



SUMMARY ANNUAL REPORT 2009

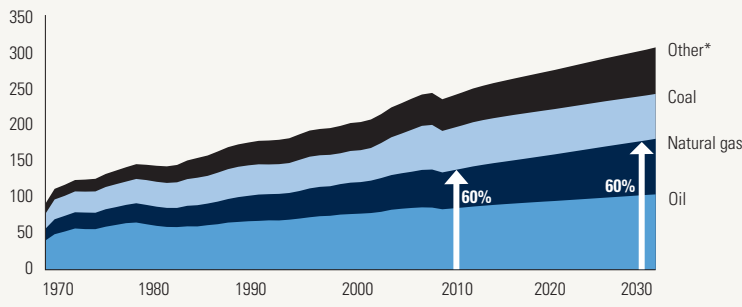
The importance of energy

ECONOMIC GROWTH AND ENERGY DEMAND ARE INTERTWINED

- Despite the current economic downturn and even with significant strides in improving energy efficiency, global energy demand is projected to be about 30 percent higher in 2030 compared to today's level.
- The vast majority of increased demand will occur in developing countries, where populations, economic activity and improvements in quality of life are growing most rapidly.
- The dual challenge is how to meet the world's growing energy needs while also reducing the impact of energy use on the environment.
- Environmentally responsible development and use of all energy resources are essential to supplying the energy – and supporting the economic growth – that Canada and the world need.
- Due to their availability, affordability and versatility, oil and natural gas will continue to supply about 60 percent of the world's energy needs over the outlook period.
- Supplying increasing amounts of oil and natural gas is a long-term proposition that will require access to resources, large-scale investment, and the development of new technology to tap frontier energy sources.

Oil and natural gas will continue to supply about 60 percent of the world's energy over the next two decades

World energy demand by fuel type – millions of oil-equivalent barrels a day



* Other energy sources include nuclear, hydro, biomass, wind and solar.

Forward-looking statements

This report contains forward-looking information on future production, project start-ups and future capital spending. Actual results could differ materially as a result of market conditions or changes in law, government policy, operating conditions, costs, project schedules, operating performance, demand for oil and natural gas, commercial negotiations or other technical and economic factors.

30%

In 2030, global energy demand will be about 30% higher compared to today's level.

Chairman's letter

Growing responsibly

At Imperial, our primary role is to provide energy responsibly while delivering a superior return to our shareholders. We fulfill this role by balancing environmental protection, economic growth, and social advancement.

The global recession challenged our industry as a whole and further reinforced the importance of energy to Canada's economic performance. Imperial responded to the uncertainty associated with the economic downturn by following our proven approach of focusing on those elements of the business within our control and taking a long-term view of development. Our focus on prudent financial management and disciplined capital investment enabled us to progress several key growth projects in a challenging business environment, while capitalizing on lower costs and higher productivity. This approach will continue to reward shareholders.

As a result of these challenging economic times, we generated net income of \$1.6 billion, compared to record earnings of \$3.9 billion in 2008. We distributed \$833 million to shareholders through share repurchases and dividends. Over the last five years, we have distributed more than \$10 billion to shareholders.

Despite the challenges and uncertainty, our capital and exploration investments increased to \$2.4 billion. Over the next five years, we expect to invest record amounts – more than \$20 billion – primarily directed to future growth projects to more than double Upstream production volumes by 2020.

Safety is a priority in everything we do. Our relentless pursuit of a workplace where Nobody Gets Hurt saw employees and contractors achieve best-ever safety results in 2009. This was an outcome of a significant commitment across the entire organization, and reflects Imperial's focus on operational excellence. We know that our focus on safety performance requires discipline, commitment and improving the fundamentals of day-to-day management of the business.

The Kearl oil sands project is central to our growth strategy. It will ultimately produce more than 300,000 barrels of bitumen a day before royalties, of which our share would be over 210,000 barrels. Phase one of this multi-phase, multi-billion dollar project was approved by Imperial's board of directors in May, with first oil from phase one expected in late 2012. Planning for phase two of Kearl is already underway.

As a company, we are committed to finding innovative solutions for delivering reliable and affordable energy from the oil sands in a responsible manner, building on our track record of 40 years of continuous improvement.

Imperial's Cold Lake operation produced its one billionth barrel in 2009, a reflection of our ongoing commitment to innovation. Over the last four decades, technological advancements have nearly tripled recovery rates at Cold Lake while significantly reducing fresh water use and surface land disturbance.

Aside from oil sands projects, the company is advancing a diverse portfolio of high-quality opportunities including shale gas in northeast British Columbia and natural gas and liquids from the onshore Mackenzie Delta region. In the offshore, we began an extensive data collection program to support future exploration in the Beaufort Sea, and we finalized plans for a second exploration well in the Orphan Basin off Canada's east coast.



All told, our total proved and non-proved resource base is about 15 billion oil-equivalent barrels after royalties, representing more than 150 years of production at current levels.

All of this energy will be needed. Even with significant gains in energy efficiency, the world's requirements for energy will grow by about 30 percent in the next two decades. Canada's oil sands resource will play an increasingly important role in the global supply picture.

In our Downstream and Chemical operations, we will continue to focus on the business elements within our control while overall product demand remains soft. These elements include relentlessly controlling costs, continuing to improve energy efficiency and investing in emissions reduction technology.

Our employees have delivered many Imperial Oil achievements and they are the reason the future holds much promise for the company. We have a talented workforce dedicated to continuous improvement. We're focused on research and technology development that enables us to unlock the potential of our resource base while minimizing environmental impact. Our employees have a clear vision of the business and are committed not only to their results, but also to the business ethics and standards used to achieve those results.

We believe that we can have reliable and affordable energy, a strong economy and a clean environment, and we're committed to making it happen.

Original signed by

Bruce March

Chairman, president and chief executive officer
February 26, 2010



The Imperial Oil advantage

We adhere to a proven, consistent strategy that focuses on long-term growth in shareholder value based on four corporate priorities:

- target flawless execution in everything we do
- grow profitable sales volumes
- attain best-in-class cost structures in each business
- improve the productivity of our asset mix

We are developing one of Canada's leading resource positions

responsibly and safely – balancing the need for energy and economic growth while addressing environmental risks.

We care for the environment

through responsible operations and development of resources.

We are developing new technologies

improving existing operations, unlocking energy resources, reducing environmental impacts and improving our products.

We focus on operational excellence

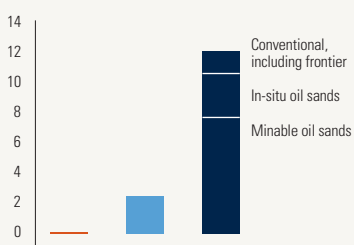
enhancing safety, environmental performance, reliability and efficiency throughout the company.

We create shareholder value

relentlessly controlling costs and generating superior long-term investment returns.

