December 31 to December 4 with respect to restricted stock units granted in prior years. Shareholder approval for these changes was not required by the Toronto Stock Exchange.

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 (\$) (1)					
	20 Years	25 Years	30 Years	35 Years	40 Years	45 Years
100,000	32,000	40,000	48,000	56,000	64,000	72,000
200,000	64,000	80,000	96,000	112,000	128,000	144,000
300,000	96,000	120,000	144,000	168,000	192,000	216,000
400,000	128,000	160,000	192,000	224,000	256,000	288,000
500,000	160,000	200,000	240,000	280,000	320,000	360,000
600,000	192,000	240,000	288,000	336,000	384,000	432,000
800,000	256,000	320,000	384,000	448,000	512,000	576,000
1,000,000	320,000	400,000	480,000	560,000	640,000	720,000
1,500,000	480,000	600,000	720,000	840,000	960,000	1,080,000
2,000,000	640,000	800,000	960,000	1,120,000	1,280,000	1,440,000
2,500,000	800,000	1,000,000	1,200,000	1,400,000	1,600,000	1,800,000
3,000,000	960,000	1,200,000	1,440,000	1,680,000	1,920,000	2,160,000
3,500,000	1,120,000	1,400,000	1,680,000	1,960,000	2,240,000	2,520,000
4,000,000	1,280,000	1,600,000	1,920,000	2,240,000	2,560,000	2,880,000

(1) Payment calculations exclude the effect of integration with CPP/QPP and OAS.

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 R.L. Broiles), 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 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 page 26 corresponds generally to the salary, bonus compensation and bonus compensation amount elected to be received as deferred share units in that table. The aggregate maximum settlement value that could be paid for earnings bonus units granted shown in the table on page 28 is also included in the employee's "final three year average earnings" for the year of grant of such units. As of February 14, 2008, the number of completed years of service with Imperial Oil Limited used to determine payments on retirement was 41 for T.J. Hearn, 27 for P.A. Smith and 23 for B.W. Livingston. J.F. Kyle retired from the company on January 31, 2008 with 31 completed years of service.

R.L. Broiles is not a member of the company's pension plan, but is a member of Exxon Mobil Corporation's pension plan. Under that plan, R.L. Broiles has 28 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 page 26, which total may be applied to the pension plan table above but with the dollars in that table representing U.S. rather than Canadian dollars.

Executive Pension Value Disclosure

(1) (2)

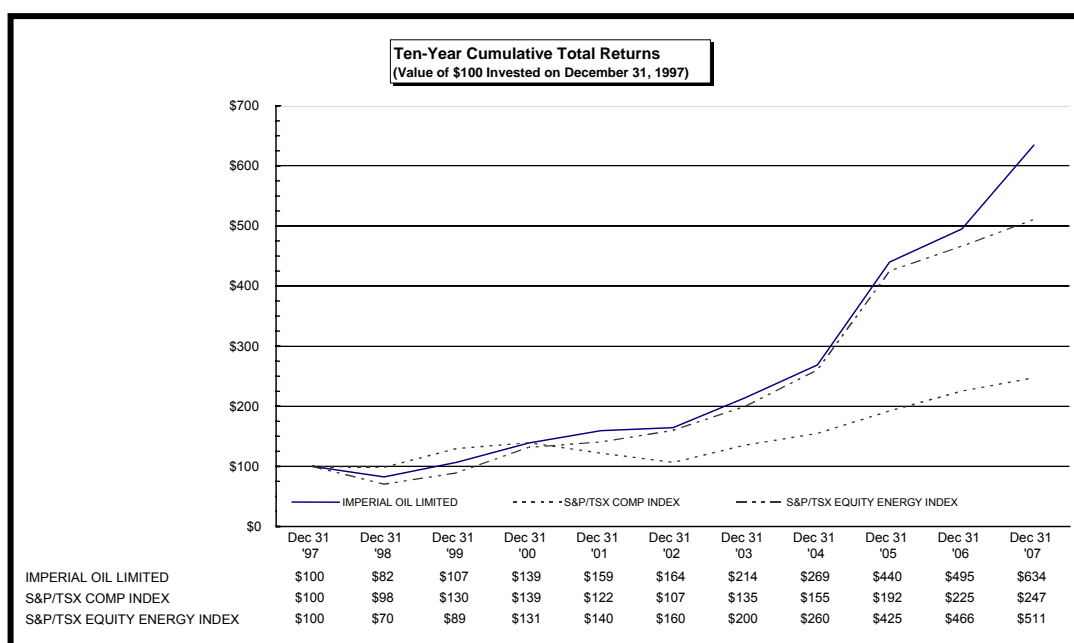
Name	Current 2007 Service Cost (\$ (3))	Accrued Obligations at Dec. 31, 2007 (4)	Annual Pension Benefit Payable at age 65 (5)	Age (at Dec. 31, 2007)	Credited Service	Normal Retirement Age
T.J. Hearn	515,200	24,482,600	2,144,400	63	41	65
P.A. Smith	133,600	3,624,900	474,000	54	27	65
R.L. Broiles	-	-	-	50	28	65
B.W. Livingston	122,000	2,522,900	382,800	53	23	65
J.F. Kyle	90,100	3,535,400	298,800	64	31	65

