

Imperial Oil



INNOVATION, GROWTH, INTEGRITY

Investor Day
March, 2012

Agenda

9:30 am	Welcome	John Charlton Manager, investor relations
	Canadian Energy Leadership	Bruce March Chairman, president and chief executive officer
	Doubling Production by 2020	Glenn Scott Senior vice-president, resources
	Break	
	Technology Leadership	Bruce March
	NA Downstream & Chemicals	Bruce March
	Financial Performance	Paul Masschelin Senior vice-president, finance and administration, and treasurer
	The Competitive Advantage	Bruce March
Noon	Lunch	

Cautionary statement

This presentation contains forward-looking information on future production, project start-ups and future capital spending. Actual results could differ materially due to changes in project schedules, operating performance, demand for oil and gas, commercial negotiations or other technical and economic factors.

Oil-equivalent barrels (OEB) may be misleading, particularly if used in isolation. An OEB conversion ratio of 6,000 cubic feet to one barrel is based on an energy-equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

Proved reserves are calculated under United States Securities and Exchange Commission (SEC) requirements, as shown in Form 10-K dated December 31, 2011.

Pursuant to National Instrument 51-101 disclosure guidelines, and using Canadian Oil and Gas Evaluation Handbook definitions, Imperial's non-proved resources are classified as a "contingent resource." Such resources are a best estimate of the company's net interest after royalties at year-end 2011, as determined by Imperial's internal qualified reserves evaluator. Contingent resources are considered to be potentially recoverable from known accumulations, using established technology or technology under development, but are currently not considered to be commercially recoverable due to one or more contingencies. There is no certainty that it will be economically viable or technically feasible to produce any portion of the resource.

Financials in Canadian dollars.



Canadian Energy Leadership

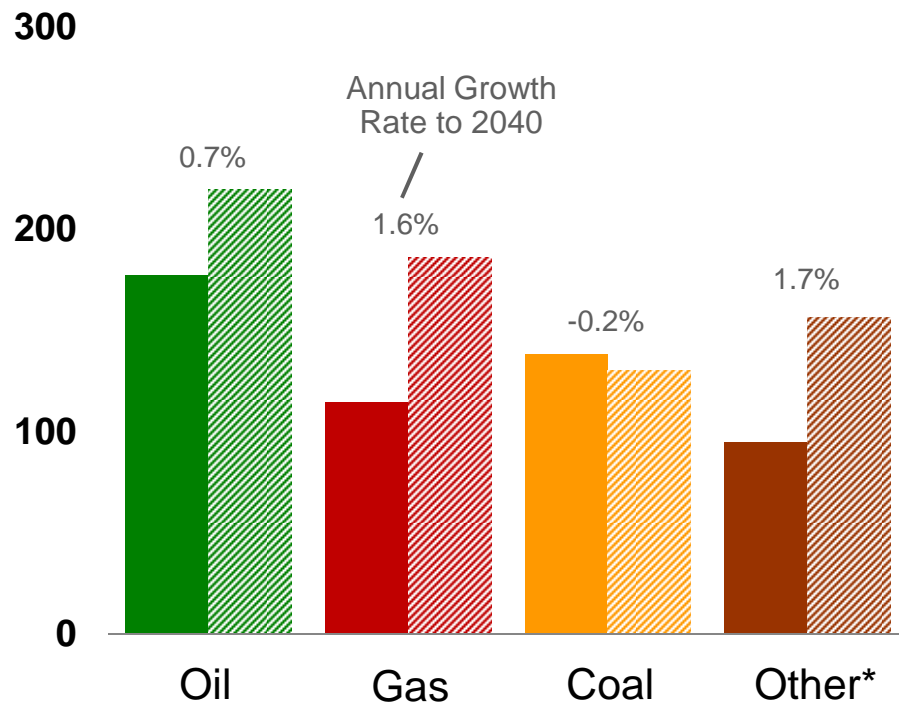
Bruce March

Global energy demand will grow

Demand likely to grow approximately 30% by 2040

Energy demand

quadrillion BTUs



- Pace of demand growth moderated by efficiency gains across the world
- Mix gradually shifts with oil and natural gas remaining prominent
- Strong growth in natural gas driven by power generation

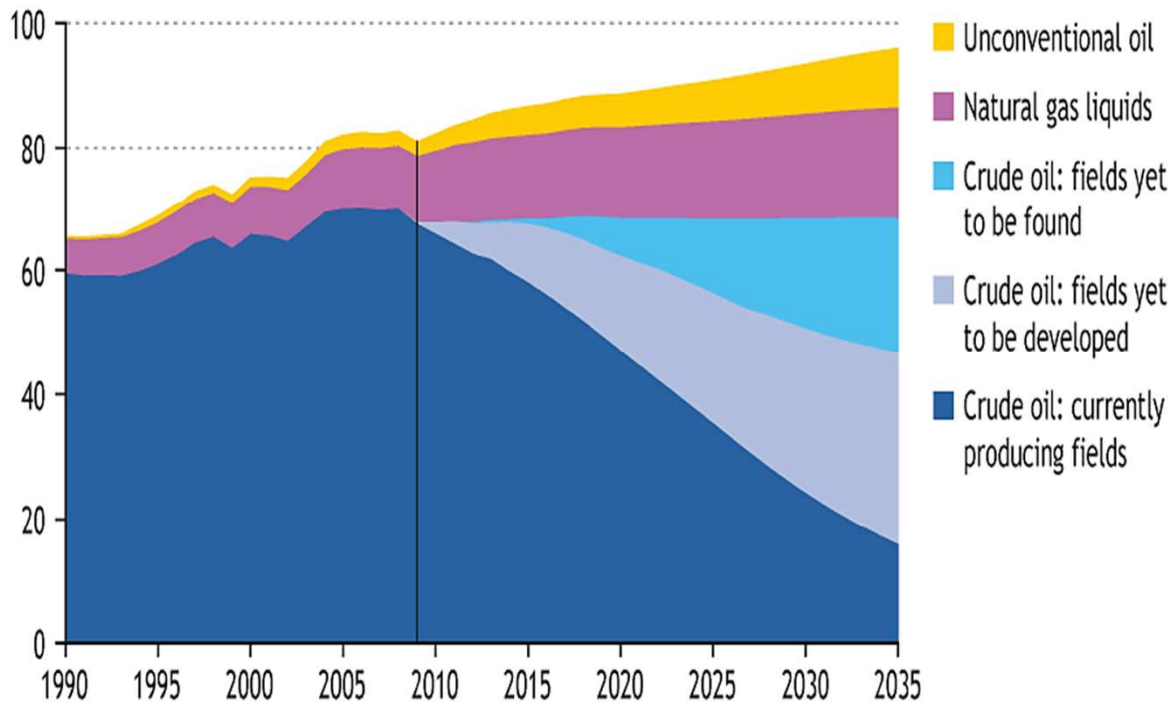
* other includes nuclear, hydro, geothermal, biomass, wind, solar, and biofuels

Existing oil fields will continue to decline

Significant new sources of supply will be required

Global liquids*

mb/d



- By 2035, 2/3rd decline in production from oil fields producing in 2010 (IEA)
- Need for new supply from many sources, including oil sands

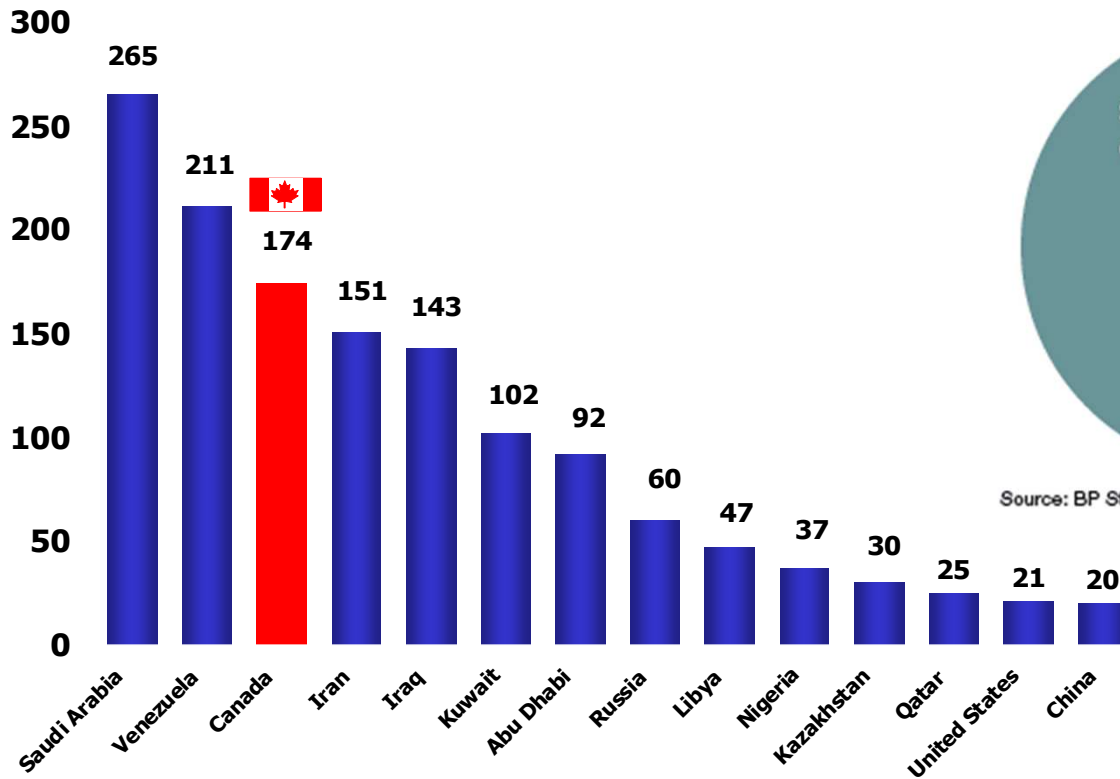
* source: International Energy Agency - 2010

Canada's oil sands – a world class resource

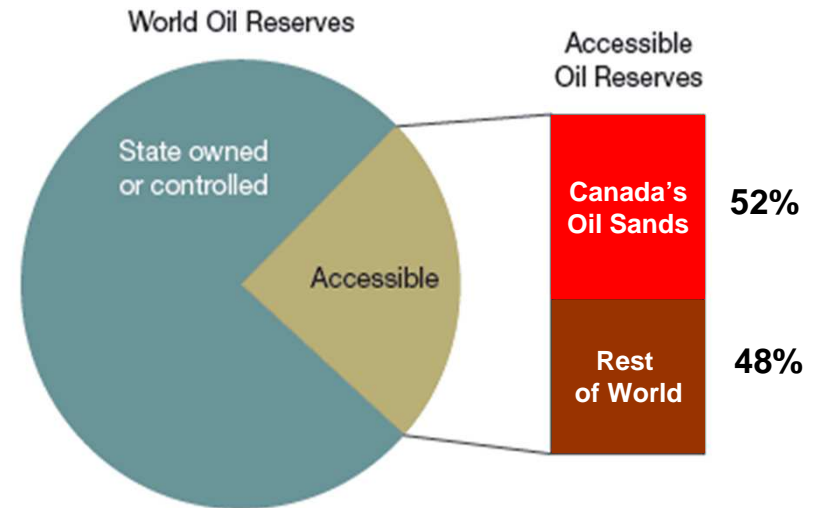
An exceptional opportunity readily accessible to investors

World oil resources*

billion barrels



World Oil Reserves/Accessible Oil Reserves



Source: BP Statistical Review of World Energy 2009 and CAPP

* source: Oil & Gas Journal

Canada – an attractive investment climate

Canada remains an excellent jurisdiction for business



Positive attributes

- Stable democracy
- Resource development encouraged
- Private investment welcomed

Challenges remain

- Regional inflation
- Labor availability

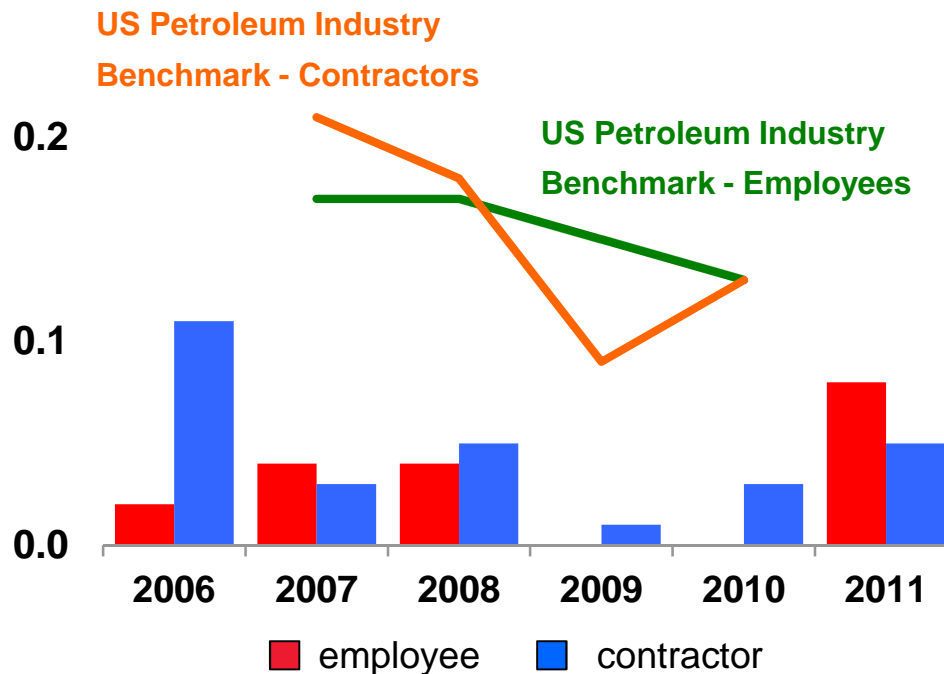
Safety leadership

Nobody Gets Hurt

Lost time incident rate

incidents per 200k hours

0.3



- Safety is a key indicator of operations excellence
- Same rigor applied to environmental performance and security
- Results better than industry but 2011 a disappointment