Significant resource base

billions of oil-equivalent barrels – 2009

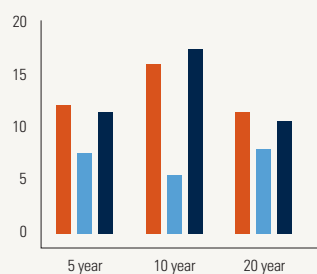


- Net production
- Proved reserves (a)
- Non-proved resources (b)

- Significant resource base of nearly 15 billion oil-equivalent barrels.
- Proved reserves life index of greater than 25 years.
- Non-proved resources of more than 12 billion oil-equivalent barrels, of which more than 10 billion barrels are oil sands.

Superior shareholder returns

percentage



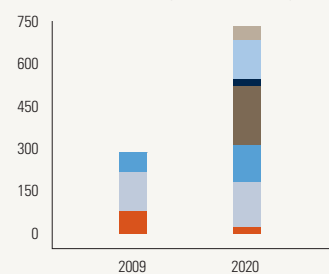
- Imperial Oil
- S&P/TSX Composite Index
- S&P/TSX Composite Energy Index

Source: Bloomberg and TMX - annualized returns to December 31, 2009

- (a) Reserves estimates based on the average first-day-of-the-month price for each month during the last 12-month period ending December 31.
- (b) 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 2009, 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. See discussion on pages 8-12 in the Upstream section for additional information on components of the contingent resource base, including undeveloped oil sands acreage and the Mackenzie natural gas project.

Resource development: building production volume

thousands of oil-equivalent barrels a day before royalties



- Conventional
- Cold Lake
- Syncrude
- Kearl
- Athabasca
- Development natural gas
- Other opportunities

Growing responsibly at Cold Lake

Our Cold Lake operation produced its one billionth barrel in October, the only in-situ operation in Canada to have achieved this milestone. This success represents 40 years of perseverance, a commitment to research and development of new technologies, and continuous improvement across every facet of the operation.

When we purchased the Cold Lake leases decades ago, the technology to produce the resource economically did not exist.

We challenged our research teams to devise new recovery technologies that would reduce costs while minimizing environmental impacts, and they responded by developing and patenting cyclic steam stimulation in 1966 and steam-assisted gravity drainage in 1982, two processes that have underpinned the development of in-situ oil sands in Canada.

To reduce costs and optimize development, our engineers designed a long-term, phased approach to growth. This was a departure from the megaproject convention of the time, but paced development provided the platform for responsible growth that continues today. It enabled us to improve every step of the way – continuously investing in research and steadily reducing the environmental footprint of our operations.

To reduce the surface footprint of the thousands of wells required for an expanding commercial operation, we developed the megapad approach. It employs multiple wells drilled from a single surface location, enabling a smaller footprint, more efficient resource recovery, reduced development costs and improved economics. Application of improvements to drilling and recovery technology for our next expansion will reduce the number of well pads required to access the resource, and as a result will reduce the associated surface disturbance by more than 40 percent.

From the outset, Imperial also recognized the need to reduce fresh water requirements. We pioneered water recycling techniques at Cold Lake, and through application of these technologies, fresh water requirements have dropped to about half a barrel for each barrel of bitumen produced. This is 88 percent less fresh water per unit of production than in the mid-1970s. Today, the operation recycles about 95 percent of the produced water that is recovered with the oil. Research and field pilots are ongoing to develop new solvent-based techniques to reduce the amount of steam required to recover the bitumen.

“Since Imperial set up operations at Cold Lake, they’ve been committed to creating a strong community with a solid economic base. We look forward to strengthening our relationship with Imperial as they grow their operation. Together we’re building a brighter future for the region.”

Craig Copeland, Mayor, Cold Lake, Alberta

Our model of continuous improvement extends to working with communities as well. Over the years we have consulted with neighbours through each phase of development, acting on their concerns and integrating that knowledge into future work. The Imperial Native Network was established with employees of Aboriginal descent to raise awareness about Aboriginal people and create stronger relationships with the region’s First Nations and Métis communities.

Cold Lake has grown to become Imperial’s largest single source of production. Technological advancements have nearly tripled recovery rates while reducing fresh water use and surface land disturbance. Our cogeneration facilities reduce carbon dioxide emissions by 40 percent compared with generating electricity from coal-fired power plants and producing steam from conventional boilers. In addition, the cost of producing a barrel of oil has been reduced by about one-third. Looking to the future, Imperial’s research effort continues with pilot operations that are testing methods to further enhance resource recovery efficiency.

We are committed to continuous improvement across all facets of the Cold Lake operation and the responsible development of Canada’s oil sands.

Cold Lake

is the world’s largest thermal in-situ heavy oil operation.

Imperial’s megapad approach involves drilling multiple wells from centralized pads and minimizing surface disturbance.



2009 Year in review

Operating highlights

SAFETY AND ENVIRONMENT

- Achieved best-ever safety results for both employees and contractors.
- Capital and operating expenditures for environmental protection totaled about \$770 million.
- Updated plans for the Cold Lake Nabiye expansion include technology to reduce sulphur dioxide emissions, a cogeneration facility to improve energy efficiency, and fewer well pads. The reduction in the number of well pads required to access the resource will reduce surface disturbance by more than 40 percent.
- Continued construction of a fish habitat compensation lake at the Kearl oil sands site.
- Advanced work on projects to reduce sulphur dioxide emissions at the Sarnia manufacturing site and Dartmouth refinery.
- Advanced use of optical imaging equipment to better detect and reduce fugitive emissions at refineries and chemical plants.
- Continued construction of additional facilities at the Sarnia site that will improve its capacity to capture and store water runoff during periods of high rainfall.
- Trained 180 managers and supervisors in environmental leadership to support our focus: "Protect Tomorrow. Today."

ADVANCED MAJOR PROJECTS AND NEW OPPORTUNITIES

- Continued phase one construction of the Kearl project with a workforce of about 2,500 employees and contractors and a cumulative investment of about \$2 billion by year-end, of which Imperial's share was about \$1.5 billion.
- Added 155 million barrels to Imperial's net proved reserves through further evaluation of geologic data for phase one of Kearl.
- Completed a four-well winter exploration drilling program at the Horn River shale gas play in northeast British Columbia. Work is underway on a production pilot to evaluate reservoir productivity and scale, improve completion practices and evaluate opportunities to reduce program costs.
- Progressed planning and design work at the Cold Lake Nabiye expansion that has the potential to add 30,000 barrels of production a day.
- Completed injection at 10 Cold Lake well pads with Liquid Addition to Steam to Enhance Recovery (LASER). This technology enables more resource to be recovered from mature wells, resulting in environmental and economic benefits. Production from these wells is ongoing. LASER is the result of over a decade of research and piloting. This technology entered its first phase of commercialization in 2009, and research continues to refine LASER for future phases of implementation.
- Utilized our strong balance sheet to acquire oil sands mining leases with ExxonMobil Canada (50-50 interest) totaling a combined 16,600 net acres in Alberta's Athabasca region. The new leases are adjacent to existing undeveloped oil sands acreage held by Imperial in the area.
- The Joint Review Panel released its report on the environmental, social and cultural impacts of the Mackenzie natural gas project, with the final regulatory decision expected in September 2010 from the National Energy Board.
- Finalized plans with co-venturers for a second exploration well in the Orphan Basin, located off the east coast of Newfoundland.



