

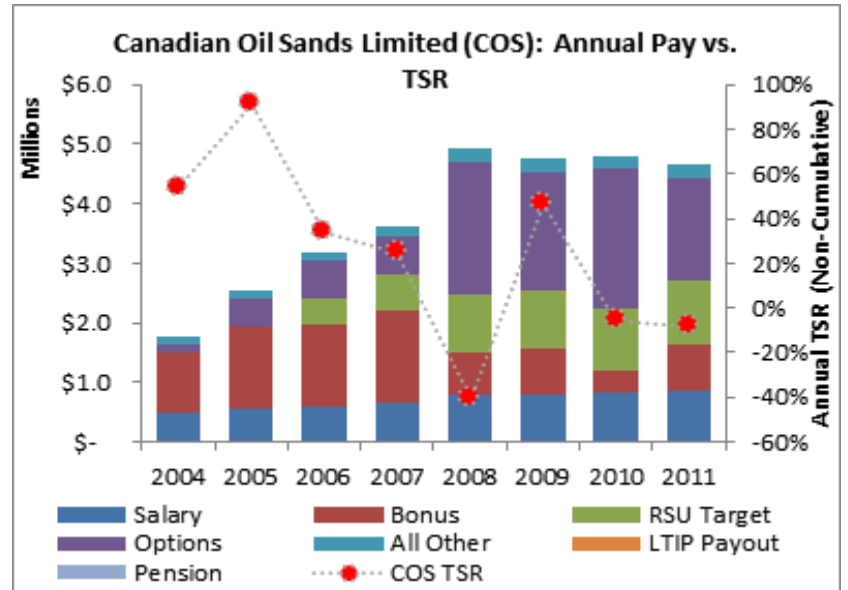
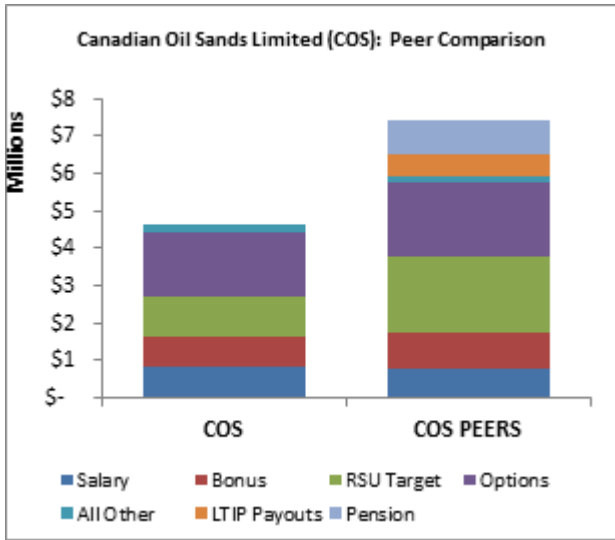
Canadian Oil Sands Limited (COS): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 3	4 YEAR = 2	6 YEAR = 7	8 YEAR = 8	TOTAL: 20/24

COS was among the very best in our 2011 Pay for Performance Scores, achieving very close alignment between CEO pay and TSR in all observation periods. COS shareholders have enjoyed a robust 235% return since 2004. In 2008, half way through our observation period, COS shifted its compensation mix to focus more on options and less on annual bonus, resulting in an overall average increase in total CEO pay. 35% of the CEO's bonus is based on achievement of TSR targets, and option/PSU grants are also based on financial performance.

In 2011, COS ranked first in its 11-firm peer group in both ROE and ROA, and 7th in TSR. **As a result of strong operational performance, CEO bonus increased significantly over 2010. However, option grants were reduced sufficiently to lower year-over-year total CEO pay, thus ensuring ongoing alignment with TSR.**

We would also like to note that PSU grants from 2008 did not meet their 3-year performance targets, resulting in \$0 in payouts in 2011.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:AGU	Agrium Inc.
TSE:ATH	Athabasca Oil Corp.
TSE:CCO	Cameco Corporation
TSE:ERF	Enerplus Corporation
TSE:MEG	MEG Energy Corp.
TSE:ARX	ARC Resources Ltd.
TSE:BTE	Baytex Energy Corporation
TSE:CVE	Cenovus Energy Inc.
TSE:TCK.B	Teck Resources Limited
TSE:IMO	Imperial Oil Limited

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:BTE	27.9%	TSE:IMMO	27.2%	TSE:CCO	13.3%
2	TSE:IMO	12.9%	TSE:IMMO	25.3%	TSE:IMMO	13.3%
3	TSE:CVE	4.1%	TSE:AGU	20.6%	TSE:AGU	10.1%
4	TSE:ARX	3.6%	TSE:BTE	18.0%	TSE:BTE	8.9%
5	TSE:MEG	-8.6%	TSE:CVE	15.7%	TSE:TCK.B	7.8%
6	TSE:ERF	-9.9%	TSE:TCK.B	15.1%	TSE:CVE	6.7%
7	TSE:COS	-14.1%	TSE:CCO	9.2%	TSE:CCO	5.8%
8	TSE:ATH	-17.2%	TSE:ARX	9.1%	TSE:ARX	5.4%
9	TSE:AGU	-25.0%	TSE:ATH	4.5%	TSE:ATH	3.6%
10	TSE:TCK.B	-40.8%	TSE:ERF	3.3%	TSE:ERF	1.9%
11	TSE:CCO	-53.5%	TSE:MEG	1.6%	TSE:MEG	1.0%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:TCK.B	\$10,800,418	TSE:AGU	\$1,395,066	TSE:AGU	\$2,318,426	TSE:AGU	\$3,713,492	TSE:TCK.B	\$7,353,750
2	TSE:CVE	\$10,066,000	TSE:TCK.B	\$1,350,000	TSE:CVE	\$2,165,625	TSE:CVE	\$3,234,375	TSE:AGU	\$5,342,841
3	TSE:AGU	\$9,940,850	TSE:CVE	\$1,068,750	TSE:TCK.B	\$1,451,900	TSE:TCK.B	\$2,801,900	TSE:CCO	\$5,123,050
4	TSE:CCO	\$7,351,250	TSE:CCO	\$970,000	TSE:ARX	\$850,000	TSE:CCO	\$1,732,000	TSE:CVE	\$4,821,640
5	TSE:COS	\$4,657,824	TSE:COS	\$855,000	TSE:COS	\$784,600	TSE:COS	\$1,639,600	TSE:COS	\$2,795,924
6	TSE:BTE	\$4,616,660	TSE:ARX	\$550,000	TSE:CCO	\$762,000	TSE:ARX	\$1,400,000	TSE:BTE	\$2,700,600
7	TSE:IMO	\$4,348,470	TSE:ERF	\$545,833	TSE:BTE	\$600,000	TSE:BTE	\$1,100,000	TSE:IMO	\$2,192,320
8	TSE:ERF	\$3,307,924	TSE:IMO	\$524,223	TSE:MEG	\$496,374	TSE:ERF	\$1,015,833	TSE:ERF	\$2,048,876
9	TSE:ARX	\$3,036,135	TSE:BTE	\$500,000	TSE:ERF	\$470,000	TSE:MEG	\$991,074	TSE:MEG	\$1,666,242
10	TSE:MEG	\$2,676,196	TSE:MEG	\$494,700	TSE:ATH	\$450,000	TSE:IMO	\$886,827	TSE:ARX	\$1,588,585
11	TSE:ATH	\$1,757,623	TSE:ATH	\$350,000	TSE:IMO	\$362,604	TSE:ATH	\$800,000	TSE:ATH	\$883,060

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