Environmental performance

Best ever Environmental Compliance Incidents performance

Environmental compliance incidents

#

40

30

20

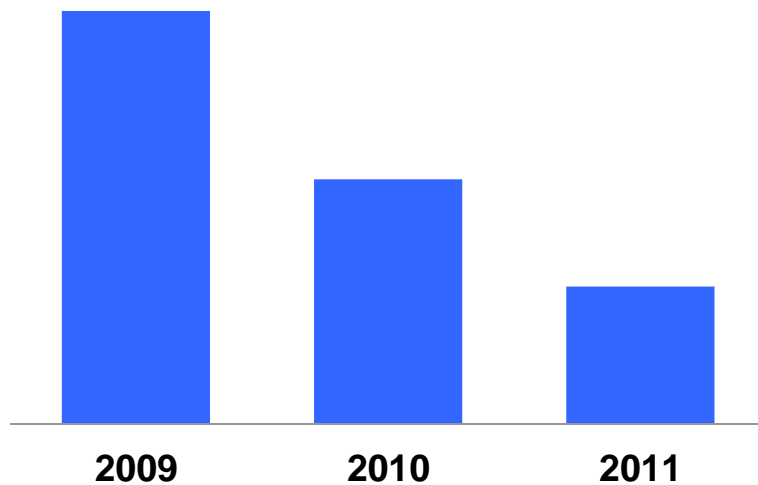
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2009

2010

2011



- No incidents with public or environmental consequences in 2011

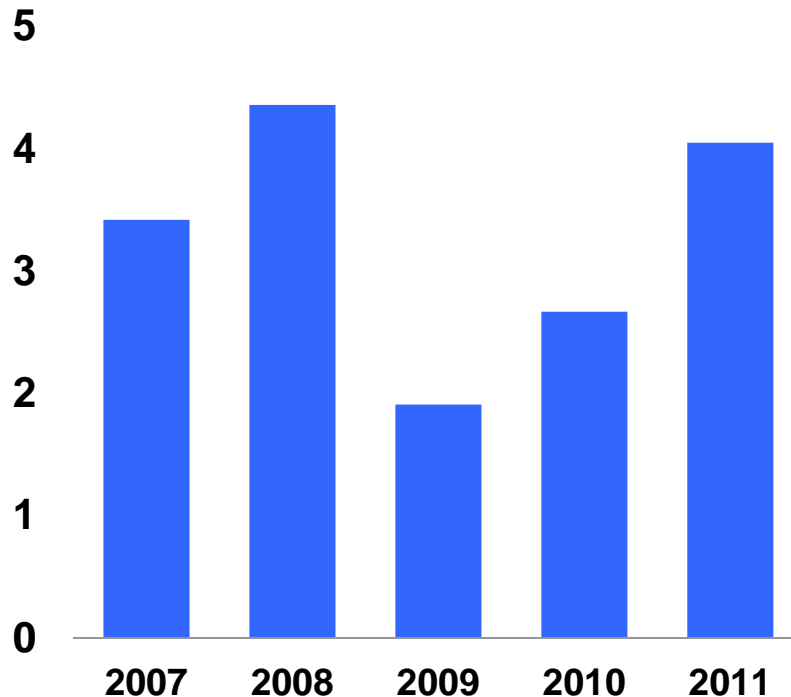


Solid financial performance

Integrated strength reflected in 2011 results

Net income per share (diluted basis)

\$/share



EAT (\$ millions)

2011

3,371

EAT (\$ per share)

3.95

ROCE (%)

25.4

Gross Production* (koebpd)

297

Cash flow (\$ millions)

4,489

Investments (\$ millions)

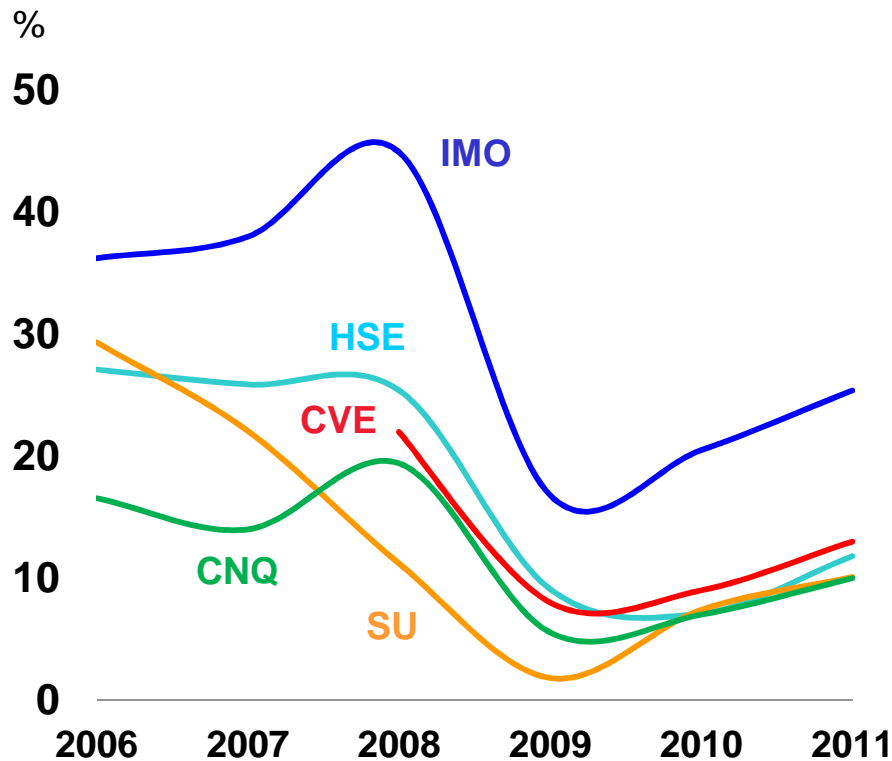
4,066

* before royalties

Industry-leading ROCE

Focused on extracting maximum value from every asset

Return on capital employed*



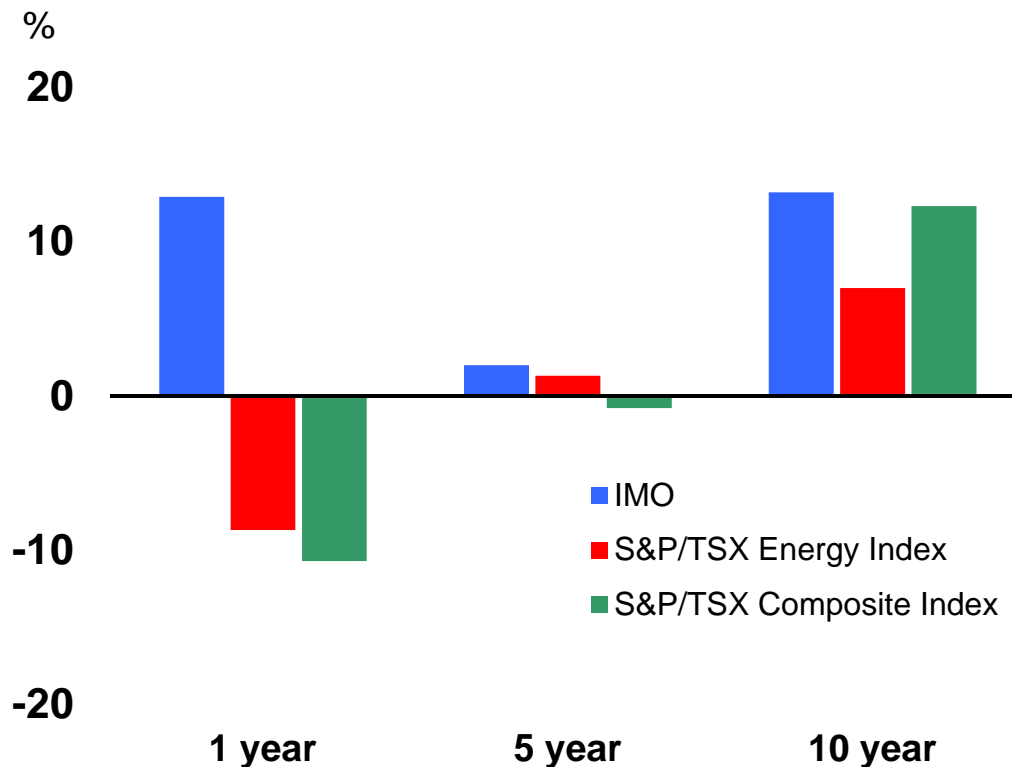
- IMO competitive advantages
 - Operational excellence
 - Portfolio quality
 - Investment discipline
 - Technical leadership
 - Balance sheet strength
- 2011 ROCE 60% ex assets “under construction”

* source: Bloomberg

Superior shareholder returns

Long term focus delivers high returns to investors

Toronto Stock Exchange*



- Creating shareholder value through
 - Dividends
 - Growth
 - Share buybacks

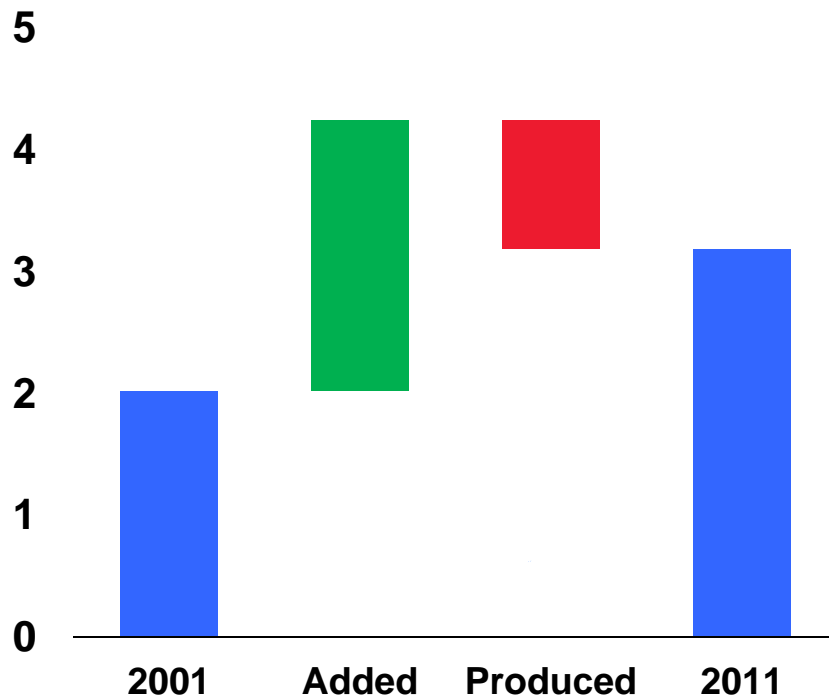
* source: Bloomberg, TMX - annualized returns to December 31, 2011

Added proved reserves

Organic growth drives proved reserves additions

Proved reserves*

billions oil equivalent barrels



- 2011 reserves are 57% higher than 2001
- 2.2 billion boe reserves added
 - Improved recovery
 - New projects
- 1.1 billion boe produced over the last decade

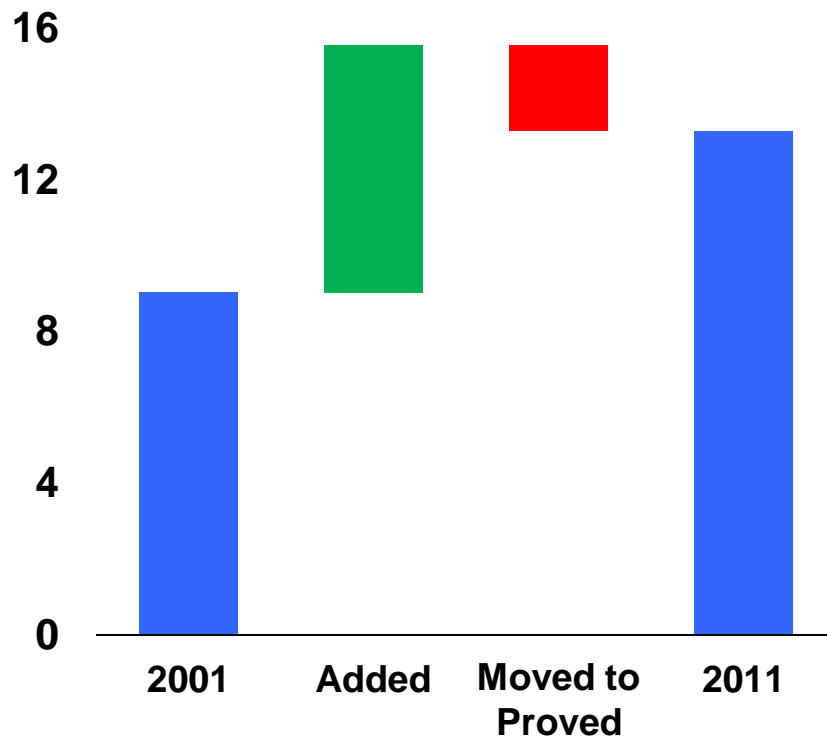
* after royalties

Added non-proved resource

Over 150 years of production coverage at current rates

Non-proved resource*

billions oil equivalent barrels

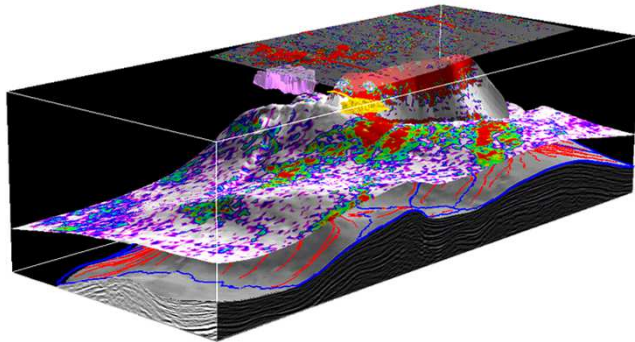


- Added 6.5 billion boe of resource in past decade through organic growth
 - 2011 resource 47% higher than 2001
- Maintained portfolio of new opportunities
 - Acquired 250k net acres in 2011 in Northwest Territories (shale gas), Alberta (tight oil)
 - Swapped oil sands leases to improve position