Making sure our employees and contractors work in an environment where Nobody Gets Hurt remains a top priority. The 280,000-hour Horn River 2008/09 winter drilling program achieved zero recordable safety incidents.

Best-ever

safety performance in 2009.

RESERVES GROWTH AND VOLUME PERFORMANCE

- Increased proved reserves after royalties from 2.3 billion oil-equivalent barrels at year-end 2008 to more than 2.5 billion oil-equivalent barrels at year-end 2009.
- Daily production of crude oil, natural gas and natural gas liquids averaged 293,000 oil-equivalent barrels a day before royalties.
- Net petroleum product sales volumes averaged 409,000 barrels a day.

RESEARCH AND DEVELOPMENT

- Total research expenditures in Canada were \$78 million in 2009 and through its relationship with ExxonMobil, Imperial had access to more than \$1 billion of industry-leading research worldwide.
- At Imperial's Calgary Research Centre, several innovative research projects are being pursued for in-situ oil sands production:
 - Solvent-Assisted Steam-Assisted Gravity Drainage (SA-SAGD) adds solvent to the steaming process. This improves recovery, lowers energy intensity and decreases greenhouse gas emissions intensity. Imperial's Cold Lake pilot of this technology was selected to be eligible for royalty credit under Alberta Energy's Innovative Energy Technologies Program. The program recognizes projects that use innovative technologies to increase recovery from existing reserves and encourage responsible development of oil, natural gas and in-situ oil sands.
 - Continuous Steam Flooding (CSF) improves resource recovery and reduces greenhouse gas emissions intensity in mature areas of Cold Lake. Imperial continues piloting this technology and is assessing further application of CSF in other parts of Cold Lake operations.
 - Cyclic Solvent Process (CSP) is a recovery technology that uses solvent instead of steam and could significantly reduce greenhouse gas emissions. Analysis of field trial results is underway.
- In the area of oil sands mining, Imperial's Calgary Research Centre has been advancing research studies and laboratory experiments on a non-aqueous bitumen extraction technology. This technology has the potential to significantly reduce water use and the size of tailings ponds with the production of dry stackable tailings.
- The Imperial Oil-Alberta Ingenuity Centre for Oil Sands Innovation research portfolio continued to grow and now engages researchers from five Canadian universities. The research portfolio comprises over 20 research projects in five key program areas aimed at the responsible development of Alberta's oil sands and improved environmental performance.
- Through Imperial's Sarnia Research Centre, the company is developing new and improved products and processes, including bio-fuels designed to meet the rigours of the Canadian environment, improved hydroprocessing technologies to maximize on-road diesel production and enhanced soil remediation processes. The centre recently assumed the role of the advanced technical support lab for ExxonMobil's global lubricants and specialties business.

CORPORATE CITIZENSHIP

- Continued the company's long tradition of contributing to the communities where it operates by creating jobs and investing in community initiatives. Imperial's funding in this area totaled more than \$22 million in 2009.
- Special contributions included a \$1-million commitment to the University of Calgary's School of Public Policy, an \$8-million aircraft to the Southern Alberta Institute of Technology for use in its School of Transportation's aircraft maintenance, avionics and structures programs, and more than \$2 million toward math and science programs across Canada.
- Committed \$2.5 million to support the creation of a national Aboriginal women's leadership program. Imperial's newly developed Aboriginal employee network is helping to promote this initiative.
- Imperial's campaign from employees and retirees raised a record amount for United Way-Centraide.
- Hired over 400 employees.
- For more information, please see Imperial's corporate citizenship report at www.imperialoil.ca.



Giovanna Stea, a research technologist at Imperial's Calgary Research Centre, is looking at ways to improve the responsible development of Alberta's oil sands.

2009 Year in review

Financial highlights

- Achieved earnings of \$1.6 billion or \$1.84 per share.
- Achieved an industry-leading return on capital employed (ROCE) of 17 percent. ROCE is a key measure of success in a capital-intensive industry, to both evaluate management's performance and demonstrate to shareholders that capital has been used wisely over the long term.
- Annual per-share dividends paid increased for the 15th year in a row.
- Distributed \$833 million to shareholders through dividend payments of \$341 million and share repurchases of \$492 million. With increases in capital expenditures during 2009 and anticipated in future years, Imperial did not make any significant share repurchases after the second quarter of 2009, consistent with its view that the first and best use of surplus cash is to invest in quality growth projects.
- Sustained a strong balance sheet. Debt as a percentage of total capital was at two percent at year-end, and interest coverage was 276 times on an earnings basis. Imperial's strong financial position enables it to advance business plans in challenging economic times.

FINANCIAL HIGHLIGHTS

millions of dollars	2009	2008	2007	2006	2005
Operating revenues (a)	21 292	31 240	25 069	24 505	27 797
Net income	1 579	3 878	3 188	3 044	2 600
Cash flow from operating activities and asset sales (b)	1 658	4 535	3 905	3 799	3 891
Cash and cash equivalents at year-end	513	1 974	1 208	2 158	1 661
Total debt at year-end	140	143	146	1 437	1 439
Average capital employed (c)	9 432	8 684	8 509	8 515	7 976
Capital and exploration expenditures	2 438	1 363	978	1 209	1 475

- (a) Operating revenues include \$4,894 million for 2005 for purchases/sales contracts with the same counterparty. Associated costs were included in purchases of crude oil and products. Effective January 1, 2006, these purchases/sales were recorded on a net basis.
- (b) The definition of cash flow from operating activities and asset sales can be found on page 23.
- (c) The definition of average capital employed can be found on page 23.

KEY FINANCIAL RATIOS

	2009	2008	2007	2006	2005
Net income per share – diluted (dollars) (a)	1.84	4.36	3.41	3.11	2.53
Return on average capital employed (percent) (b)	16.8	44.7	37.7	35.9	32.6
Return on average shareholders' equity (percent) (c)	17.1	45.7	41.6	43.4	40.2
Annual shareholders' return (percent) (d)	0.2	(24.3)	28.0	12.5	64.0
Debt to capital (percent) (e)	2	2	2	17	18

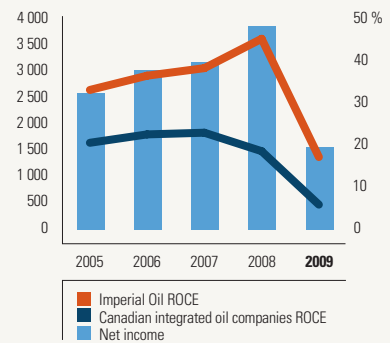
- (a) Calculated by reference to the average number of shares outstanding, weighted monthly (page 22).
- (b) The definition of return on average capital employed can be found on page 23.
- (c) Net income divided by average shareholders' equity (page 20).
- (d) Includes share appreciation and dividends.
- (e) Current and long-term portions of debt (page 20) and the company's share of equity company debt, divided by debt and shareholders' equity (page 20).