- (1) Pension benefits reflected in these tables do not vest until the named executive officer reaches age 55. In the case of T.J. Hearn and J.F. Kyle, their accrued pension to date is already vested.
- (2) Amounts shown include pension benefits under Imperial Oil Limited's registered pension plan and supplemental retirement plans, other than for R.L. Broiles, who participates in Exxon Mobil Corporation's pension plan and supplemental pension plan. Under Exxon Mobil Corporation's pension plan and supplemental pension plan, R.L. Broiles' current 2007 service cost was \$237,418 U.S., the accrued obligations at December 31, 2007 with respect to R.L. Broiles was \$1,469,568 U.S. and his annual pension benefit payable at age 65 will be \$450,425 U.S.
- (3) Service cost is the actuarial value of benefits earned under the pension benefit formula for the calendar year 2007. Amounts shown are consistent with disclosure in Note 6 of the 2007 Consolidated Financial Statements.
- (4) Accrued obligation is the value of the projected benefit obligation for pension earned for service to December 31, 2007. The accrued obligation increases with age and is significantly impacted by changes in the discount rate. Amounts shown are consistent with disclosure in Note 6 of the 2007 Consolidated Financial Statements.
- (5) Amounts in this column are based on current compensation levels and assume accrued years of service to age 65 for each of the named executive officers.

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 Equity Energy Index. The S&P/TSX Equity Energy Index is made up of share performance data for 42 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.



V. Other Important Information

Effective Date

The effective date of this management proxy circular is February 14, 2008.

Largest Shareholder

To the knowledge of the management of the company, the only shareholder who, as of February 14, 2008, owned beneficially, or exercised control or direction over, more than ten percent of the outstanding common shares of the company is Exxon Mobil Corporation, 5959 Las Colinas Boulevard, Irving, Texas 75039-2298, which owns beneficially 626,939,795 common shares, representing 69.6 percent of the outstanding voting shares of the company.

Transactions with Exxon Mobil Corporation

On June 23, 2006, the company implemented another 12-month "normal course" share-purchase program under which it purchased 47,868,663 of its outstanding shares between June 23, 2006 and June 22, 2007. On June 25, 2007, another 12-month "normal course" program was implemented under which the company may purchase up to 46,459,967 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 2007, such purchases cost \$ 2,358 million, of which \$1,615 million was received by Exxon Mobil Corporation.

During 2003, the company borrowed \$818 million from an affiliated company of Exxon Mobil Corporation under two long term loan agreements at interest equivalent to Canadian market rates. Interest on the loans in 2007 was \$33 million. The average effective interest rate for the loans was 4.52 percent for 2007. These loans were repaid in 2007.