* after royalties

Unique competitive advantage – ExxonMobil

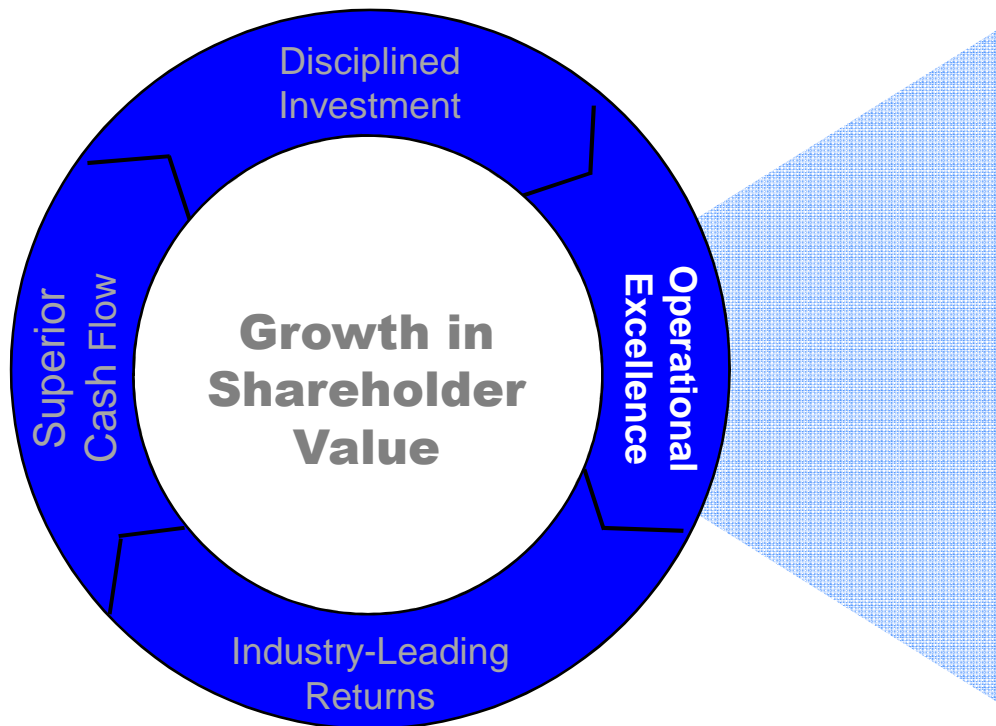
Only publicly traded Canadian company with access to leading global expertise



- Industry leading technology
- Project management expertise
- Best practices transfer
- Training and development
- World scale operations
- Strategic alignment
 - New upstream opportunity capture with ExxonMobil

Proven business model

A focus on investment discipline, operational excellence



Operational Excellence

- Safety and environment
- Controls integrity
- Project execution
- Reliability
- Energy efficiency
- Product quality



Doubling Upstream Production by 2020

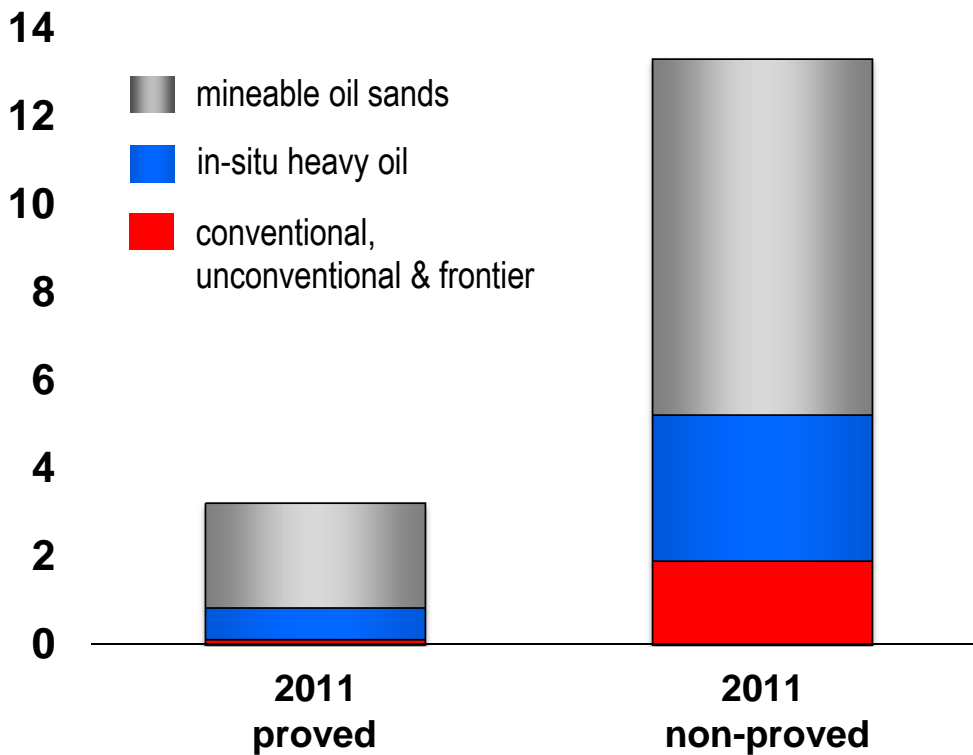
Glenn Scott

A premier portfolio

Development opportunities are weighted to the oil sands

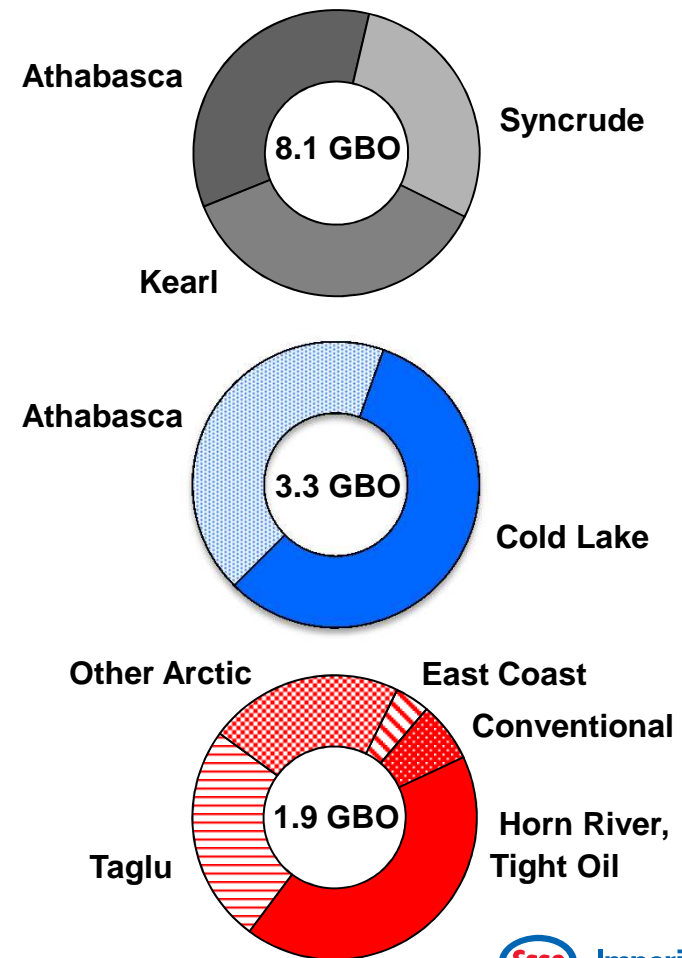
Proven reserves / non-proved resource*

billions oil equivalent barrels



* after royalties

Non-proved resource

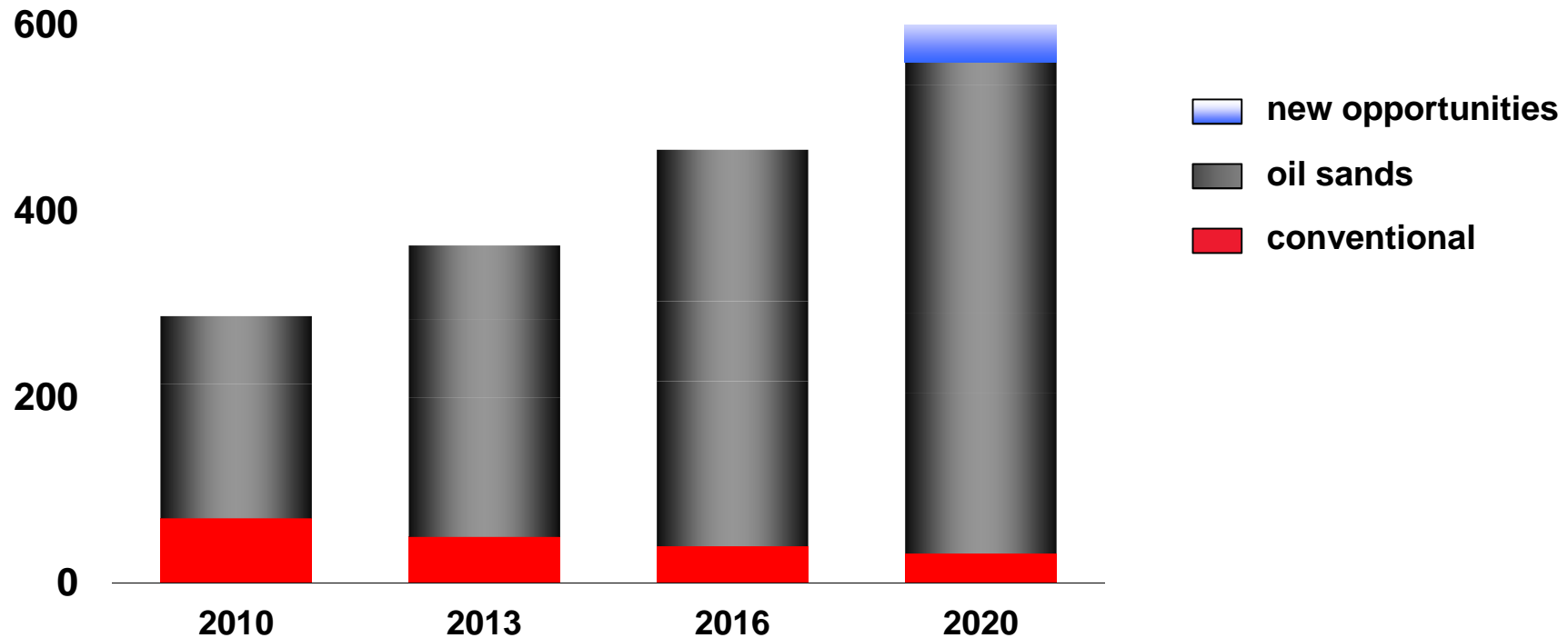


Investing in growth opportunities

Production doubles by 2020 – primarily from liquids

Production outlook*

kboed

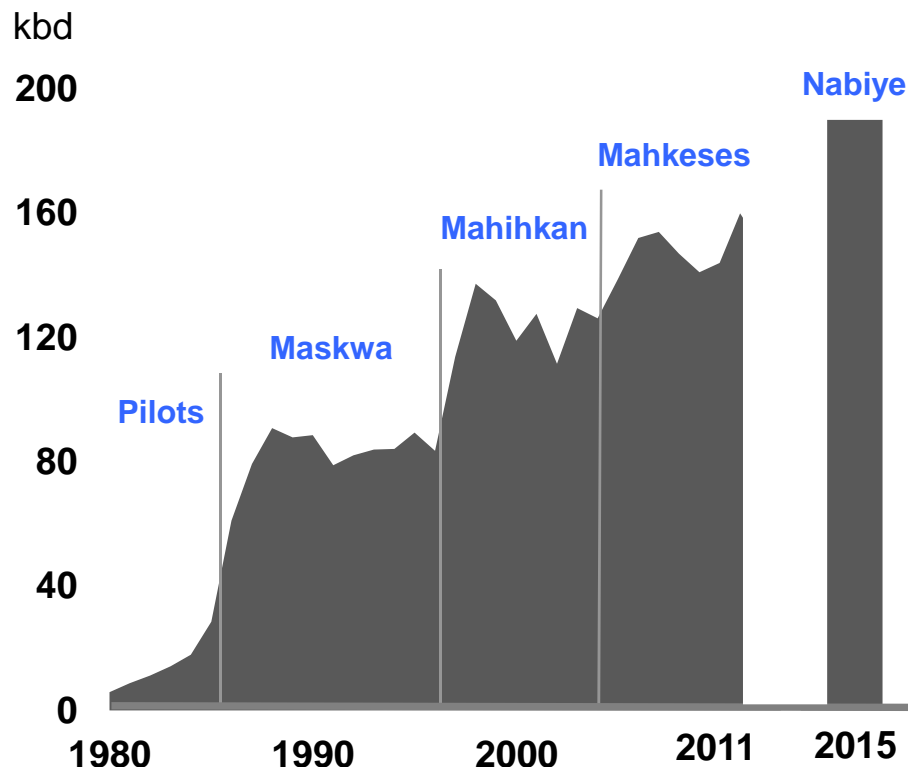


* before royalties

Cold Lake – a premier in-situ asset

Over 1 billion barrels produced; Nabiye expansion sanctioned

Cold Lake production*



- Record 160 kbd production in 2011
- New 162 kbd quarterly volume records in 3Q11 and 4Q11
- 40 kbd Nabiye expansion sanctioned
- Grand Rapids development being progressed for growth in 2020+

