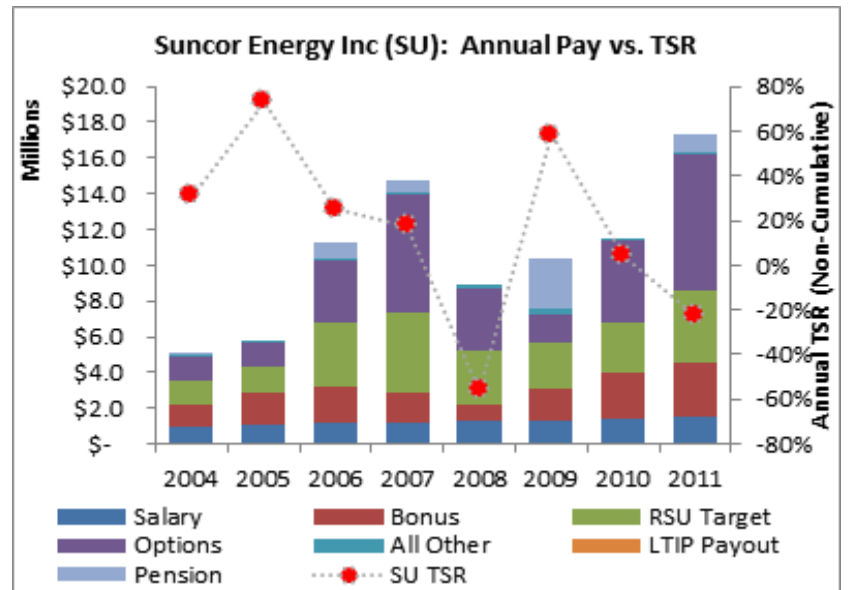
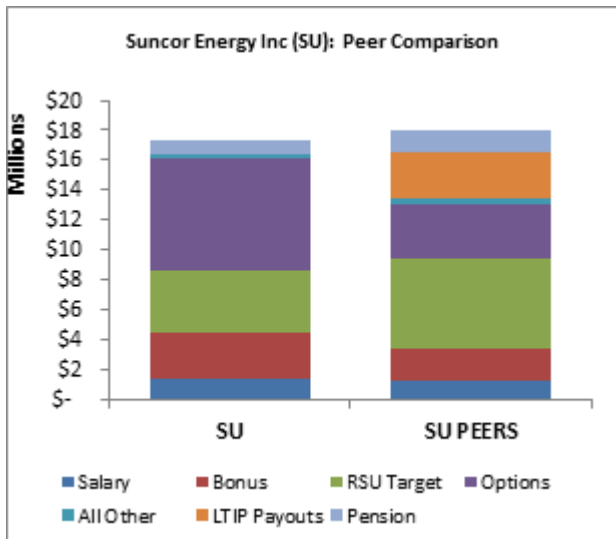


# Suncor Energy Inc (SU): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 0	4 YEAR = 0	6 YEAR = 0	8 YEAR = 8	TOTAL: 8/24

In 2011, SU's shares suffered their worst year since the Financial Crisis. The SU CEO bonus payout, based on CFFO, did not reflect this market performance. Similarly, option and PSU grant values are based on peer benchmarking, rather than performance. The median payout among peers increased in 2011, thus leading to an increase in PSU and option grant values in 2011. **Since 2008, SU's CEO pay has increased every year, while 4-year TSR was -41%. In each of our 1-, 4- and 6-year observations, SU's CEO pay has moved in the opposite direction from TSR.** This misalignment resulted in a Pay for Performance Score of 8/24.

SU's total CEO pay in 2011 ranked 3rd out of 11 peers, while TSR ranked 7th and ROE/ROA ranked 6th and 5th respectively.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:ECA	Encana Corporation
NYSE:APA	Apache Corporation
NYSE:APC	Anadarko Petroleum Corporation
TSE:CNQ	Canadian Natural Resources Limited
TSE:IMO	Imperial Oil Limited
NYSE:OXY	Occidental Petroleum Corporation
TSE:TLM	Talisman Energy Inc.
TSE:HSE	Husky Energy Inc.
NYSE:HES	Hess Corporation
NYSE:EOG	EOG Resources Inc.

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:IMO	12.9%	TSE:IMO	25.3%	TSE:IMO	13.3%
2	NYSE:EOG	8.5%	NYSE:OXY	17.6%	NYSE:OXY	11.0%
3	NYSE:APC	0.7%	NYSE:APA	16.5%	NYSE:APA	8.8%
4	NYSE:OXY	-2.6%	TSE:HSE	12.7%	TSE:HSE	6.8%
5	TSE:HSE	-3.4%	TSE:CNQ	11.5%	<b>TSE:SU</b>	<b>5.8%</b>
6	TSE:CNQ	-13.2%	<b>TSE:SU</b>	<b>11.2%</b>	TSE:CNQ	5.6%
7	<b>TSE:SU</b>	<b>-22.3%</b>	NYSE:HES	9.2%	NYSE:HES	4.7%
8	NYSE:APA	-23.6%	NYSE:EOG	8.6%	NYSE:EOG	4.4%
9	NYSE:HES	-25.3%	TSE:TLM	7.6%	TSE:TLM	3.1%
10	TSE:ECA	-33.0%	TSE:ECA	0.8%	TSE:ECA	0.4%
11	TSE:TLM	-40.3%	NYSE:APC	-14.6%	NYSE:APC	-5.1%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
#	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:OXY	\$26,299,145	NYSE:APA	\$1,730,871	NYSE:APA	\$4,698,079	NYSE:APA	\$6,428,950	NYSE:APC	\$14,430,956
2	NYSE:APC	\$23,455,584	NYSE:APC	\$1,565,488	NYSE:OXY	\$4,648,625	NYSE:OXY	\$5,901,447	NYSE:OXY	\$12,857,964
3	<b>TSE:SU</b>	<b>\$17,287,193</b>	<b>TSE:SU</b>	<b>\$1,483,846</b>	NYSE:HES	\$3,214,475	NYSE:HES	\$4,698,079	NYSE:EOG	\$11,942,956
4	NYSE:APA	\$17,159,910	NYSE:HES	\$1,483,604	NYSE:APC	\$3,093,403	NYSE:APC	\$4,658,891	<b>TSE:SU</b>	<b>\$11,621,931</b>
5	NYSE:EOG	\$14,652,555	TSE:TLM	\$1,481,077	<b>TSE:SU</b>	<b>\$3,060,000</b>	<b>TSE:SU</b>	<b>\$4,543,846</b>	NYSE:APA	\$9,941,780
6	NYSE:HES	\$14,571,152	TSE:HSE	\$1,459,625	TSE:HSE	\$2,300,000	TSE:HSE	\$3,759,625	TSE:ECA	\$7,725,580
7	TSE:ECA	\$10,364,165	TSE:ECA	\$1,399,929	NYSE:EOG	\$1,427,227	TSE:ECA	\$2,607,367	TSE:TLM	\$5,749,815
8	TSE:TLM	\$9,788,028	NYSE:OXY	\$1,252,821	TSE:ECA	\$1,207,439	TSE:TLM	\$2,490,767	NYSE:HES	\$5,648,349
9	TSE:CNQ	\$7,722,768	NYSE:EOG	\$929,725	TSE:TLM	\$1,009,690	NYSE:EOG	\$2,356,952	TSE:CNQ	\$4,860,000
10	TSE:HSE	\$7,050,398	TSE:CNQ	\$600,000	TSE:CNQ	\$500,000	TSE:CNQ	\$1,100,000	TSE:HSE	\$3,027,750
11	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