Net income

millions of dollars

Return on capital employed (ROCE)

percent

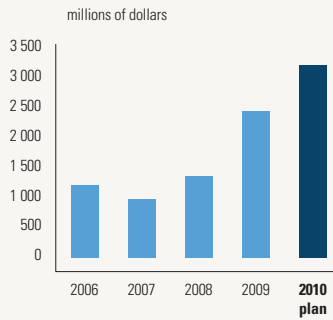


Source: Bloomberg and quarterly reports

\$1.6 billion

in net income, return on capital employed of 17%.

Capital and exploration expenditures



- Maintained a “AAA” rating from Standard & Poor’s – Imperial is the only Canadian industrial company with this rating.
- Imperial does not use derivatives, hedging or other special-purpose financial instruments.
- Continued a long history of productivity improvement and prudent cost management. Since 1999, Imperial has offset inflation in overhead, with total overhead costs unchanged over that time frame.
- Continued to follow a disciplined approach to identifying and managing financial and business control risks. Company-wide bad debt losses were less than one-tenth of one percent of revenues despite challenging economic conditions.
- Completed a \$2.4-billion capital and exploration program focused on advancing major Upstream projects as well as investments in environmental initiatives and retail network enhancements.
- Planned capital and exploration expenditures in 2010 are \$3.2 billion, up 33 percent from 2009, as Imperial focuses on future volume growth and productivity improvements.
- Entered into a floating rate loan agreement with ExxonMobil that provides for borrowings of up to \$5 billion at interest equivalent to Canadian market rates. This facility will enable Imperial to efficiently access funds as necessary in the future. The company did not draw from the loan in 2009.



Capital investment in the retail business focused on upgrades to the company-owned network in major urban markets.



Upstream

Bringing new energy supplies to market responsibly and profitably

Imperial's Upstream strategies are to identify and pursue all attractive exploration opportunities, invest in projects that deliver superior returns, and maximize the profitability of existing oil and gas production. These strategies are underpinned by a commitment to the development and use of innovative technologies and continuous improvement in all the company's operations.

Contractor safety performance was best-ever in 2009. This achievement is the result of our ongoing commitment to a broad range of safety initiatives focused on building relationships and working more closely with contractors.

The business generated earnings of \$1,324 million, cash flow from operating activities and asset sales of \$997 million and return on average capital employed of 23 percent.

Daily production of crude oil, natural gas and natural gas liquids averaged 293,000 oil-equivalent barrels a day before royalties.

Capital and exploration spending in the Upstream totaled \$2.2 billion in 2009, with about \$2.9 billion planned in 2010, driven by selective investment in a strong portfolio of development projects for production growth, an active exploration program for future reserve additions, and continued investment to maximize the value of existing assets.

THE RESOURCE BASE

Production from existing assets is significant, but small in comparison to the company's resource potential.

The total proved and non-proved resource base is about 15 billion oil-equivalent barrels after royalties, representing more than 150 years of production at current levels – a leading position in terms of size and quality. The resource base includes about 2.5 billion oil-equivalent barrels of proved reserves. This includes the addition of 155 million barrels in 2009 through further evaluation of geologic data for phase one of Kearl. The resource base also has more than 12 billion oil-equivalent barrels of non-proved resources, which consist primarily of oil sands.

Development planning is underway for all major portions of the resource base, with plans to more than double Upstream production volumes by 2020.

Imperial's portfolio of opportunities to add future reserves and production includes:

- future phases of Kearl, Cold Lake and Syncrude
- oil sands development in the Athabasca area
- unconventional shale gas in northeast British Columbia
- natural gas and liquids from the onshore Mackenzie Delta region
- hydrocarbons from the Beaufort Sea and the Orphan Basin off Canada's east coast

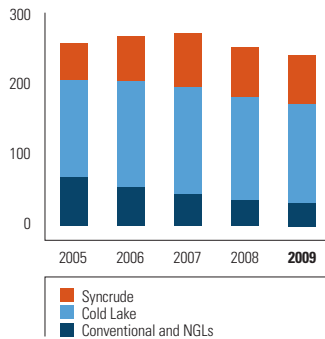
AT A GLANCE

	2009	2008	2007	2006	2005
Net income (millions of dollars)	1 324	2 923	2 369	2 376	2 008
Cash flow from operating activities and asset sales (millions of dollars)	997	3 712	2 661	3 151	2 805
Gross crude oil and NGL production (thousands of barrels a day)	244	256	275	272	261
Gross natural gas production (millions of cubic feet a day)	295	310	458	556	580
Average capital employed (millions of dollars)	5 798	4 526	4 258	3 993	3 928
Return on average capital employed (percent)	22.8	64.6	55.6	59.5	51.1
Capital and exploration expenditures (millions of dollars)	2 167	1 110	744	787	937



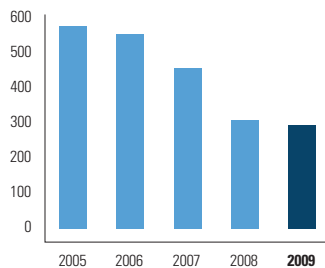
Crude oil and NGL production by source

thousands of barrels a day before royalties



Natural gas production

millions of cubic feet a day before royalties



OIL SANDS

As conventional oil resources become more difficult to develop globally, demand for unconventional resources will increase. Canada holds the world's largest reserves of oil sands. This resource represents a national opportunity, but there are challenges to bringing the resource to market efficiently and in an environmentally responsible manner. As an oil sands pioneer, Imperial is using its technological and operational expertise to overcome these challenges.

Cold Lake

Cold Lake is the world's largest thermal in-situ heavy oil operation, representing more than four percent of Canada's total oil production. Proved reserves are about 700 million barrels after royalties, which translates to more than 15 years of production at current rates. Cold Lake's non-proved resources are more than two billion barrels.

Production averaged 141,000 barrels a day before royalties for the year – down from 147,000 barrels a day in 2008. Lower production volumes were due to the cyclic nature of production and well repairs in the northern part of the field. Drilling and steaming activities have since resumed in this area, and production is expected to return to normal levels.

Imperial continued to test and advance recovery technologies that enable more production while lowering greenhouse gas emission intensity.

Work on the Nabiye expansion continued, and when sanctioned, could add about 30,000 barrels a day of production. Imperial's proposed amendments will result in improved energy efficiency with the addition of a cogeneration facility. Nabiye has the potential to access 250 million barrels of previously undeveloped resource at Cold Lake.

Syncrude

Imperial holds a 25-percent interest in Syncrude, an integrated mining, extraction and upgrading facility located north of Fort McMurray, Alberta. Syncrude has proved reserves of about 2.8 billion barrels of synthetic crude oil after royalties, translating into about 30 years of production at current rates. Syncrude's non-proved resources are more than nine billion barrels of synthetic crude oil.

Imperial's share of production averaged 70,000 barrels a day before royalties – down from 72,000 barrels a day in 2008. Planned maintenance activities in the first half of 2009, which included design modifications to improve long-term operational performance, contributed to the reduced production for the full year in 2009.