The amounts of purchases and sales by the company and its subsidiaries for other transactions in 2007 with Exxon Mobil Corporation and affiliates of Exxon Mobil Corporation were \$3,525 million and \$1,772 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, natural gas, 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. The company has a contractual agreement with an affiliate of Exxon Mobil Corporation in Canada to operate the Western Canada production properties owned by ExxonMobil. There are no asset ownership changes. During 2007, the company entered into agreements with Exxon Mobil Corporation and one of its affiliated companies that provide for the delivery of management, business and technical services to Syncrude Canada Ltd. by ExxonMobil.

Ethical Business Conduct

The board has adopted a written code of ethics and business conduct ("Code") which can be found on the company's website at www.imperialoil.ca.

The Code is applicable to each of the company's directors, officers and employees, and consists of the Ethics Policy, the Conflicts of Interest Policy, the Corporate Assets Policy, the Directorships Policy and the Procedures and Open Door Communication. Under the company's Procedures and Open Door Communication, employees are encouraged and expected to refer suspected violations of the law, company policy or internal controls procedures to their supervisors. Suspected violations involving a director or executive officer, as well as any concern regarding questionable accounting or auditing matters are to be referred directly to the general auditor. The audit committee initially reviews all issues involving directors or executive officers, and then refers all issues to the board of directors. In the alternative, employees may also address concerns to individual nonemployee directors or to nonemployee directors as a group.

Management provides the board of directors with a review of corporate ethics and conflicts of interest on an annual basis. Directors, officers and employees review the company's standards of business conduct (which includes the Code) on an annual basis, with employees in positions where there is a higher risk of exposure to ethical or conflict of interest situations being required to sign a declaration card confirming that they have read and are familiar with the standards of business conduct. In addition, every four years a business practices review is conducted in which managers review the standards of business conduct with certain employees in their respective work units.

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.

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 independent directors. Each of the committee chairs are independent directors and each committee (except the Imperial Oil Foundation Board) is composed entirely of independent directors. The agendas of each 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.

The independent directors conduct executive sessions in the absence of members of management. These meetings are chaired by S.D. Whittaker, the independent director designated by the independent directors to chair and lead these discussions. Seven executive sessions were held in 2007. There has been no material change reports filed in the past 12 months pertaining to conduct of a director or executive officer that constitutes a departure from the Code.

Shareholder Feedback

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 on the enclosed proxy form. 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 at (403) 237-4538 and fax at (403) 237-2081.

If you have a shareholder proposal for the 2009 annual meeting

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the 2009 annual meeting of shareholders, must be received by the company no later than December 13, 2008. The proposal can then be included in the management proxy circular and the proxy for the 2009 annual meeting.

Annual and Interim Reports

If you are a **registered shareholder**, a copy of the 2007 annual report is included in this package, unless you asked not to receive it. If you do not wish to receive our annual report next year you must fill out and return the green form enclosed with this package, otherwise a copy of the report will be sent to you. If you wish to receive our interim reports, please fill out the pink form enclosed with this package.

If you are a **non-registered shareholder** and you wish to receive a copy of the annual report next year by mail, you must elect to do so directly on your voting instruction form by responding to the question at the bottom of the form. Quarterly reports may be received by filling out the yellow form enclosed in your package. Non-registered shareholders who are resident in the United States may receive our annual and quarterly reports next year by filling out the blue form enclosed in your package.

All shareholders may consent to the electronic delivery of documents by following the instructions outlined on the white Electronic Delivery form.

Additional Information

A copy of our 2007 annual report which includes comparative financial statements and management discussion and analysis, a copy of this management proxy circular, quarterly reports for 2008 and the company's latest Form 10-K can be requested by writing to the investor relations manager or to the corporate secretary at 237 Fourth Avenue S.W., Calgary, Alberta, Canada T2P 3M9. 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, all of these documents and additional information relating to the company can be found on SEDAR at www.sedar.com, and on the company website at www.imperialoil.ca.