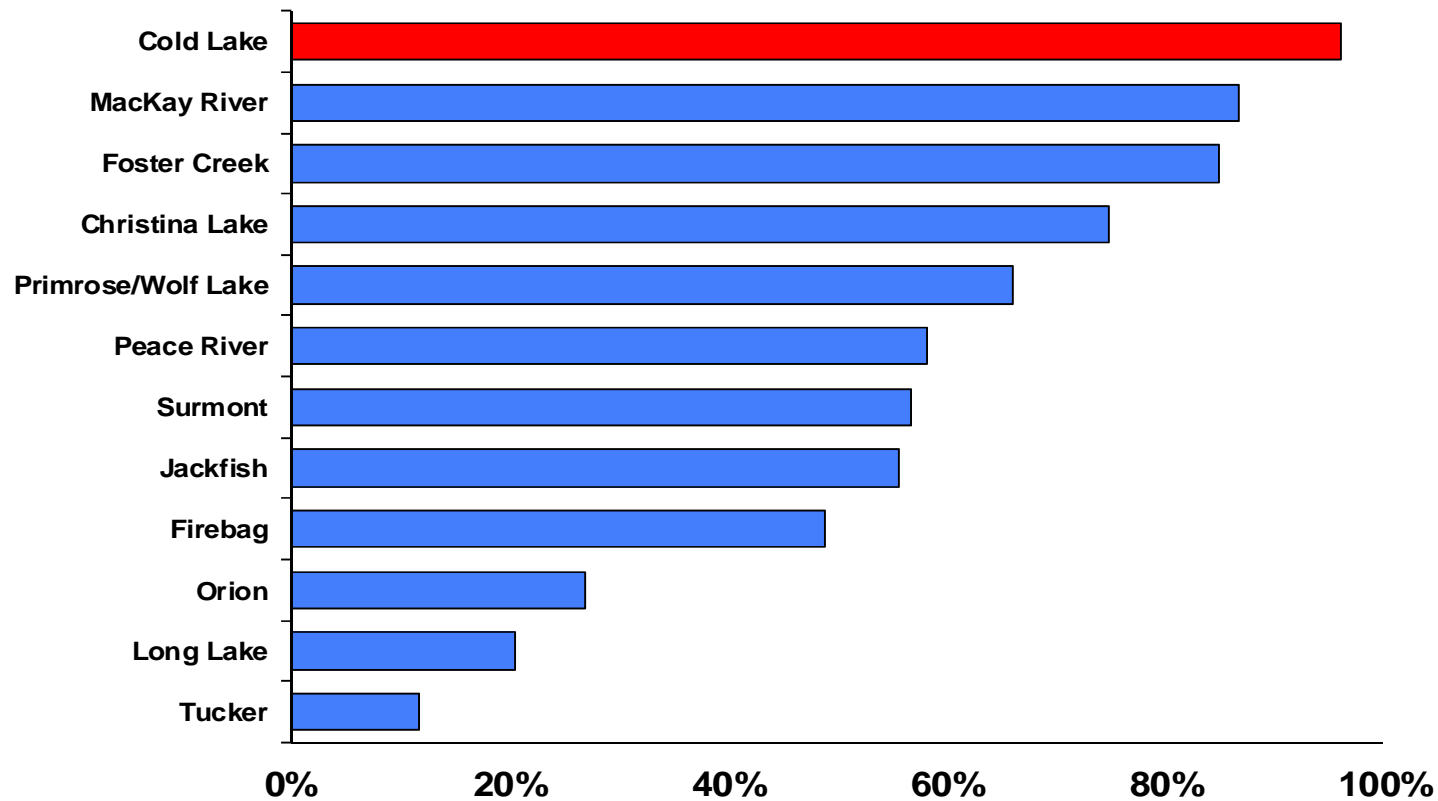
* before royalties

Cold Lake – operations excellence

Industry-leading reliability performance

Production – 3 year average*

% of capacity



* source: CanOils

Cold Lake – recovery enhancement

Technology sustains and builds in-situ production

Demonstrated recovery at Cold Lake

(%)

80

60

40

20

0

1970's

1980's

1990's

2000's

2010+



- Late lifecycle technologies in use
 - Liquid Addition to Steam for Enhanced Recovery (LASER)
 - Continuous Infill Steam Flood
- New recovery technologies in pilot
 - Solvent Assisted (SA)-SAGD
 - Cyclic Solvent Process (CSP)

Cold Lake realizations

Cold Lake bitumen attracts a premium in the market

Bitumen realized prices*

C\$/bbl

80

60

40

20

0

— Imperial Cold Lake
■ Competitor range

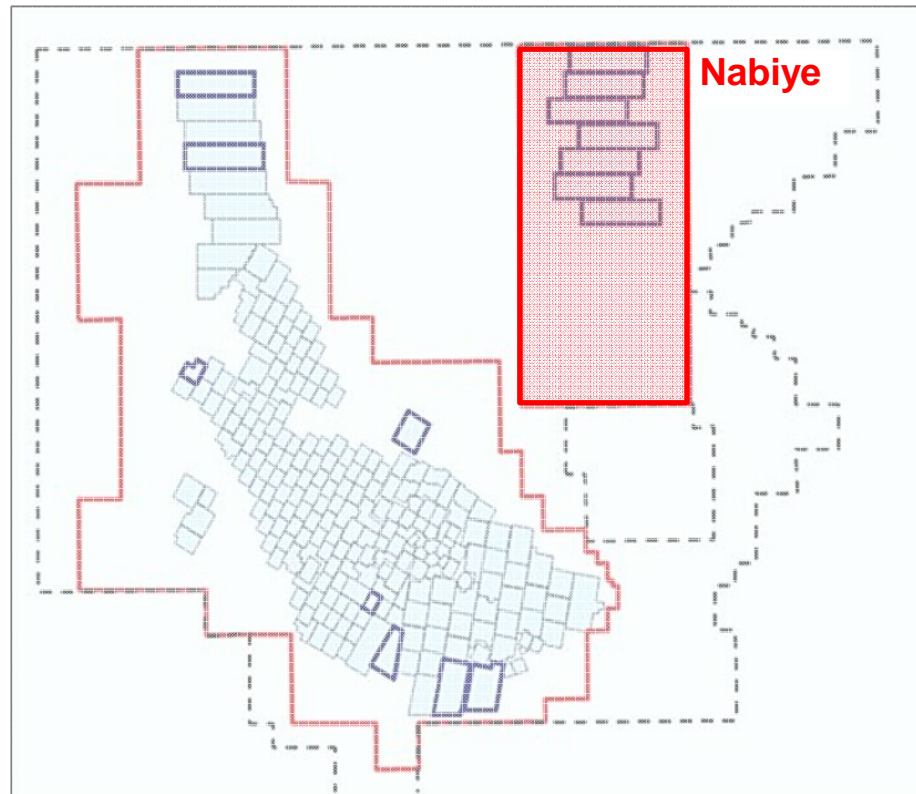
2004 2005 2006 2007 2008 2009 2010

- Low TAN bitumen
- Requires less diluent than some other bitumens
- Price floor support from integration with downstream

* source: FirstEnergy Capital Corp., Company Disclosures, January 27, 2012

Cold Lake – Nabiye project

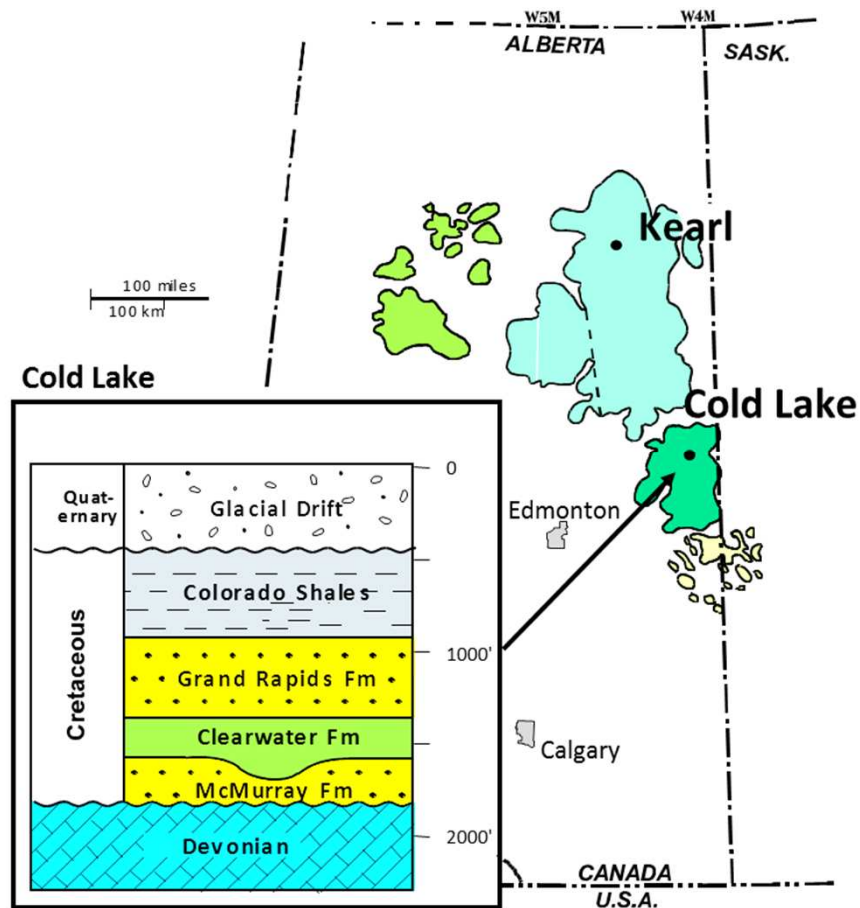
Similar to Mahkeses and a continuation of “design one build many” concept



- 40 kbd production
- Facilities
 - 140 kbd steam generation
 - 170 MW cogeneration
 - 7 pads of 24 wells each
- Initial regulatory approval 2004
 - Revised in 2010 to enhance environmental performance
- Start-up by year-end 2014

Cold Lake – future development

Grand Rapids – an untapped Cold Lake formation

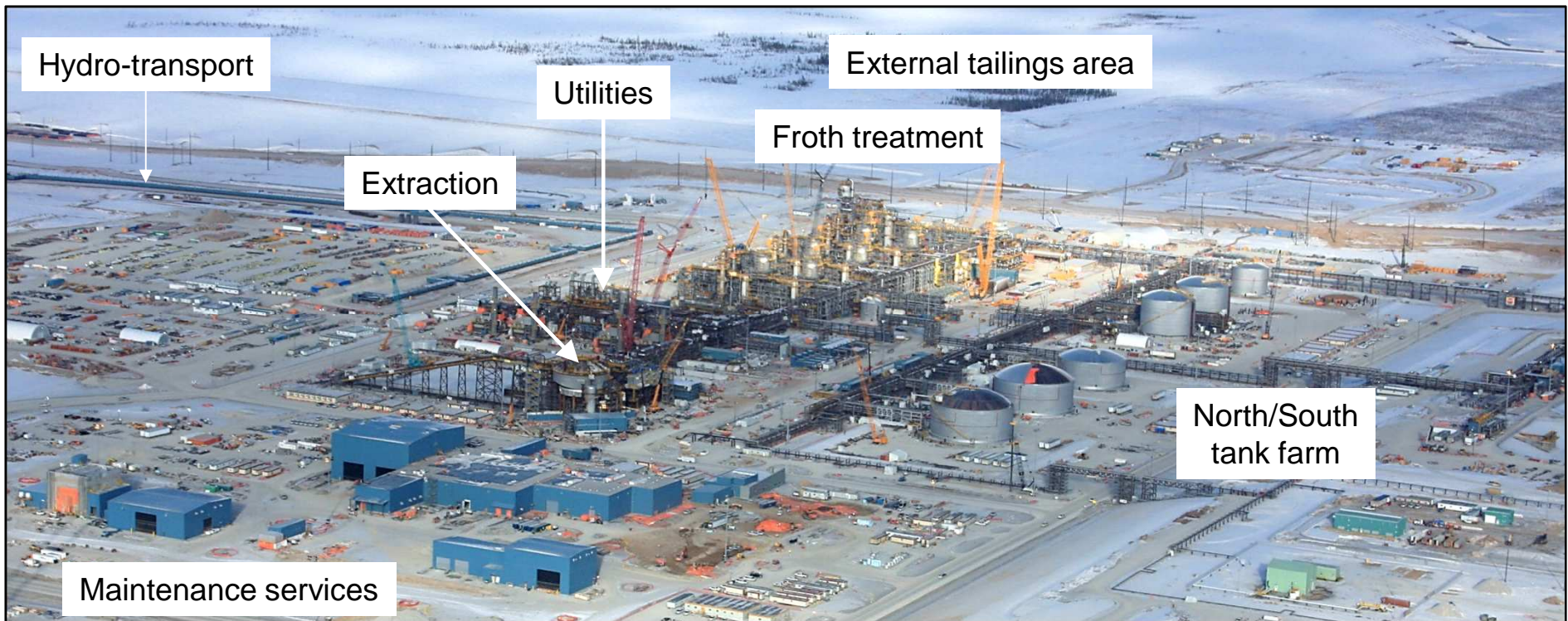


- Cold Lake 100% IOL
- SAGD resource in Grand Rapids formation (current production from deeper Clearwater zone)
 - SA-SAGD potential
- Preliminary development plan
 - 35 kbd SAGD facilities/phase
 - Further resource delineation, regulatory application required
 - Production in early 2020's

Kearl – main plant site



River water intake



Kearl – mining & ore preparation



400T haul truck fleet



Ore crusher dump pocket



Slurry preparation plant



Kearl development plan

On target to reach 345 kbd by about 2020

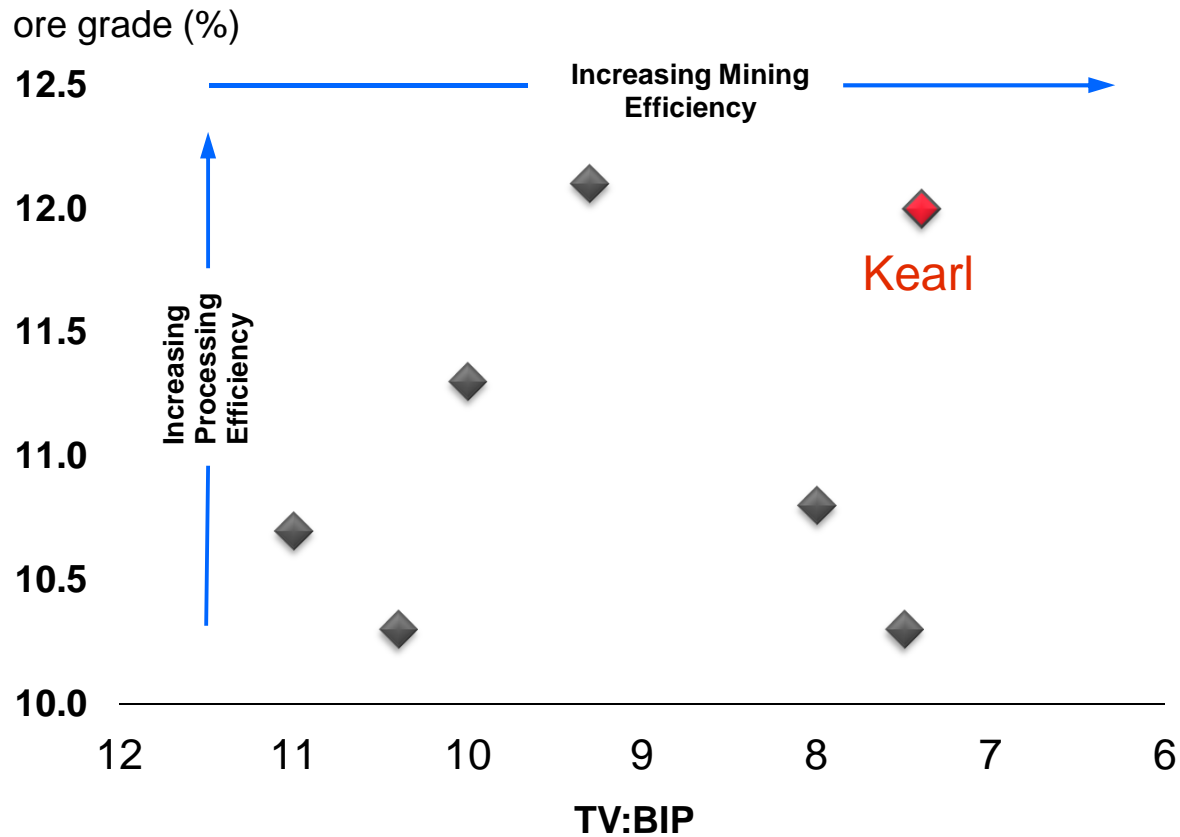


- 71% IOL, 29% ExxonMobil
- Initial development sanctioned May 2009
 - 110 kbd initially
 - Startup 4Q12
- Expansion project sanctioned Dec 2011
 - 110 kbd initially
 - Startup 4Q15
- Full capacity achieved by 2020 after
 - Mine train added
 - Processing plants debottlenecked