Production from Syncrude represents about nine percent of Canadian oil production and offers strong opportunities for future growth, including mine expansion projects as well as the continued de-bottlenecking of the existing upgrader operation.

Imperial and ExxonMobil continue to contribute expertise in a number of areas through the Management Services Agreement, which was implemented in 2007. These include sharing of operating best practices, capital efficiency, engineering, procurement and major project management.

Double by 2020

Plans are in place to more than double Upstream production volumes by 2020.

Kearl

The first phase of the Kearl oil sands mining project was approved when most in the industry were suspending or cancelling their projects. Imperial expects to capture significant cost savings through higher construction productivity.

Construction of phase one is well underway, and we are applying 40 years of oil sands experience and project management expertise to a project with a total estimated recoverable resource of 4.6 billion barrels of bitumen before royalties – in which Imperial holds a 71-percent interest.

The first phase of Kearl will cost about \$8 billion and initially produce about 110,000 barrels of bitumen a day before royalties, of which Imperial's share would be about 78,000 barrels a day. Production is expected in late 2012.

The project has an estimated lifespan of more than 40 years, and will ultimately produce over 300,000 barrels of bitumen a day before royalties.

Located north of Fort McMurray, Kearl is a long-life opportunity that represents one of the best undeveloped deposits of minable oil sands in the region. Ore grade and the quantity of bitumen that can be produced

for a given volume of mined material are better than other undeveloped leases, providing the project with an inherent cost advantage.

To access this high-quality resource, Imperial will employ proven technologies such as truck and shovel mining and hydro transport. The company will also apply innovative new technology – like its proprietary paraffinic froth treatment process – the first commercial technology for mined bitumen that makes a product that meets both pipeline shipping specifications and refinery quality requirements. Processing bitumen once, rather than twice (in an upgrader and a refinery), reduces both carbon dioxide emissions and development costs.

NET PROVED DEVELOPED AND UNDEVELOPED RESERVES ^{(a) (b)}

year ended	Liquids ^(c)	Natural gas	Synthetic oil (Syncrude)	Bitumen (Cold Lake and Kearl)	Total oil- equivalent basis ^(d)
	millions of barrels	billions of cubic feet	millions of barrels	millions of barrels	millions of barrels
2005 ^(e)	83	747	738	551	1 497
2006 ^(e)	71	710	718	741	1 648
2007 ^(e)	82	635	694	717	1 599
2008 ^(e)	64	593	734	1 437	2 334
2009 ^(e)	63	590	691	1 661	2 513

(a) Net reserves are the company's share of reserves after deducting the shares of mineral owners or governments or both. All reported reserves are located in Canada.

(b) Prior to 2009, synthetic oil and mined bitumen reserves were reported separately as mining reserves in the company's Form 10-K. In 2008, the company reported for the first time 807 million barrels of mined bitumen reserves, net share, from the Kearl project.

(c) Liquids include crude, condensate and natural gas liquids (NGLs).

(d) Gas converted to oil-equivalent at six million cubic feet per one thousand barrels.

(e) Reserves were calculated based upon the SEC's pricing requirement. Beginning with 2009 year-end, reserves were calculated based on the amended SEC's pricing requirement that applied the average of the first-day-of-the-month price for each month during the last 12-month period.



The Kearl oil sands project was significantly advanced in 2009. Imperial is committed to developing the project responsibly through new technology, operational excellence, and ongoing consultation with stakeholders.

In 2009, pipeline transportation was secured, infrastructure construction continued and more than half of the detailed engineering work was completed. Imperial also continued work on building a lake that fulfills its commitment to replace fish habitat – by a two-to-one ratio – that will be lost due to construction and mining activities.

In 2010, construction activities will focus on the water intake facility, the ore preparation plant and the main processing plant site. Delivery of plant modules will also begin. Planning for phase two of Kearl is already underway.

FUTURE GROWTH OPPORTUNITIES

Horn River

The Horn River Basin, one of North America's most promising shale gas plays, is located in northeast British Columbia. In 2009, Imperial utilized its strong balance sheet to acquire about 157,000 net acres with ExxonMobil Canada (50-50 interest) at favourable prices. This brings the combined companies' position to 309,000 net acres – industry's largest acreage position in the area.

Significant advances in horizontal drilling and fracturing technology have made development of this resource possible. A four-well winter drilling program designed to determine shale gas resource distribution and quality was completed in the first quarter of 2009, and work is underway on a production pilot to evaluate reservoir productivity and scale, improve completion practices and evaluate opportunities to reduce program costs. A second exploration program commenced in the fourth quarter of 2009 that is expected to see up to 11 shale gas wells drilled this winter.

The companies continue to work closely with area producers, local stakeholders, and the British Columbia government to engage on local issues related to land and water use, contracting and economic development.

Undeveloped oil sands acreage

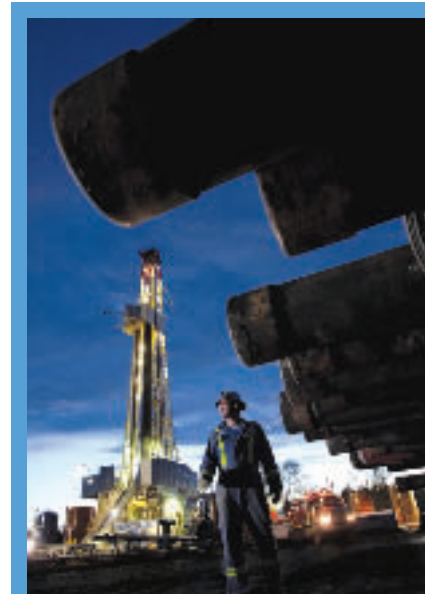
Imperial holds extensive undeveloped acreage with promising mining and in-situ development opportunities in the Athabasca region of Alberta. In 2009, Imperial and ExxonMobil Canada (50-50 interest) acquired a combined 16,600 net acres of additional leases located next to their existing acreage position.

Mackenzie natural gas project

Even with the potential for significant growth in North American shale gas and other unconventional gas sources, new supplies from the Mackenzie Delta and other Arctic frontier resources will be needed to meet growing North American demands for natural gas.

The proposed Mackenzie natural gas project would create the infrastructure to bring an estimated six trillion cubic feet of onshore natural gas to North American markets from three fields, with the Taglu field (100-percent Imperial) containing resources of three trillion cubic feet alone.

The project represents a significant, vital new supply source for the North American market. It will provide employment and business opportunities to the people of the North, billions of dollars in royalties, taxes and other revenues to governments as well as helping to establish Canada's sovereignty in the Arctic.



Exploration drilling continued in the Horn River Basin, a promising shale gas area in northern British Columbia. Imperial and ExxonMobil Canada hold industry's largest acreage position in the basin.



The Joint Review Panel issued its report on the environmental, social and cultural impacts of the Mackenzie natural gas project at year-end. The panel concluded that the project “offers a unique opportunity to build a sustainable future in the Mackenzie Valley and Beaufort Delta regions.”