Directors' Approval

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



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

VI. Schedules

Schedule A - Shareholder Proposal

The Carpenters' Local 27 Benefit Trust Funds has submitted a shareholder proposal that is reproduced here.

Supplemental Executive Retirement Plan Policy Proposal

Be it Resolved: The shareholders of Imperial Oil Limited ("Company") hereby request that the Board of Directors establish a policy regarding the Company's supplemental executive retirement plan that provides the following: (1) an exclusion of all incentive pay from inclusion in the plan's definition of covered compensation used to establish benefits, and (2) a prohibition on the granting of past service credits or accelerated service benefits to participating executives. This action should be implemented in a manner so as not to interfere with existing contractual rights of any supplemental plan participant.

Supporting Statement: We believe that one of the most troubling aspects of the sharp rise in executive compensation is the excessive pension benefits provided to senior corporate executives through the use of supplemental executive retirement plans ("SERP's"). Our Company has established a supplemental pension benefit program for employees who have earned a pension in excess of the maximum pension under the *Income Tax Act*. This SERP provides senior executives retirement benefits far greater than those permitted under the Company's tax-qualified pension plan. Our proposal seeks to limit excessive pension benefits by limiting the type of compensation used to calculate pension benefits under the SERP plan and also by prohibiting the grants of extra service credits.

According to the Company's most recent proxy circular:

The remuneration used to determine the payments on retirement to the individuals named in the summary compensation table....corresponds generally to the salary, bonus compensation and bonus compensation amount elected to be received as deferred share units in the table.

It is our position that the inclusion of an executive's annual bonus along with his or her full salary in the pension calculation is overly generous and unjustifiable. The only type of compensation used in the SERP for establishing the level of additional pension benefits should be an executive's annual salary. No variable incentive pay should be included in a senior executive's pension calculation under the SERP. The inclusion of annual bonus or incentive payments in determining increased pension benefits can dramatically increase the pension benefit afforded senior executives and has the additional undesirable effect of converting one-time incentive compensation into guaranteed lifetime pension income.

The proposal's limitation on the type of compensation that can be considered in determining senior executives' retirement benefits to only the executive's salary, as well as its prohibition on the granting of additional years of credited service, provides a necessary and reasonable restriction on the excessiveness of supplemental retirement benefits. We urge your support for this important executive compensation reform.

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

The Board of Directors does not believe that a policy to exclude incentive pay in the form of bonuses from inclusion in covered compensation used to establish pension benefits is appropriate for the following reasons:

1. The company's compensation program, including pension benefits, is recommended by the Executive Resources Committee (ERC), comprised entirely of independent directors. The company's program is designed to be competitive and to attract and retain skilled individuals capable of achieving the returns expected by shareholders of the company. In assessing the competitiveness of the company's compensation program, the ERC has taken note of the fact that most other companies with defined benefit pension plans include both salary and incentive bonuses in the base used to determine pension benefits.

2. The company's compensation program is designed to ensure that a significant portion of an executive's short-term cash compensation is "pay at risk" in the form of incentive bonuses that are performance based. This structure aligns the interest of executives with the interest of the company's shareholders, and is a basic tenet of good corporate governance. The result is that the amount for base salary is lower than it might otherwise be if there were no or less "pay at risk" in short-term cash compensation.

3. Imperial has one pension plan that applies to all employees, including executives. The provisions of the plan therefore apply to all employees. Amounts that are paid as supplementary pensions are those amounts that cannot be paid from the pension plan per se as a result of maximum funding limits enforced by the Canadian Revenue Agency. The company does not maintain a separate, "executive" pension plan. In Imperial's case, this means two items are paid in a supplementary form. One is earnings that are in excess of the maximum that can be funded, and the other is bonus amounts.

4. The amount of bonus included as earnings for pension purposes consists of the average of the highest amounts granted in three of the last five years before an individual's retirement. This provision avoids basing a pension on a one-time bonus amount. It should also be noted that the amounts used for pension purposes for wage employees include not only normal wages, but also include the actual overtime amounts earned prior to retirement.