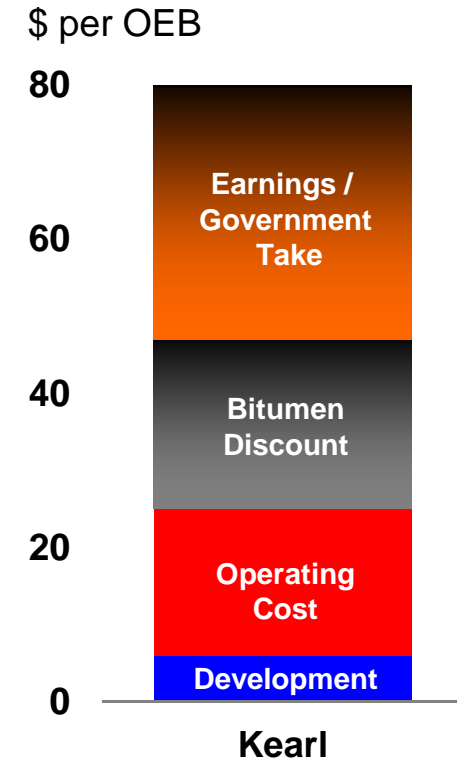
Kearl – a lasting unit cost advantage

One of the best undeveloped mining resources

Athabasca undeveloped mining resources



Revenue components*

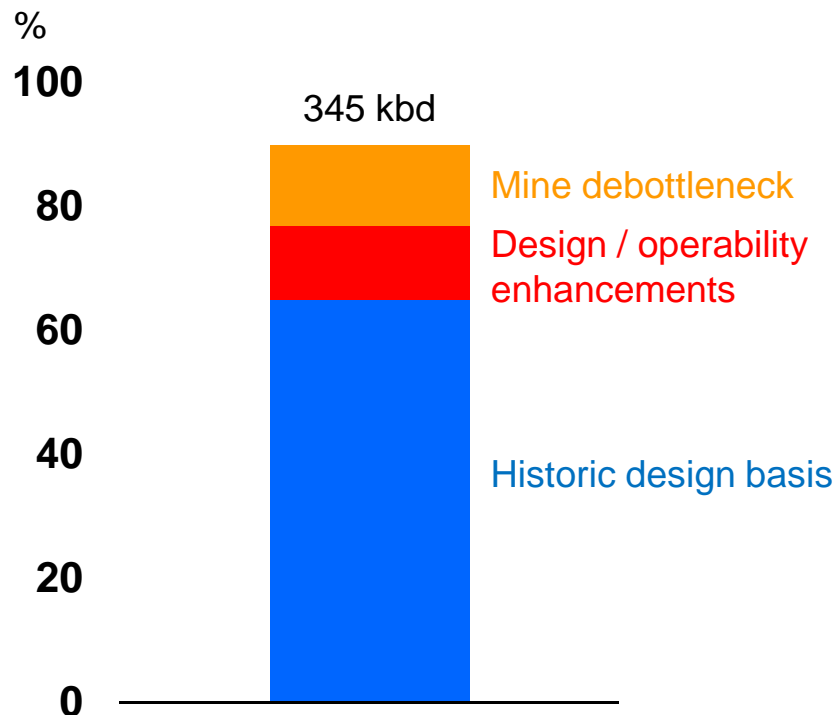


* source: Wood MacKenzie
2010 oil price

Kearl reliability

Pre-investment to enhance system availability

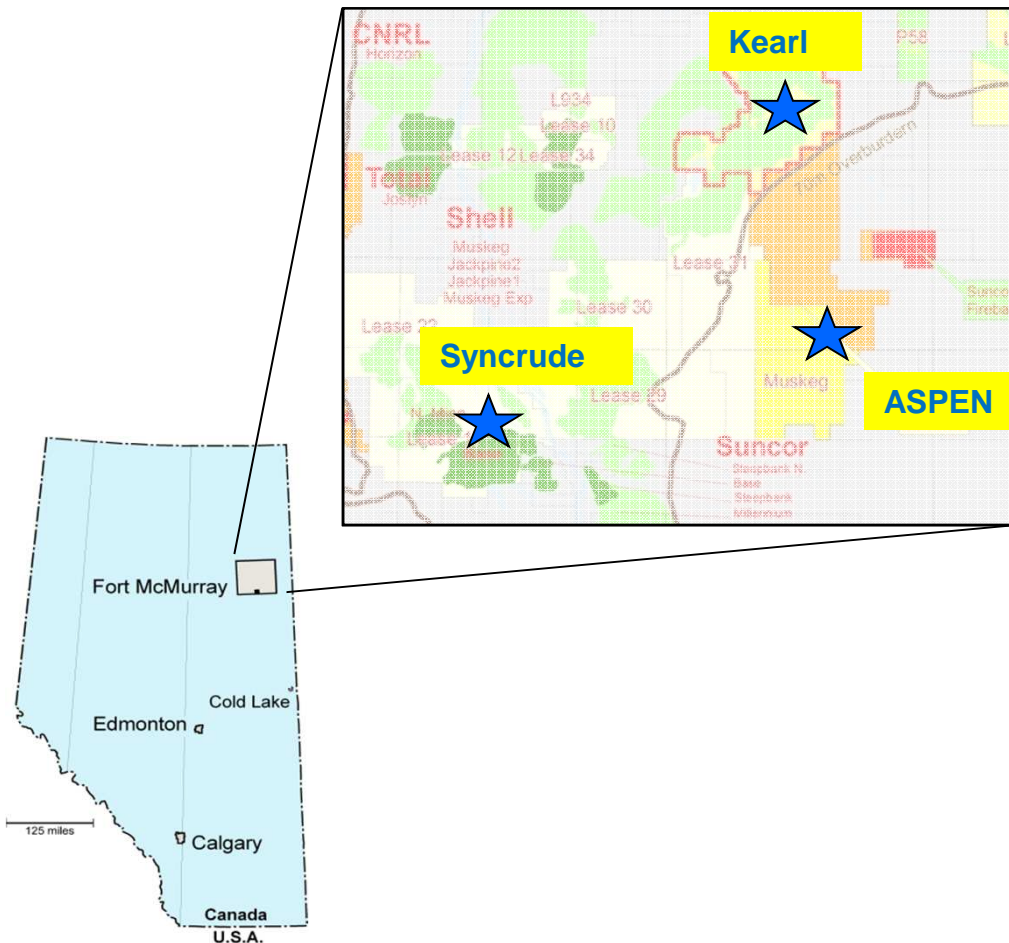
Kearl Availability



- Design and operability enhancements
 - Dual hydro-transport lines with peak 60 percent utilization each
 - Increased flow assurance reliability with enhanced heat tracing
 - Facility enhancements to mitigate grid power outage and re-start capabilities
 - Twin tailings lines permit continuous operation while one line is being maintained
- Future mine debottleneck further increases system availability

Aspen – the next development after Kearl

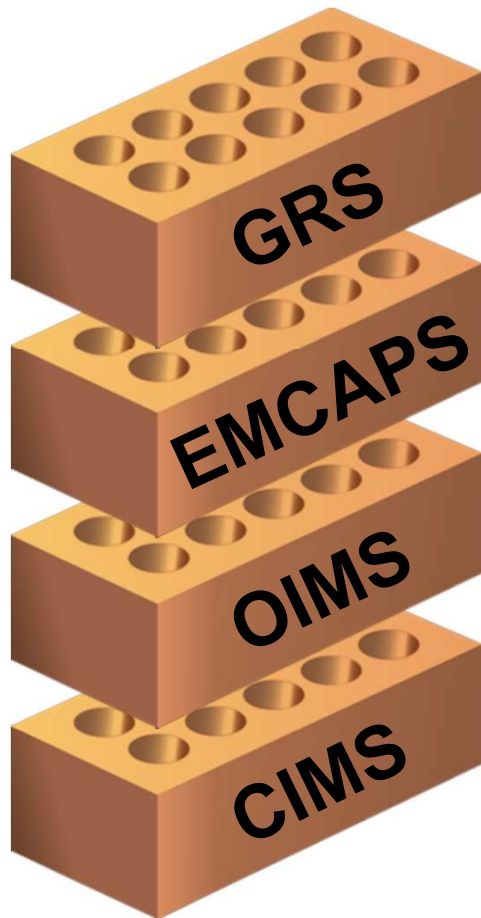
Project overview



- 52 section lease
 - 35 km south of Kearl
- 100% Imperial Oil
- High quality SAGD resource
 - SA-SAGD potential
- Development plan:
 - 80 kbd phased
 - End of decade production

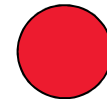
Syncrude – many areas targeted for improvement

Building a foundation based on Global Managing Systems & Best Practices

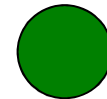


Reliability

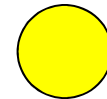
Status



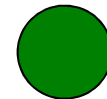
Project Management



Safety, Health & Environmental Risk

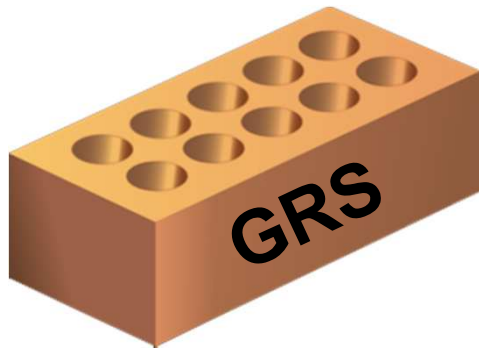


Financial Risk

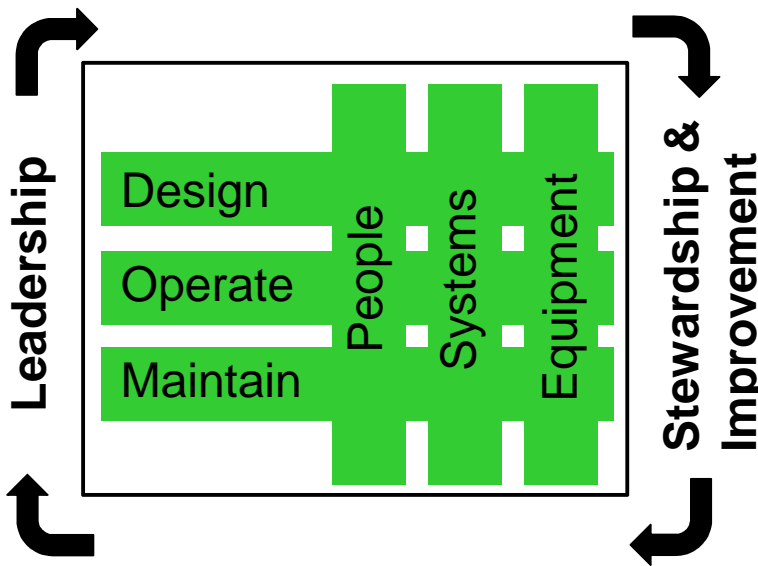


Syncrude – many areas targeted for improvement

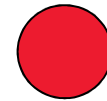
Improving reliability is a long term commitment