Current activities are focused on advancing the regulatory process, finalizing remaining benefits and access agreements with Aboriginal communities along the proposed pipeline route, and establishing a fiscal framework with the federal government.

The project cannot commence without regulatory approval. The National Energy Board (NEB) and federal government are currently reviewing the Joint Review Panel’s report. The NEB will then complete its public hearings and issue its decision on the project, which is expected in September 2010.

OFFSHORE EXPLORATION

In addition to advancing oil sands and gas-related projects, Imperial continued to explore for major discoveries, including opportunities located in remote and technically challenging areas.

Beaufort Sea

About 180 kilometres northwest of Tuktoyaktuk, Northwest Territories, in the Beaufort Sea, Imperial and ExxonMobil Canada (50-50 interest) hold a multi-year exploration licence covering more than 500,000 acres.

In 2009, Imperial began a data collection program to support environmental studies and safe future exploration drilling operations. Joint research was also conducted with Cornell University on whale acoustic monitoring and with the Department of Fisheries and Oceans, Geological Survey of Canada and ArcticNet on the physical and biological environment.

Orphan Basin

The Orphan Basin, located about 400 kilometres northeast of St. John’s, Newfoundland, is a relatively unexplored and operationally challenging area to drill. Imperial holds a 15-percent interest in 4.2 million acres in this deepwater frontier area.

The first exploration well was drilled in 2007, and a second well has been approved by co-venturers for drilling in 2010.

CONVENTIONAL PRODUCTION

Imperial remains a large domestic producer of conventional crude oil and natural gas. Production before royalties averaged about 33,000 barrels a day of crude oil and natural gas liquids, and about 295 million cubic feet a day of natural gas, for a combined total of approximately 82,000 oil-equivalent barrels a day.

Western Canada

Conventional production in Western Canada is at a mature stage. To help ensure profitability, Imperial focuses on cost control, maximizing production of existing assets, and pursuing projects with the potential for attractive returns. In 2009, these included new drilling at Norman Wells in the Northwest Territories and the ongoing shallow gas drilling program in southeastern Alberta.



Imperial’s operation in Norman Wells, Northwest Territories, is the company’s largest source of conventional oil production.

Chemical

Imperial is one of Canada's leading producers of chemical products, with the largest market share in North America for polyethylene used in rotational molding

The Chemical business operates in a competitive global marketplace that is highly cyclical. Through the current down cycle, the Chemical segment has focused on the key elements of the business within its control. It is expanding feedstock flexibility to lower costs and increase yields. The ability to process feedstocks from diverse sources enables the business to quickly respond to changes in feedstock quality, availability, and cost. Feedstock flexibility not only captures additional value, it strengthens the Chemical segment's ability to reliably meet its customers' needs in any economic environment.

To help ensure profitable operations throughout the entire business cycle, the Chemical business also continues to integrate petrochemical manufacturing with refinery operations. Integration enables feedstocks and production to be adjusted to current market conditions – and reduces costs by sharing management, leveraging common site infrastructure and efficiently managing energy needs across the site.

The Chemical segment's operational performance in 2009 was characterized by strong safety results and solid manufacturing reliability. Proven business controls, including sustained application of stringent credit management practices, supported financial results in a challenging economic environment.

These initiatives helped the Chemical business retain a leadership position in both cost and productivity.

Chemical net earnings were \$46 million, down from \$100 million in 2008, reflecting declines in both customer demand and margins.

Return on average capital employed was 27 percent, and cash flow from operating activities and asset sales totaled \$67 million.

Total sales of petrochemical products were about 2,800 tonnes a day, consistent with 2008, despite the economic downturn.

Capital expenditures of \$15 million in 2009 were primarily focused on continued investments to increase feedstock flexibility and further upgrade water management and safety systems.

Planned capital expenditures in 2010 are about \$20 million, and will include completion of the feedstock flexibility project and continued investment in energy efficiency initiatives and water management system enhancements.

AT A GLANCE

	2009	2008	2007	2006	2005
Net income (millions of dollars)	46	100	97	143	121
Cash flow from operating activities and asset sales (millions of dollars)	67	183	109	162	94
Chemical sales volumes (thousands of tonnes a day)	2.8	2.8	3.1	3.0	3.0
Average capital employed (millions of dollars)	169	199	230	261	272
Return on average capital employed (percent)	27.2	50.4	42.2	54.8	44.6
Capital expenditures (millions of dollars)	15	13	11	13	19



Typical end uses of Imperial's polyethylene production include food packaging, toys, pails and various other containers.

Chemical uses the Responsible Care® ethic and principles in all areas of the business. Over the past year, Imperial has been active in the upgrade of the program to stay current with public expectations.

Downstream

A responsible operator improving operational excellence, committed to long-term shareholder value

Markets for refined products in Canada are mature and highly competitive. In this environment, the Downstream's goals continue to be best-in-class operations, providing quality products and services, and achieving operational excellence through a sustained focus on:

- **Maintaining high standards of operating reliability to supply energy in a safe, environmentally responsible and efficient manner.** This includes actions at refineries to further improve refinery reliability and energy efficiency to reduce greenhouse gas emissions and operating costs while meeting market demand for products.
- **Adhering to stringent business standards and financial controls.** The business follows a disciplined approach to identify and manage financial and business control risks. Even in the current economic downturn, bad debt losses have been kept to less than one-tenth of one percent of sales revenues.
- **Disciplined and selective investments for advantaged returns** followed by efficient project execution to ensure projects are completed on time and on budget.

Adherence to these strategies continues to build competitive advantage across Imperial's considerable Downstream operations:

- Largest refiner and a leading marketer of petroleum products in Canada, holding a significant share in all major petroleum product market sectors, including retail motor fuels and finished lubricants.
- Crude processing capacity of more than 500,000 barrels a day and conversion capacity of 215,000 barrels a day.
- Production of more than 650 different petroleum products that consumers and businesses use daily.
- Refining and marketing operations across Canada.
- A national distribution network and about 1,850 retail service stations.
- Serving retail customers and distributors in addition to the mining, manufacturing, forestry, construction and transportation industries.

In 2009, the Downstream achieved industry-leading safety performance, with best-ever employee and contractor safety.

In this challenging economic environment, the refining business focused on operational initiatives to improve energy efficiency, optimize margins and enhance operating reliability. Ongoing capital and operational initiatives have enabled the business to capture opportunities to reduce the amount of energy used in its operations, a key contributor to cost management. Imperial has consistently outpaced Canadian industry in refinery energy efficiency and total unit cost. Also in 2009, the business continued to optimize margins by expanding the crude slate, with the addition of 13 new crudes that offer a higher refining incentive. The product mix was managed to ensure that the highest-value products were produced. As well, refinery reliability was significantly improved, and maintenance activities were completed as planned.

The fuels marketing business continued to leverage the complete range of customer channels, serving retail, industrial, wholesale, aviation and marine customers during the year. Despite the weak economy, the retail business achieved numerous sales records. Total retail fuel sales volume was the highest in the history of the business. In the company-owned chain, same-store fuel sales increased by one percent in a soft market, and site productivity increased by four percent. In addition, convenience store sales revenues saw best-ever levels. The sales growth, combined with a relentless focus on operational efficiency, led to best-in-class unit cash costs again in 2009.