5. Given all of the above, the ERC has determined that, given its desire to have a compensation program that remains competitive, rewards performance and requires a significant portion of short-term compensation to be "pay at risk", pensionable earnings should be based on both base salary and incentive bonuses.

Regarding the second part of the proposal dealing with additional years of service credits, the company's pension plan text does not have any provision for more than one year of pension credit for each year of employment. The company currently has no intention of amending the pension plan to permit this practice in the future.

Schedule B - Corporate Governance Disclosure

The following corporate governance disclosure has been prepared in accordance with Form 58-101F1 - Corporate Governance Disclosure. The board of directors has determined that the company's practices and procedures align with National Instrument 58-101 - Disclosure of Corporate Governance Practices and National Policy 58-201 - Corporate Governance Guidelines.

Form 58-101F1 – Corporate Governance Disclosure

1. Board of Directors	
(a) Disclose the identity of directors who are independent.	Imperial's five independent directors are Jack M. Mintz, Roger Phillips, Jim F. Shepard, Sheelagh D. Whittaker and Victor L. Young. See page 20 for further description of director independence and a chart for reference.
(b) Disclose the identity of directors who are not independent and describe the basis for that information.	Imperial's has four directors that are not independent and they are Randy L. Broiles, Timothy J. Hearn, Bruce H. March and Paul A. Smith. See the chart on page 20 for a description and chart setting out the reasons for non-independence.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.	A majority of the board consists of directors whom the board has determined to be independent. See page 20 for a chart on director independence.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	See chart on page 21 for information on the directors that serve on the boards of other reporting issuers.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	The independent directors conduct executive sessions following every regular board meeting and as required by the independent directors. These meetings are held in the absence of members of management to monitor and assess board processes and issues, to discuss substantive issues that are more appropriately discussed in the absence of management and to communicate to management, as appropriate, the results of private discussions amongst independent directors. The independent directors held seven executive sessions in 2007.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	While the chairman of the board is not an independent director, S.D. Whittaker, chair of the executive sessions, provides leadership for the 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 is described in paragraph 8(3) of the Board of Directors Charter attached as Schedule C.
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	See charts on pages 10 through 17 and page 19 for each director's attendance for all board meetings in 2007.

2. Board Mandate	
Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	The board mandate is found in the charter which is attached as Schedule C.
3. Position Descriptions	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The position description of the chairman (currently T.J. Hearn) is set out in paragraph 10(a) of the Board of Directors charter attached as Schedule C. The position description of the chair of the audit committee (currently J.F. Shepard) is set out in paragraph 2 of the Audit Committee Charter attached as Schedule C. The position description of the chair of the environment, health and safety committee (currently S.D. Whittaker) is set out in paragraph 2 of the Environment, Health and Safety Committee Charter attached as Schedule C. The position description of the chair of the executive resources committee (currently R. Phillips) is set out in paragraph 2 of the Executive Resources Committee Charter attached as Schedule C. The position description of the chair of the nominations and corporate governance committee (currently V.L. Young) is set out in paragraph 2 of the Nominations and Corporate Governance Committee Charter attached as Schedule C.
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	The position description of the chairman and chief executive officer (currently T.J. Hearn) is set out in paragraph 10(a) of the Board of Directors charter attached as Schedule C.
4. Orientation and Continuing Education	
(a) Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.	The corporate secretary organizes an orientation program for all new directors that include a briefing by members of management on all significant areas of the company's operations. All new directors meet with and are briefed by senior management. They also receive a board manual which contains a record of historical information about the company, the charters of the board and its committees and other relevant corporate business information.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	Continuing education is provided to board members by regular presentations provided by senior management on the main areas of company business. In August or September, the board has an extended meeting that focuses on a particular area of the company's operations and includes a visit to one or more of the company's operating sites. In August 2007, the board visited the operations of the Syncrude project.