Reliability

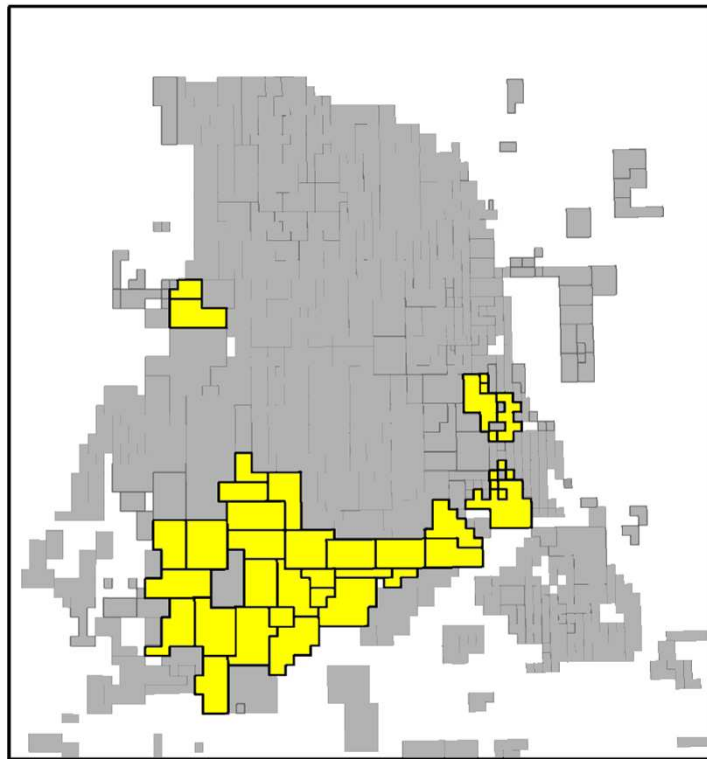


Status



B.C. – unconventional shale gas

Horn River, British Columbia 340,000 net acres with ExxonMobil



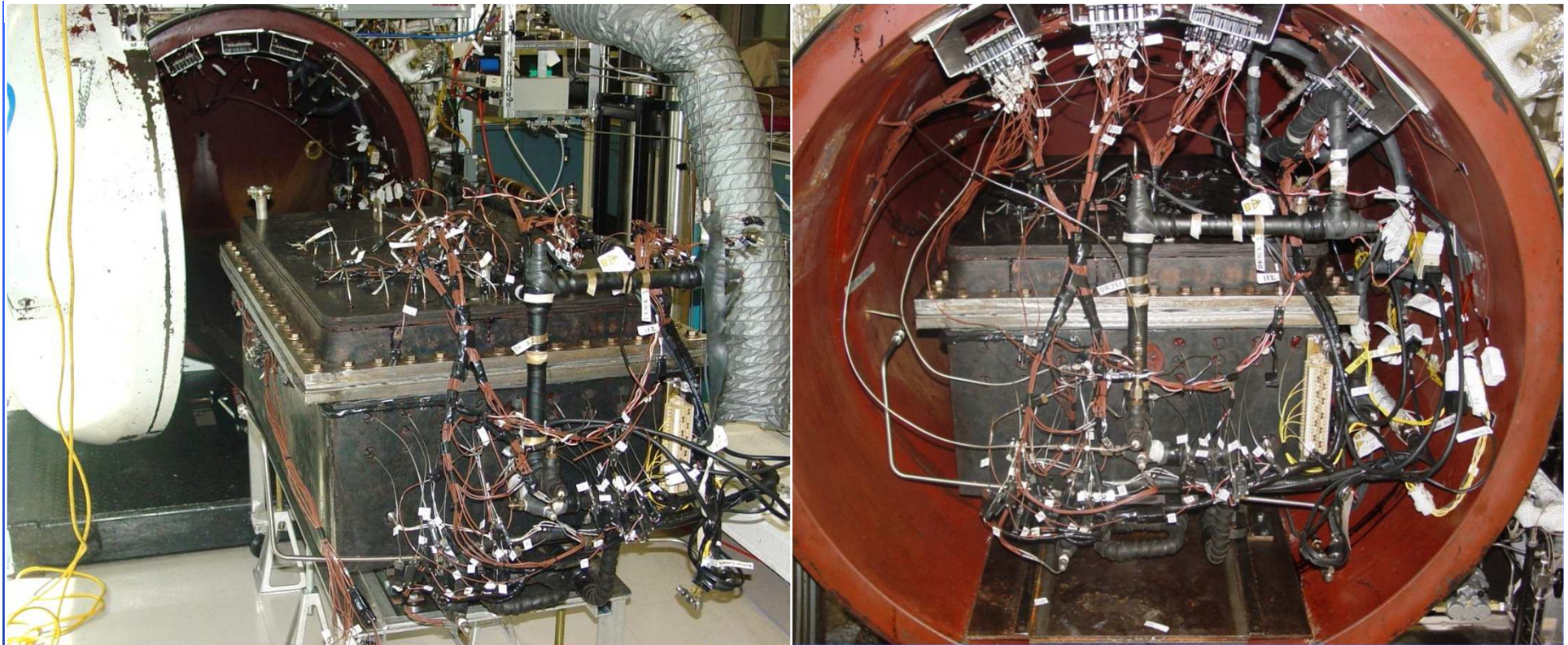
■ Imperial Oil / ExxonMobil

- Pilot field work underway
- Objective: full field business case
 - Demonstrate well productivity
 - Provide cost confidence
 - Assess well spacing
- Scope
 - Central pad, 8 multi-frac wells
 - Pipeline to third party infrastructure
 - Start-up 2H12; 30 mcf/d
- Assessing LNG market for full development

Imperial Oil



BREAK

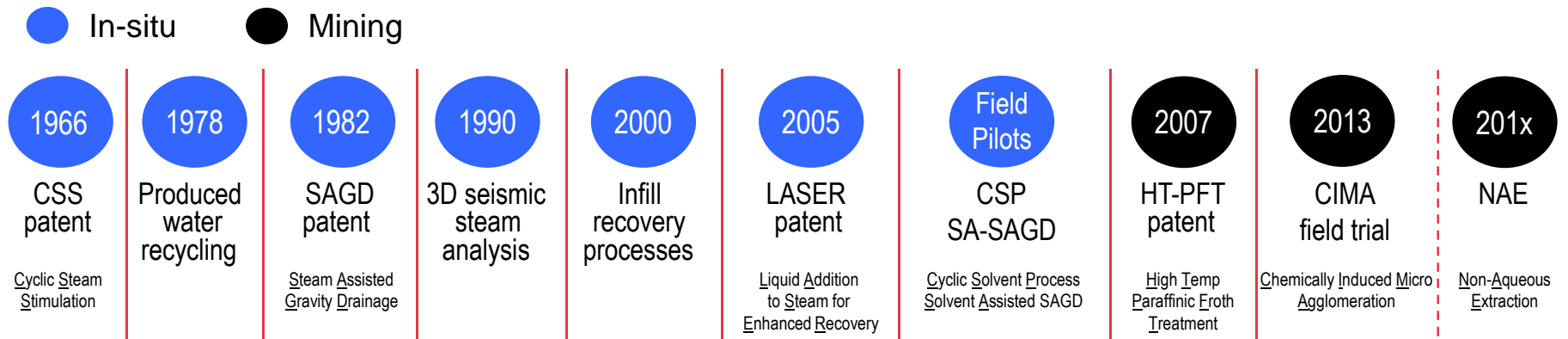


Technology Leadership

Bruce March

Oil sands – technical leadership

Over half a century of innovation and unmatched research capability

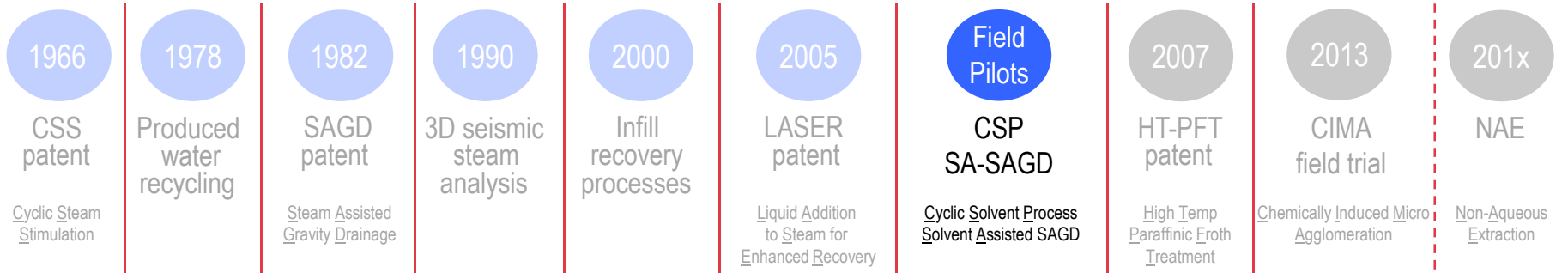


- Imperial Oil and ExxonMobil
 - Over \$1B of research annually
 - More than 2,000 work-years of heavy oil research
 - Invented and patented the two most commercially successful heavy oil in-situ recovery technologies; CSS and SAGD
 - 17 additional patents granted in 2011

Oil sands – technical leadership

50+ years of innovation and unmatched research capability

● In-situ ● Mining

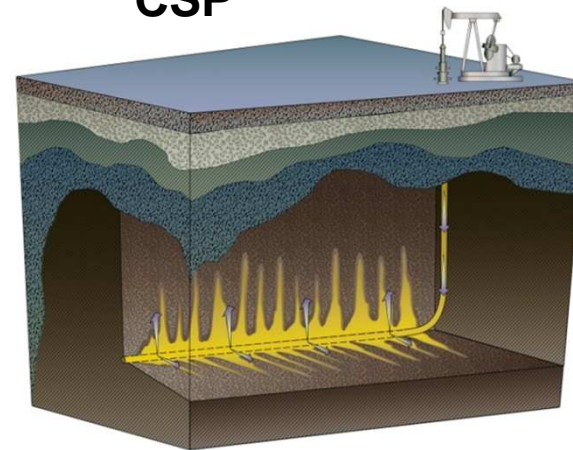


SA-SAGD



- Operational in 2010

CSP

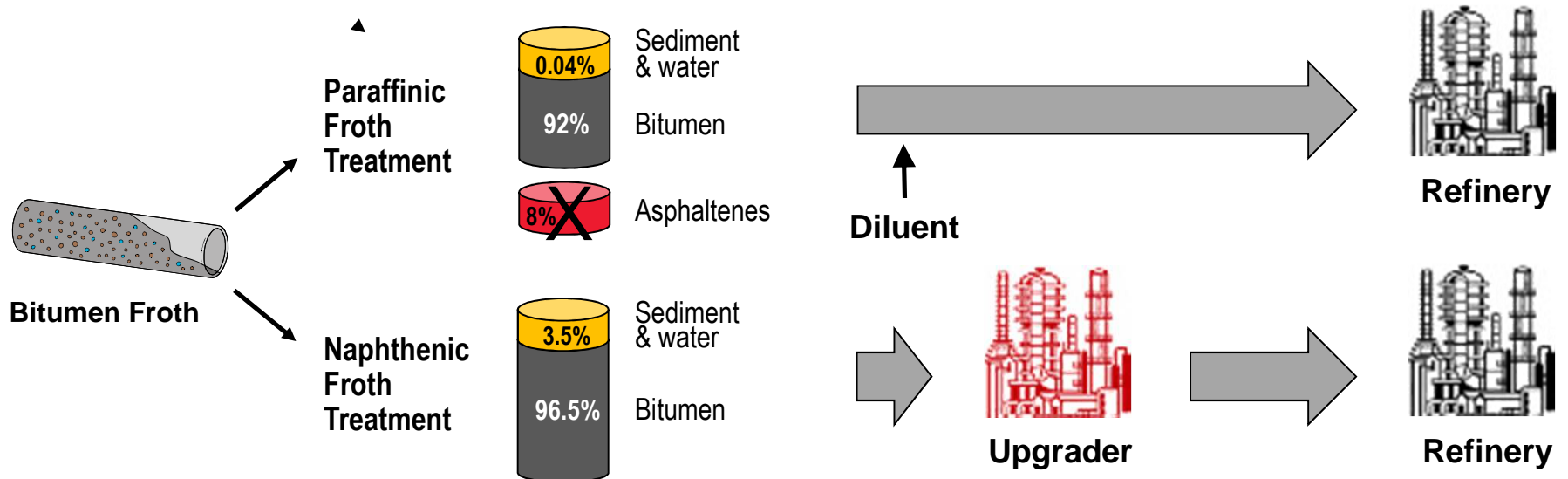
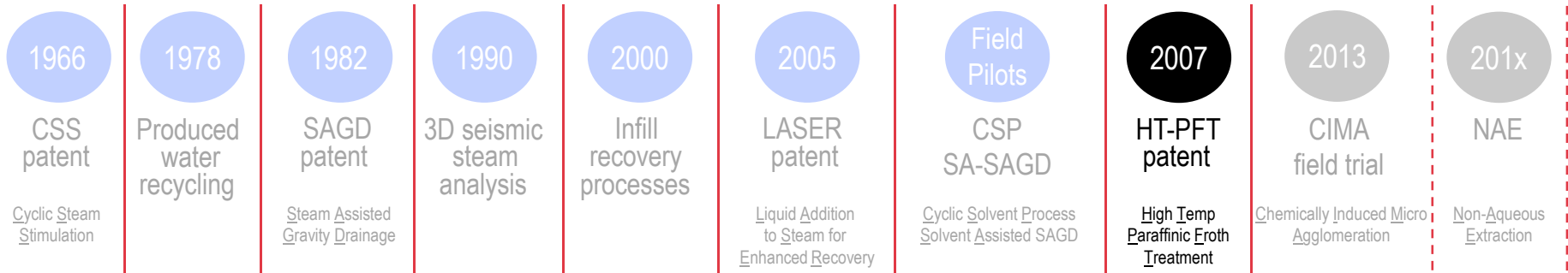


- Operational in 2013

Oil sands – technical leadership

50+ years of innovation and unmatched research capability

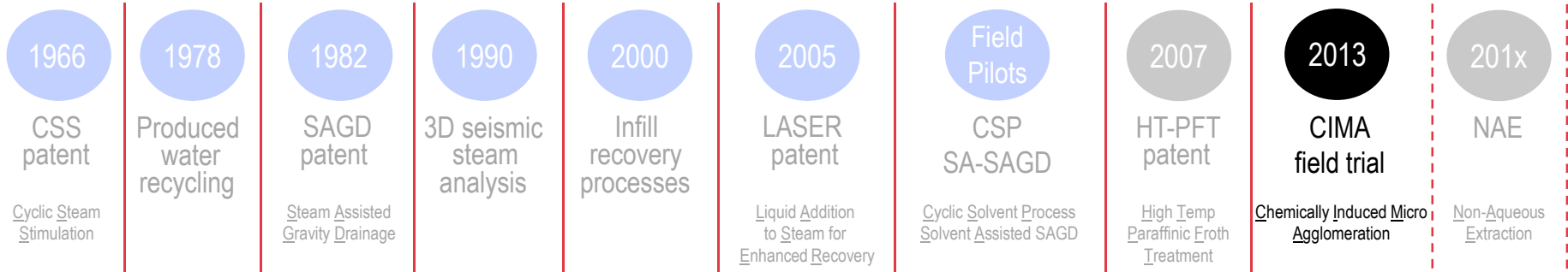
● In-situ ● Mining



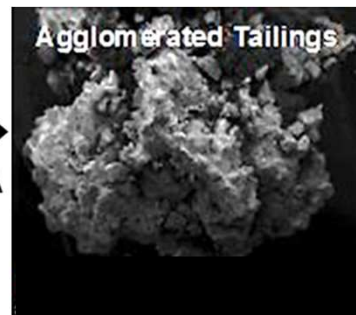
Oil sands – technical leadership

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● In-situ ● Mining



→
CIMA



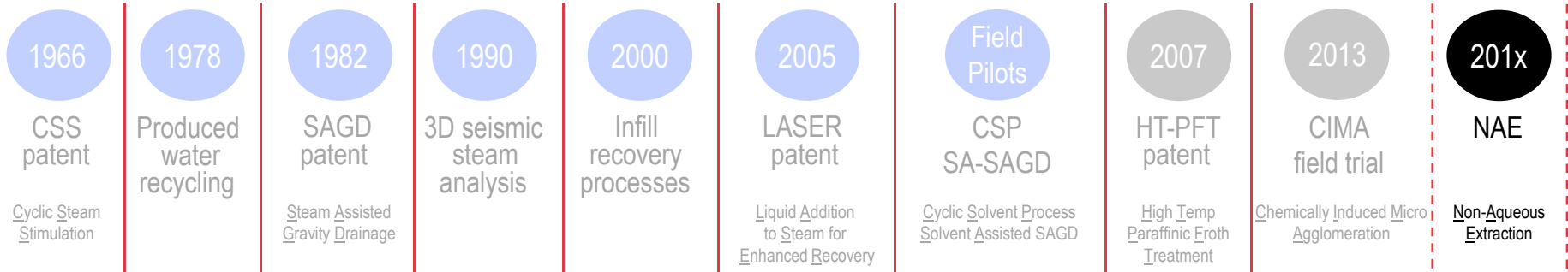
Scanning Electron Microscope Image

Flotation Tailings Deposit

Oil sands – technical leadership

50+ years of innovation and unmatched research capability

● In-situ ● Mining



Oil Sands



Bitumen



“Dry” Tailings

Tailings technologies

Tailings technology comparison of alternatives



<i>Technology</i>	Initial Capex	Opex	Chemical Use	Material Handling	Space Requirement
<i>MFT Thin lift drying</i>	Low	High	High	High	High
<i>MFT Centrifuge</i>	High	High	Medium	Medium	Low
<i>MFT Composite Tails</i>	Low	Medium	Low	Medium	Medium
<i>Flotation Tails Thickener</i>	Medium	Low	Low	Low	Medium