The lubricants and specialties business continued to focus on growing sales of Mobil-branded products. Imperial is the Canadian distributor for Mobil 1 synthetic lubricants, and in 2009 Mobil 1 sales grew by 17 percent. Also in the year, Mobil Delvac 1 ESP 0W40 was introduced, providing heavy-duty diesel engine customers with superior low-temperature performance, longer oil drain intervals and improved fuel economy. The Mobil 1 Lube Express franchise continued to be expanded, ending the year with 21 outlets – an increase of more than 60 percent over 2008.



About 400 Esso-branded retail sites are anchored by On the Run convenience stores, which offer customers a convenient shopping experience and high-quality product choices. The On the Run franchise program is a growing part of the convenience store business and in 2009, we more than doubled the number of On the Run franchises. The retail offer also includes Canada's largest network of car washes and strong alliances with Tim Hortons, Royal Bank of Canada, and Aeroplan.

Net earnings in the Downstream were \$278 million, down from \$796 million in 2008, when Imperial realized a gain of \$187 million from the sale of Rainbow Pipe Line Company Ltd. Earnings were impacted by lower overall margins and decreased sales volumes due to the slowdown in the Canadian economy.

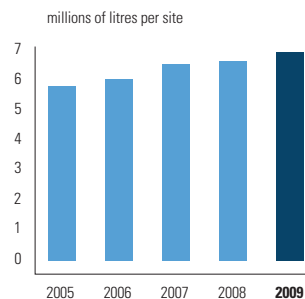
Total refinery throughput was 413,000 barrels a day, down from 2008, and average refinery utilization was 82 percent. Production gains from operating and reliability improvements through the year were offset by the impact of declining economic conditions that did not support running the refineries to full capacity, and also resulted in lower total net petroleum product sales of 409,000 barrels a day.

Return on average capital employed was eight percent, and cash flow from operating activities and asset sales totaled \$700 million.

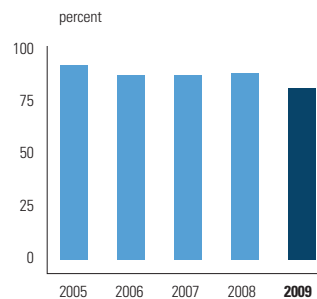
Capital spending totaled \$251 million in 2009. The key refining investments were directed to reducing sulphur dioxide emissions, water management system upgrades, feedstock flexibility enhancements and energy efficiency improvements. Capital investment in the retail chain focused on upgrades to the company-owned network in major urban markets and a new point-of-sale system that will prepare the network for new card payment standards.

Planned capital expenditures in 2010 are about \$290 million. Refining investments will be focused on reliability, feedstock flexibility, air quality and water management system upgrades, and energy efficiency initiatives to ensure responsible operations. Capital investment in the retail chain will continue, including further advancement of the new point-of-sale system.

Annual throughput – company-owned or leased retail service stations



Refinery utilization



Refinery utilization declined, reflecting weak market conditions.

AT A GLANCE

	2009	2008	2007	2006	2005
Net income (millions of dollars)	278	796	921	624	694
Cash flow from operating activities and asset sales (millions of dollars)	700	539	1 180	562	874
Refinery throughput (thousands of barrels a day)	413	446	442	442	466
Refinery utilization (percent)	82	89	88	88	93
Net petroleum product sales (thousands of barrels a day)*	409	438	448	453	465
Average capital employed (millions of dollars)	3 598	3 460	3 257	3 161	2 906
Return on average capital employed (percent)	7.7	23.0	28.3	19.7	23.9
Capital expenditures (millions of dollars)	251	232	187	361	478

* Net petroleum product sales do not include sales under purchases/sales contracts with the same counterparty.

Trademarks:

- Mobil, Mobil 1, Delvac, and the pegasus design are trademarks of Exxon Mobil Corporation or one of its subsidiaries. Imperial Oil licensee.
- On the Run is a registered trademark of Exxon Mobil Corporation in Canada. Imperial Oil licensee.
- RBC and Royal Bank are registered trademarks of Royal Bank of Canada.
- Tim Hortons is a registered trademark of The TDL Marks Corporation.
- Aeroplan is a registered trademark of Aeroplan Canada Inc.

17%
growth in Mobil 1 sales.

Responsible development in action

As an integrated energy company in business for 130 years, we explore, produce, refine and market products that are essential to society and economic growth. All of our businesses are managed by the same principles of responsible development.

Reducing greenhouse gas emissions

We're focused on technologies that reduce energy use and greenhouse gas emissions.

- We continue to leverage capital investments, improved practices, computing technology and a sustained employee focus on day-to-day operational improvements to increase energy efficiency at our refineries. As a result, our refineries are 15 percent more energy efficient than they were in 1990.
- We continued a multi-year program to install energy conservation technology at retail sites. To date, 115 of our largest sites have been upgraded.
- Kearl will be the first oil sands mining operation that does not require an upgrader to make a saleable crude oil. Processing bitumen once, rather than twice (in an upgrader and a refinery), reduces both carbon dioxide emissions and development costs.

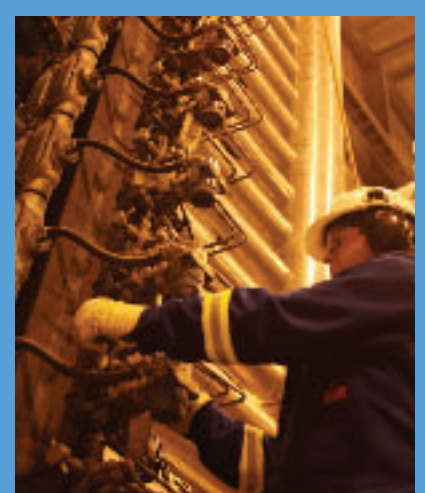
Applying cogeneration technology

Cogeneration reduces energy requirements by producing electricity and steam at the same time, reducing greenhouse gas emissions.

- We have about 260 megawatts of cogeneration capacity at Cold Lake and Sarnia, and about 270 megawatts proposed for the Cold Lake expansion and Kearl.
- Cold Lake's cogeneration facilities reduce carbon dioxide emissions by 40 percent compared with generating electricity from coal-fired power plants and producing steam from conventional boilers.
- Kearl's cogeneration facilities will reduce carbon dioxide emissions by half a million tonnes a year compared to purchased power for the first phase of the project.

Improving air quality

- We continued construction on a new unit at the Sarnia manufacturing site, that when coupled with operational enhancements, will enable the site to reduce sulphur dioxide emissions by more than 50 percent.
- We continued construction on a project at Dartmouth refinery that will enable sulphur dioxide emissions to be reduced by more than 25 percent.
- We invested more than \$200 million in the Syncrude Emissions Reduction (SER) project to date. When combined with already completed improvements, the SER project is anticipated to reduce sulphur emissions by about 60 percent from current approved levels.
- We expanded our use of advanced optical imaging equipment to better detect and reduce fugitive emissions.



