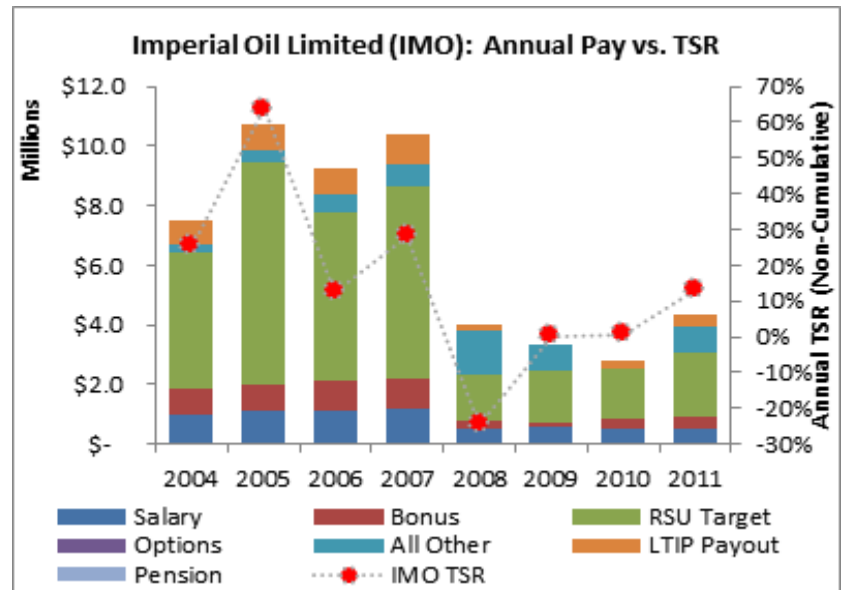
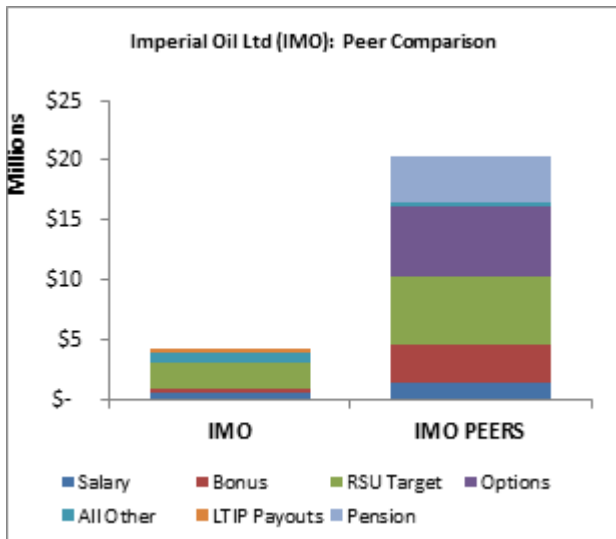


Imperial Oil Ltd (IMO): 2004-2011 Pay for Performance

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

Upon the appointment of Mr. March as CEO in 2008, IMO's annual CEO pay has been significantly lower than in previous years. Because our observation period is split in two by Mr. Hearn's and Mr. March's tenures as CEO, our 6- and 8-year CEO pay change observations are strongly affected by the shift in pay behaviour. As a result, IMO's relatively low Pay for Performance Score of 8 out of 24 should be taken with the understanding that it is influenced by this regime change.

In 2011, IMO ranked last out of 9 peers in the dollar value of Total pay, as well as cash and equity pay individually. This was in a year when IMO ranked 4th out of 9 in TSR and 2nd out of 9 in both ROE and ROA. **IMO investors had suffered three negative and/or flat years since the 2008 crisis, but 2011 saw TSR rebound to 13%, while CEO pay only increased marginally due to fluctuations in dividend equivalent payments on RSU.**



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:BCE	BCE Inc.
NYSE:CVX	Chevron (Canada)
NYSE:IBM	IBM (Canada)
NYSE:PG	Procter & Gamble Inc
NYSE:COP	ConocoPhillips (Canada)
TSE:TLM	Talisman Energy inc.
TSE:SU	Suncor Energy Inc
TSE:CVE	Cenovus Energy Inc.

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NYSE:IBM	27.4%	NYSE:IBM	78.7%	NYSE:IBM	14.0%
2	TSE:BCE	26.7%	TSE:IMO	25.3%	TSE:IMO	13.3%
3	NYSE:CVX	20.2%	NYSE:CVX	22.2%	NYSE:CVX	12.9%
4	TSE:IMO	12.9%	TSE:BCE	20.8%	NYSE:COP	8.1%
5	NYSE:COP	12.1%	NYSE:COP	19.1%	NYSE:PG	7.1%
6	TSE:CVE	4.1%	TSE:CVE	15.7%	TSE:CVE	6.7%
7	NYSE:PG	-1.6%	NYSE:PG	15.0%	TSE:SU	5.8%
8	TSE:SU	-22.3%	TSE:SU	11.2%	TSE:BCE	5.7%
9	TSE:TLM	-40.3%	TSE:TLM	7.6%	TSE:TLM	3.1%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:IBM	\$32,256,374	NYSE:IBM	\$1,780,325	NYSE:IBM	\$6,428,950	NYSE:IBM	\$8,209,274	NYSE:COP	\$15,407,062
2	NYSE:COP	\$29,189,969	NYSE:PG	\$1,582,511	NYSE:CVX	\$3,956,277	NYSE:CVX	\$5,509,939	NYSE:IBM	\$14,873,393
3	NYSE:CVX	\$26,346,638	NYSE:CVX	\$1,553,663	NYSE:COP	\$3,505,014	NYSE:COP	\$4,988,618	NYSE:CVX	\$13,970,128
4	NYSE:PG	\$17,696,524	TSE:SU	\$1,483,846	TSE:SU	\$3,060,000	TSE:SU	\$4,543,846	NYSE:PG	\$13,328,375
5	TSE:SU	\$17,287,193	NYSE:COP	\$1,483,604	NYSE:PG	\$2,603,230	NYSE:PG	\$4,185,741	TSE:SU	\$11,621,931
6	TSE:BCE	\$10,584,951	TSE:TLM	\$1,481,077	TSE:BCE	\$2,445,313	TSE:BCE	\$3,695,313	TSE:BCE	\$6,269,514
7	TSE:CVE	\$10,066,000	TSE:BCE	\$1,250,000	TSE:CVE	\$2,165,625	TSE:CVE	\$3,234,375	TSE:TLM	\$5,749,815
8	TSE:TLM	\$9,788,028	TSE:CVE	\$1,068,750	TSE:TLM	\$1,009,690	TSE:TLM	\$2,490,767	TSE:CVE	\$4,821,640
9	TSE:IMO	\$4,348,470	TSE:IMO	\$524,223	TSE:IMO	\$362,604	TSE:IMO	\$886,827	TSE:IMO	\$2,192,320

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