COSIA

An industry group formed to improve oil sands environmental performance

- 12 oil sands producers working together on environmental issues
 - Tailings, water, land, and greenhouse gas emissions
 - Accelerate the pace and scope of environmental innovation
- Build on the successes achieved by earlier collaborative groups
 - Canadian Oil Sands Network for Research and Development (CONRAD)
 - Oil Sands Leadership Initiative (OSLI)
 - Oil Sands Tailings Consortium (OSTC)



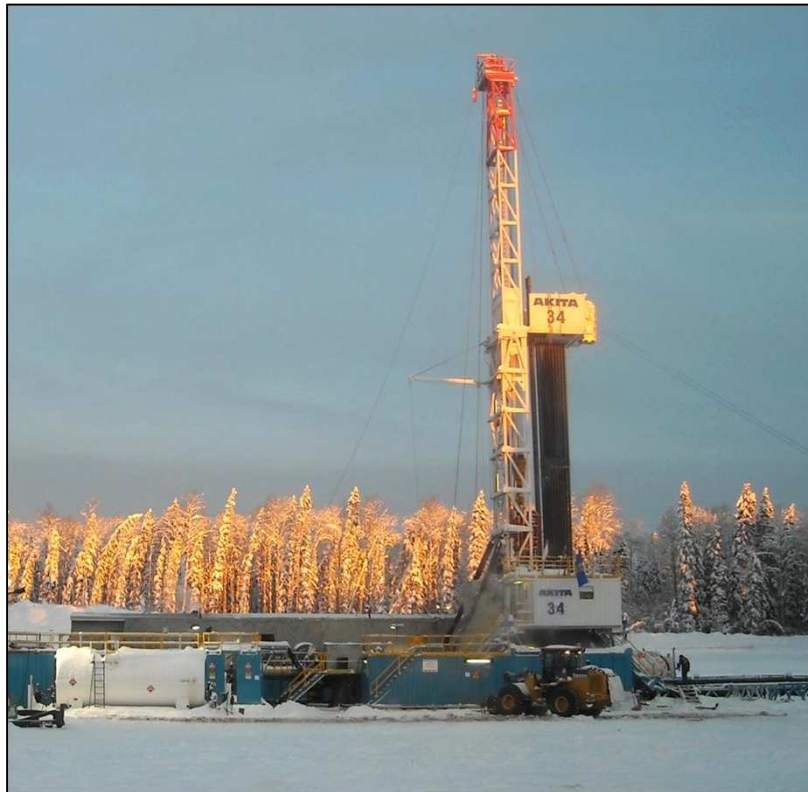


North American Downstream & Chemicals Businesses

Bruce March

North American shale gas

Upstream developments are driving downstream & chemical opportunities



- Natural gas prices to remain low
 - Arbitrage opportunities for LNG, NGVs
- Ethane supply growth
 - Advantaged feedstock for ethylene producers

North American tight oil

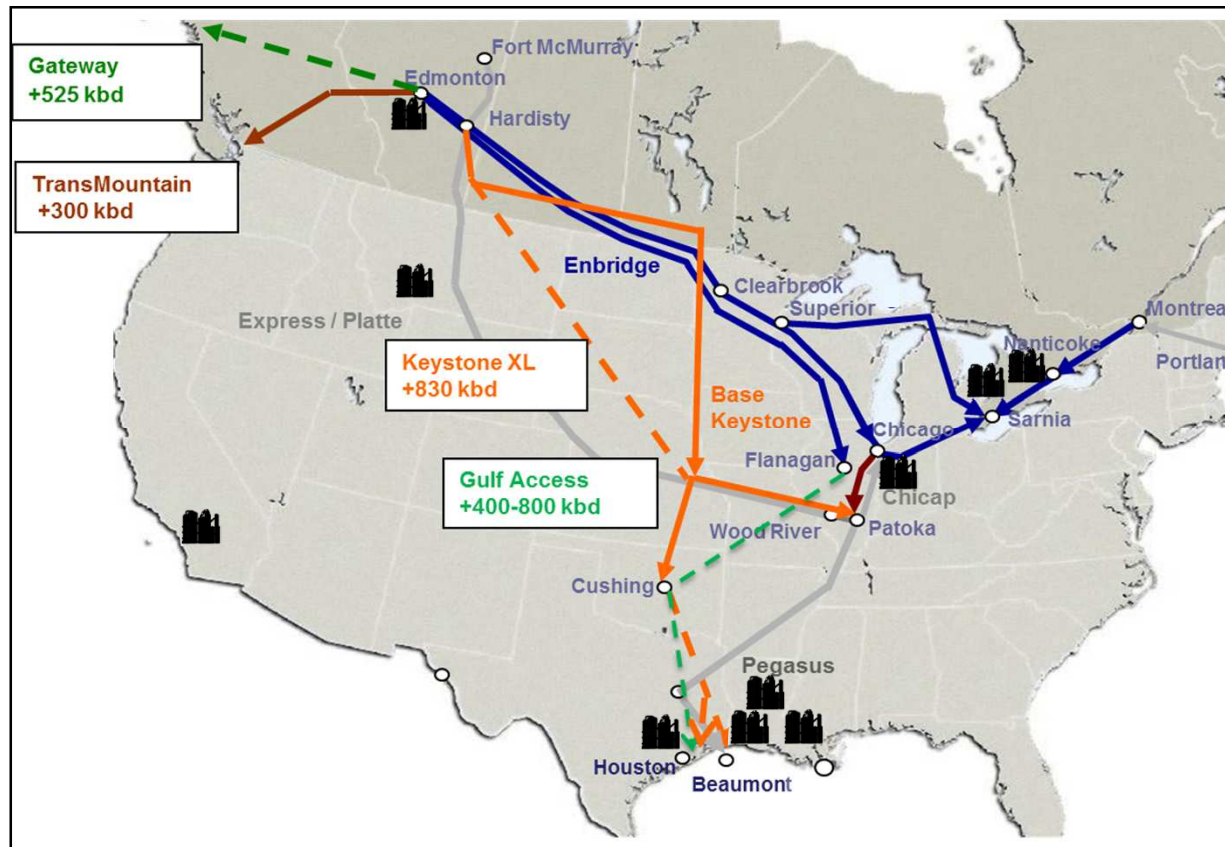
Upstream developments are driving downstream opportunities



- Growing supply of mid-continent tight oil
 - Volatile WTI-Brent differentials
 - High utilization of complex refining but not deep resid conversion
 - Supports export of gasoline and diesel
- With pipelines, Canadian oil sands meets demand growth for deep conversion capacity in PADD II, III

Kearl transportation

Upstream / downstream integration provides value uplift for Kearl



- Research support to determine Kearl refining parameters
- Plan to sell KID* volumes to equity refineries and 3rd parties
- Current pipeline network can handle KID volumes
- Additional takeaway capacity required for KEP*
- Pipeline industry advancing export options

 Imperial, ExxonMobil refineries

* KID: Kearl Initial Development

KEP: Kearl Expansion Project



Financial Performance & Discipline

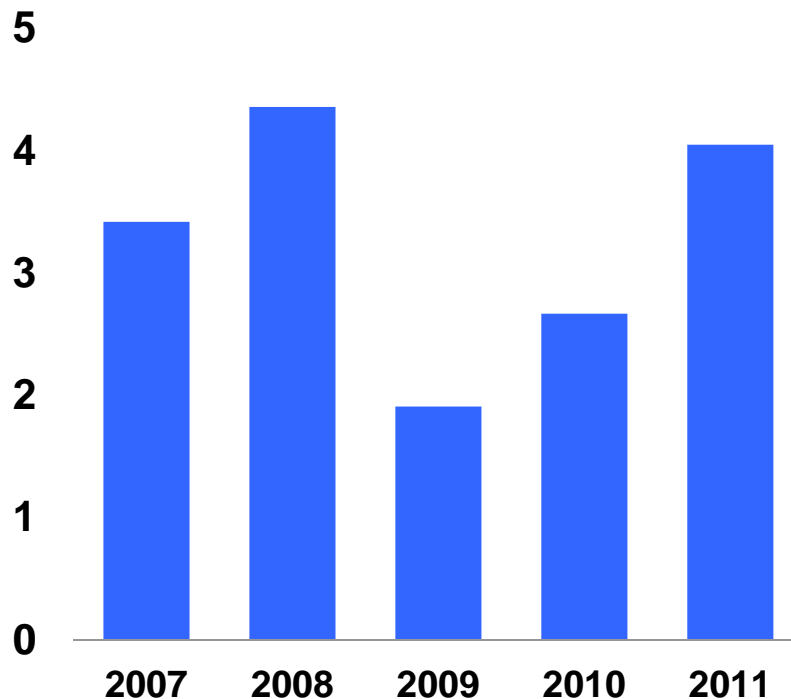
Paul Masschelin

Solid financial performance

Integrated strength reflected in 2011 results

Net income per share (diluted basis)

\$/share



	2011
EAT (\$ millions)	3,371
EAT (\$ per share)	3.95
ROCE (%)	25.4
Gross Production* (koebpd)	297
Cash flow (\$ millions)	4,489
Investments (\$ millions)	4,066

* before royalties

Upstream business results

Operational excellence in base business while advancing future growth



	2011
EAT (\$ millions)	2,457
ROCE (%)	22
Gross Production* (koebpd)	297
Liquids Production* (kbd)	255
Oil sands production* (kbd)	232
Investments (\$ millions)	3,880

Strategy: double production by 2020

* before royalties

Downstream business results

Strong results in a challenging market



	2011
EAT (\$ millions)	884
ROCE (%)	29
Refinery throughput (kbd)	430
Net petroleum product sales (kbd)	447
Investments (\$ millions)	166

Strategy: leverage existing asset base, generate cash

Chemical business results

Anchored by a world class polyethylene plant with advantaged feedstock



	2011
EAT (\$ millions)	122
ROCE (%)	59
Petrochemical sales (kT)	1,016

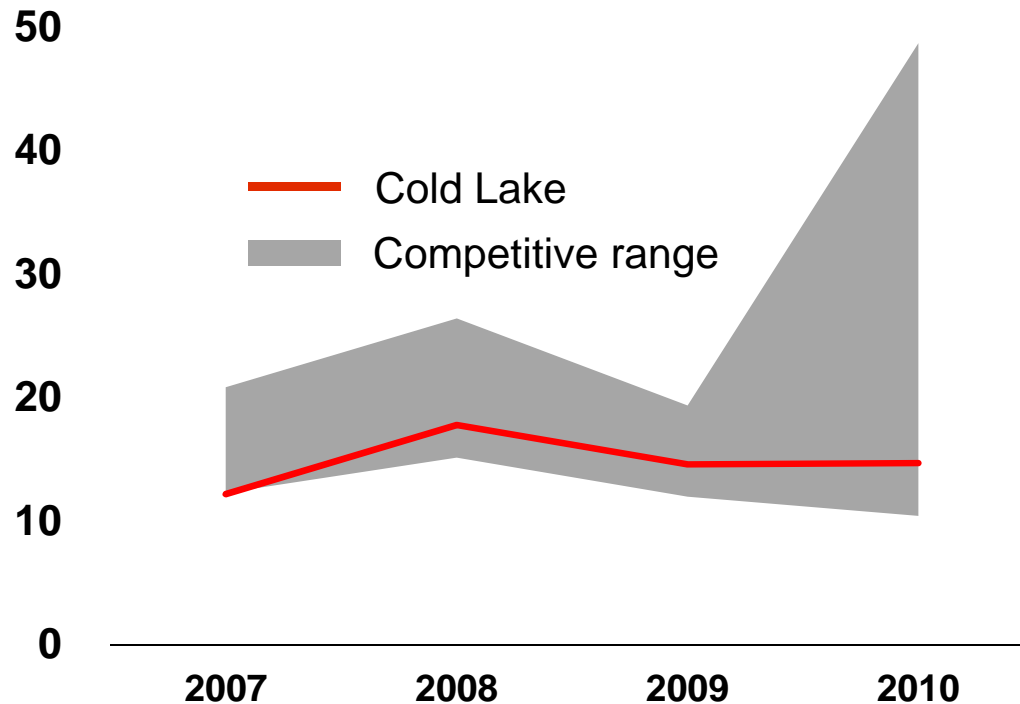
Strategy: optimize feedstock advantage (e.g. refinery & Marcellus ethane supply)

Operations excellence – operating costs

Cold Lake continues to have very competitive operating costs

SAGD & CSS Operating Costs*

C\$/bbl



- > 25 years of commercial operation and >1B bbls produced
- Costs remain competitive with technology advances