5. Ethical Business Conduct	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	The company has adopted a written code of ethics and business conduct ("Code"). See discussion on pages 34 and 35 under "Ethical Business Conduct" relating to the Code.
(i) disclose how a person or company may obtain a copy of the code;	The code can be found on the company's website at www.imperialoil.ca and a copy has also been posted on SEDAR at www.sedar.com .
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and	See discussion on pages 34 and 35 under "Ethical Business Conduct" describing how the board monitors compliance with the Code.
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	No material change report has been filed that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.
(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	See discussion on pages 34 and 35.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	See discussion on pages 34 and 35.
6. Nomination of Directors	
(a) Describe the process by which the board identifies new candidates for board nomination.	The process by which the nominations and corporate governance committee recommends new candidates for board nomination is described in paragraph 9(a) of the Board of Directors Charter attached as Schedule C. In the course of considering such candidates, the committee assesses such candidates against the selection criteria set out in the Charter. When the committee is recommending candidates for renomination, it also assesses such candidates against the criteria for renomination set out in the Charter. The committee maintains a list of potential director candidates for future consideration.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	The nominations and corporate governance committee is composed entirely of independent directors.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The responsibilities, powers and operation of the nominations and corporate governance committee are set out in the Nominations and Corporate Governance Committee Charter attached as Schedule C.

7. Compensation	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The process by which the board determines the compensation for the company's officers and directors is disclosed in the section of the circular entitled "Report of Executive Resources Committee on Executive Compensation" starting on page 23.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The executive resources committee is composed entirely of independent directors.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The responsibilities, powers and operation of the executive resources committee are set out in the Executive Resources Committee Charter attached as Schedule C.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	In fulfilling its responsibilities during 2007, the executive resources committee retained one independent consultant to assist in determining compensation for senior executives. Towers Perrin provided an independent assessment of competitive chief executive officer compensation to assist in the committee's decision-making for T.J. Hearn. Towers Perrin provides compensation market comparisons for the company, but was not retained to provide any other compensation determinations or advice for the company or committee.
8. Other Board Committees	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	In addition to the audit committee, nominations and corporate governance committee and executive resources committee, the board also has an environment, health and safety committee. The function of that committee is set out in the Environment, Health and Safety Committee Charter attached as Schedule C. As well, the Imperial Oil Foundation, a not-for-profit corporation incorporated under the Canada Corporations Act, 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 Foundation has registered charity status under Quebec and federal income tax legislation. As a not-for-profit corporation, the Foundation is a corporation of members, not of shareholders. The company is the sole member. The board of directors of the Imperial Oil Foundation is composed of the independent directors of the company and P.A. Smith. The chair of the Foundation is J.M. Mintz.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The board and its committees are assessed on an annual basis. See discussion on page 22 under "Director Performance Assessment" for more of the directors' survey process. 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 committee and are taken into account when it makes its recommendations for appointment of individuals to the board. Each other committee also reviews its own charter and effectiveness on an annual basis.

Schedule C - Board of Director and Committee Charters

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
- nonemployee 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 nonemployee 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 bring.

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 15000 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 will resign in the event that he or she:

- experiences a change in circumstances such as a change in his or her principal occupation, but not merely a change in geographic location;
- 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,

and the nominations and corporate governance committee will make a recommendation to the board as to whether to accept or reject such resignation.

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 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.

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.
- (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 and the internal auditor 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.

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.

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:
 - (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.
 - (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 salaries and other compensation (including supplemental compensation such as cash bonuses and IEBU's, long term incentive compensation such as RSU's, and any other payments for service), for the chief executive officer and other key senior executive management positions reporting directly to the chief executive officer, including all officers of the corporation,.
 - (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 the chief executive officer and other key senior executive management positions reporting directly to the chief executive officer, including all officers of the corporation.
- (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.

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.
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 nonemployee 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.
- (l) make a recommendation to the board of directors as to whether to accept or reject any resignation tendered by a director as provided in subclause 9(b)(ii) of the board of directors charter.