* source: FirstEnergy Capital Corp., Company Disclosures, January 27, 2012

2012 significant operating events

Higher than average maintenance planned for the 2nd quarter of 2012



Syncrude

- Coker 8-3

Strathcona refinery

- FCC*/Alkylation; 40 days

Sarnia refinery

- FCC*; 50 days

Cold Lake

- Mahkeses Cogen

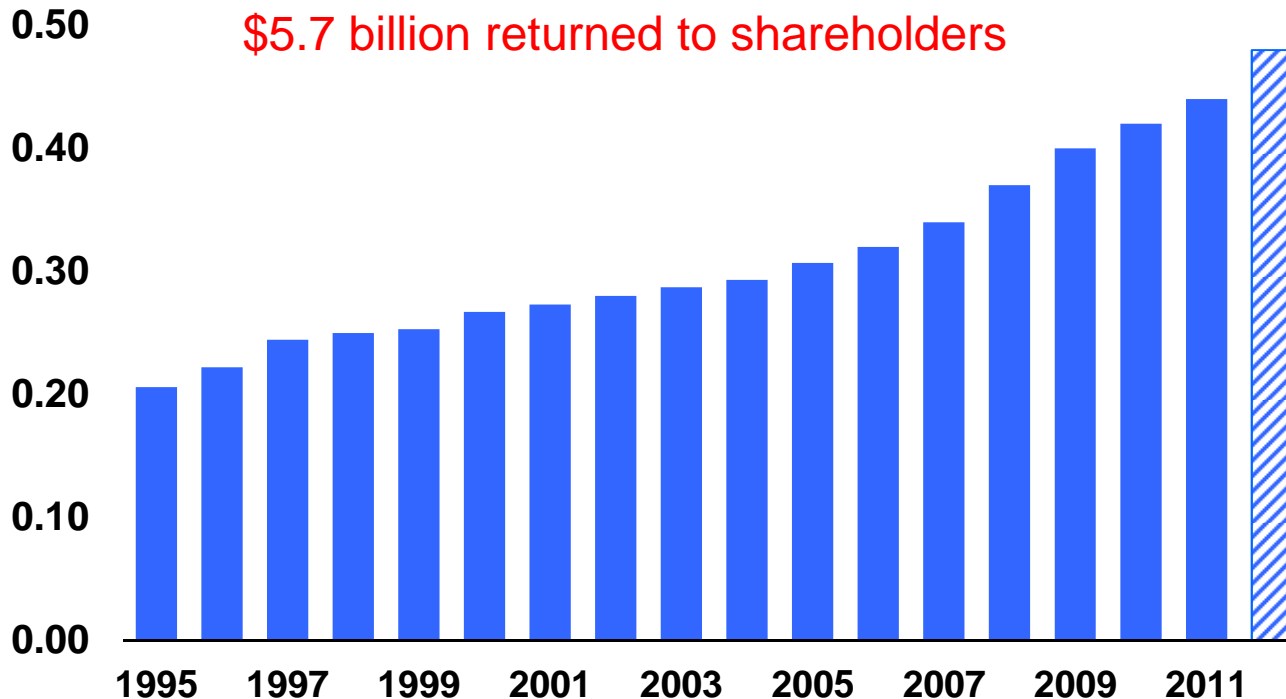
* Fluidized-bed Catalytic Cracker

Uninterrupted dividends since 1891

Per share dividend payments have increased every year for last 17 years

Annual paid dividends per share*

\$/share



- Dividends per share have increased 50% since 2006

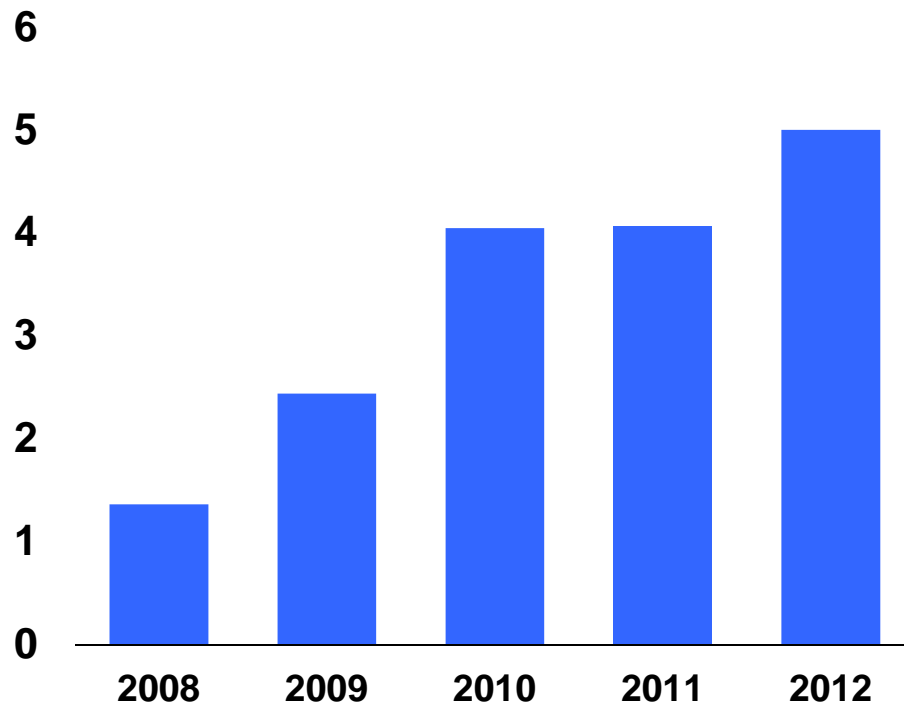
* payments during calendar year from 1995-2011 adjusted for 3:1 share splits in 1998 and 2006

Financial strength enables growth

Spending plans of \$35 – 40 billion this decade on upstream growth

Capital and exploration expense

\$ billions



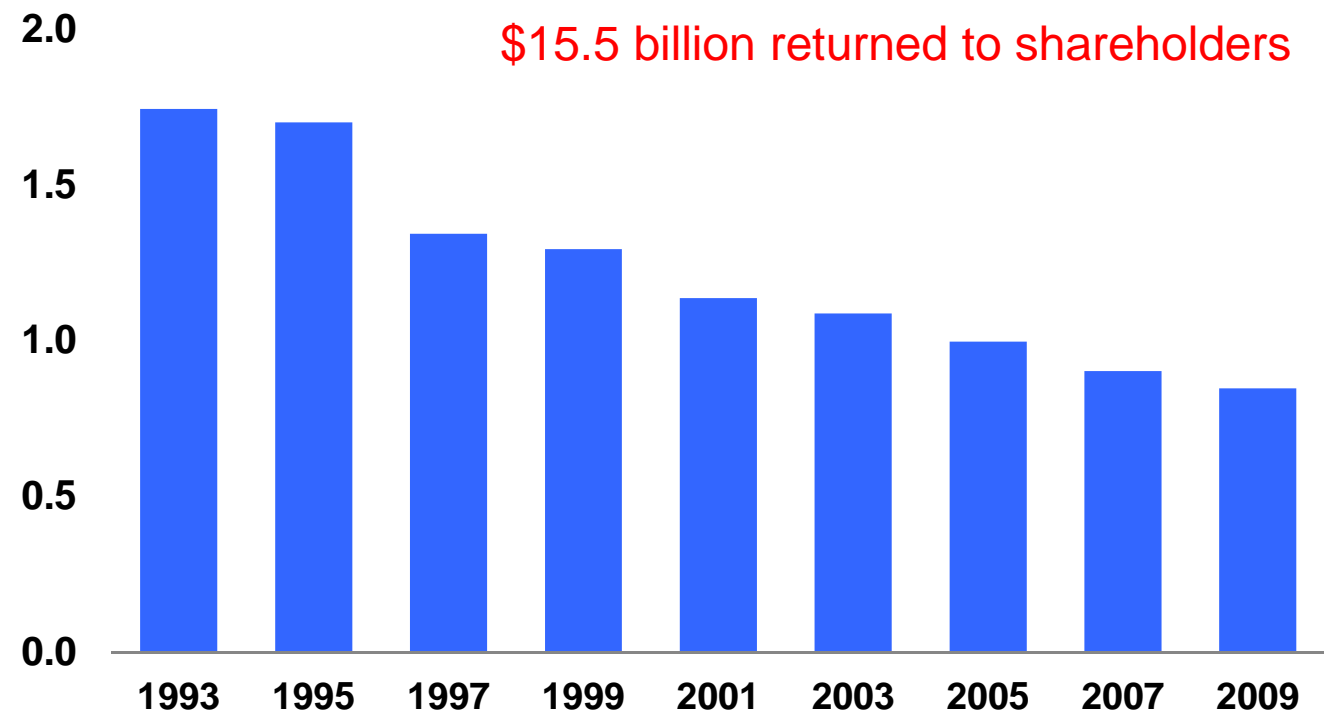
- AAA balance sheet supports
 - Business cycle resilience
 - Pursuit of opportunities

A history of share buybacks

51% of shares bought back from 1995 to 2009

Shares Outstanding*

billions

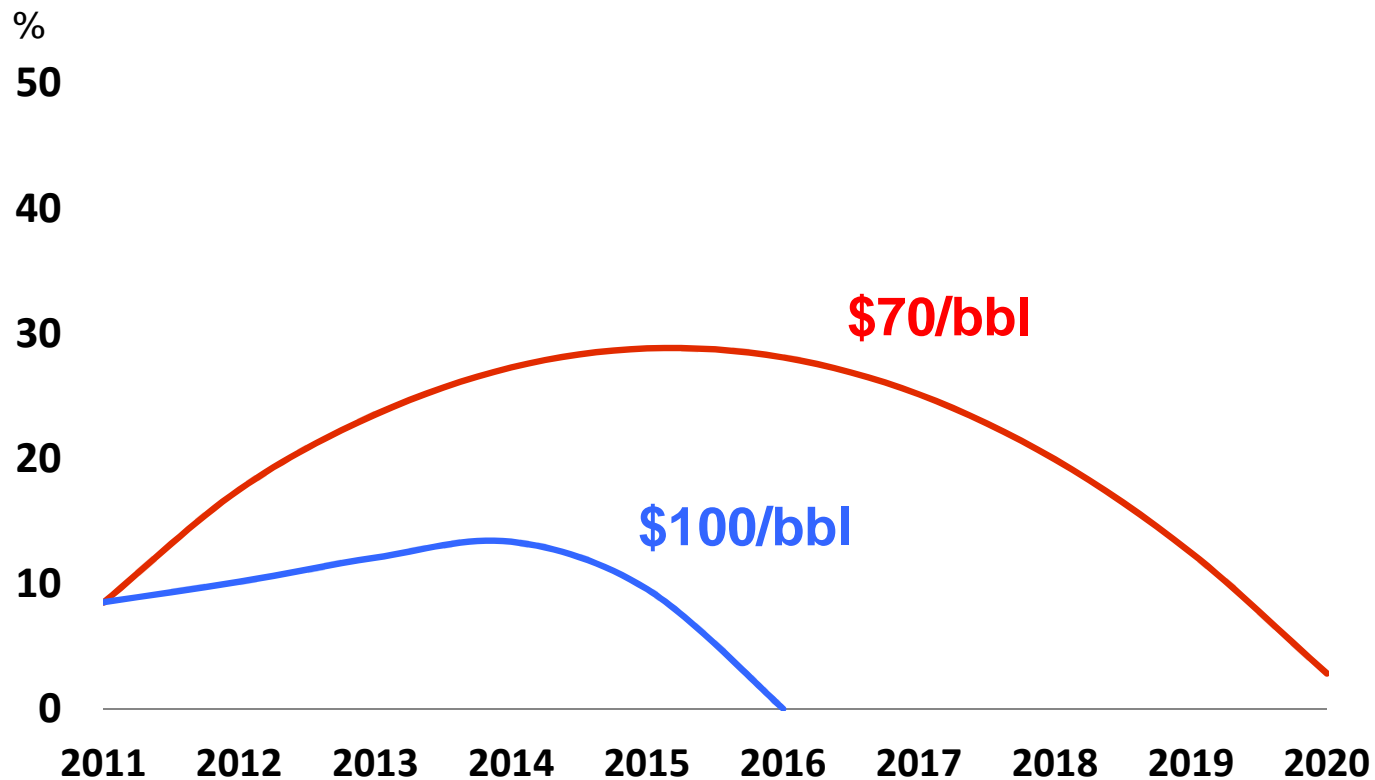


* shares outstanding as of Dec. 31 and adjusted for 3:1 share splits in 1998 and 2006

Sustained financial discipline

Balance sheet remains strong throughout growth cycle

Debt to capital





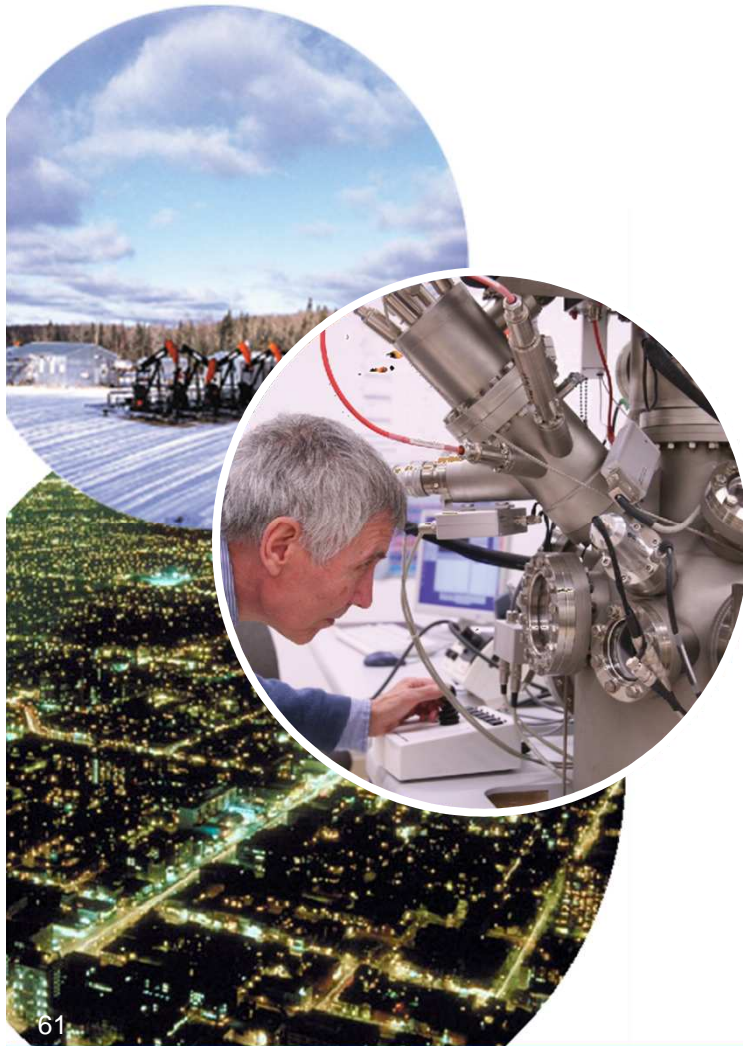
The Competitive Advantage

Bruce March

Imperial Oil – the competitive advantage

An investor in Imperial acquires an unmatched set of qualities

- Track record maximizing shareholder value
- Premier portfolio of assets
- High growth trajectory
 - Double production by 2020
- Technology leader & superior operator
- Exemplary financial strength and discipline
- Low country risk



For more information
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