Through cogeneration facilities like this at Cold Lake, we can produce electricity to power our operations while also capturing heat to make processing steam. This provides a more efficient power source than purchasing electricity from a local utility, saving energy and reducing greenhouse gas emissions.



Through reliable operations, open communication and responding promptly to community questions, our refineries maintain the trust and confidence of its neighbours.

\$770 million

Imperial's environmental capital and operating expenditures totaled about \$770 million in 2009, spent primarily on emissions reductions at company-owned facilities and Syncrude, remediation of idled facilities and operations, as well as on protection of fresh water near Imperial facilities.

Minimizing water use

- Cold Lake now uses half a barrel of fresh water for each recovered barrel of bitumen. This is 88 percent less fresh water per unit of production than in the mid-1970s.
- We applied for renewal of the Cold Lake Water Act License, which includes a commitment to continue to reduce fresh water use. Conservation initiatives are underway that, if successful, will reduce fresh water use at Cold Lake by up to 30 percent from current uses.
- Kearl plans to improve on existing tailings technologies in order to recycle water sooner and reduce water demand. It will also use water storage to lessen water withdrawals from the river during winter low-flow periods.
- In our conventional business, where there's declining oil production, we've voluntarily reviewed our water licences and have returned a significant volume of unneeded water allocation to the Alberta government.

Protecting water quality and fish habitat

- We progressed a multi-year program at our Sarnia site to install water hold-and-treat systems to prevent releases to the St. Clair River.
- We continued work on building a lake that fulfills our commitment to replace fish habitat – by a two-to-one ratio – that will be lost due to construction and mining activities.
- We completed a free-span bridge that does not disturb aquatic habitat over the Muskeg River at the Kearl project.

Minimizing our footprint, reclaiming land that we disturb

We manage potential impacts to land throughout all phases of our operations, from project planning and construction to decommissioning and remediation.

- At the Cold Lake in-situ operation:
 - At the end of 2008, more than 1,700 acres of the disturbed land had been permanently reclaimed. In 2009, 85,000 tree seedlings and shrubs were planted as part of our ongoing permanent reclamation program.
 - Updated plans for the Cold Lake Nabiye expansion include technology to reduce sulphur dioxide emissions, a cogeneration facility to improve energy efficiency, and fewer well pads. The reduction in the number of well pads required to access the resource will reduce surface disturbance by more than 40 percent.
- At the Kearl mining operation:
 - During site clearing, topsoil and peat were stockpiled in order to progressively reclaim land as mined-out areas become available.
 - We are engaging local stakeholders in progressive reclamation planning so that the lands reclaimed will be accessible for traditional use by the local community.
- At Horn River, we will minimize surface disturbance through the use of horizontal pad drilling, low-impact methods for conducting seismic surveys, efficient designs that decrease lease dimensions, and by sharing infrastructure with other area producers.



Our in-situ operation at Cold Lake, Alberta, has a relatively small surface footprint.



Fort McKay Elders toured the Kearl site in late 2008. Community consultation is an integral part of responsible development, and we plan to continue these annual First Nations tours as part of our ongoing consultation with stakeholders in the region.



Our refineries are 15 percent more energy efficient than they were in 1990.

Financial Summary

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Imperial Oil Limited:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial position of Imperial Oil Limited and its subsidiaries as of December 31, 2009, and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, and in our report dated February 26, 2010, we expressed an unqualified opinion thereon. The consolidated financial statements referred to above (not presented herein) appear in Appendix A to the Management Proxy Circular for the 2010 annual meeting of shareholders of the Company.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements (pages 18 to 21) is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada
February 26, 2010

SUMMARY OF ACCOUNTING POLICIES AND PRACTICES

The company's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, refining and marketing of hydrocarbons and hydrocarbon-based products. The summary financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America (GAAP). The summary financial statements include certain estimates that reflect management's best judgment. All amounts are in Canadian dollars unless otherwise indicated.

The summary financial statements include the accounts of Imperial Oil Limited and its subsidiaries. Intercompany accounts and transactions are eliminated. Subsidiaries include those companies in which Imperial has both an equity interest and the continuing ability to unilaterally determine strategic, operating, investing and financing policies. A significant portion of the company's Upstream activities is conducted jointly with other companies. The accounts reflect the company's share of undivided interest in such activities, including its 25 percent interest in the Syncrude joint venture and its nine percent interest in the Sable offshore energy project.

Revenues associated with sales of crude oil, natural gas, petroleum and chemical products are recognized when the products are delivered and title passes to the customer.

Inventories of crude oil, products and merchandise are carried at the lower of current market value or cost (generally determined under the last-in, first-out method – LIFO).

The company does not use financing structures for the purpose of altering accounting outcomes or removing debt from the balance sheet. The company does not use derivative instruments to speculate on the future direction of currency or commodity prices.

The company's exploration and production activities are accounted for under the "successful efforts" method. Depreciation, depletion and amortization are primarily determined under either the unit-of-production method or the straight-line method. Unit-of-production rates are based on the amount of proved developed reserves of oil and gas that are estimated to be recoverable from existing facilities. The straight-line method is based on estimated asset service life.

The company incurs retirement obligations for certain assets at the time they are installed. The fair values of these obligations are recorded as liabilities on a discounted basis and are accreted over time for the change in their present value. The costs associated with these liabilities are capitalized as part of the related assets and depreciated. Liabilities for environmental costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated.

The company recognizes the underfunded or overfunded status of defined benefit pension and other post-retirement plans as a liability or asset in the balance sheet with the offset in shareholders' equity, net of deferred taxes.

A variety of claims have been made against Imperial Oil and certain of its consolidated subsidiaries in a number of pending lawsuits and tax disputes. For further information on tax contingencies and litigation, see Notes 4 and 10 to the Consolidated Financial Statements in Appendix A of Imperial Oil's 2009 Proxy Statement.

The company awards share-based compensation to employees in the form of restricted stock units. Compensation expense is measured each reporting period based on the company's current stock price and is recorded in the consolidated statement of income over the requisite service period of each award.

Further information on the company's accounting policies and practices can be found in Appendix A of Imperial Oil's 2009 Proxy Statement (Critical Accounting Policies and Note 1 to the Consolidated Financial Statements).

Summary statement of income (U.S. GAAP)

millions of Canadian dollars For the years ended December 31	2009	2008	2007
Revenues and other income			
Operating revenues (a) (b)	21 292	31 240	25 069
Investment and other income	106	339	374
Total revenues and other income	21 398	31 579	25 443
Expenses			
Exploration	153	132	106
Purchases of crude oil and products (c)	11 934	18 865	14 026
Production and manufacturing (d)	3 951	4 228	3 474
Selling and general	1 106	1 038	1 335
Federal excise tax (a)	1 268	1 312	1 307
Depreciation and depletion	781	728	780
Financing costs	5	–	36
Total expenses	19 198	26 303	21 064
Income before income taxes	2 200	5 276	4 379
Income taxes	621	1 398	1 191
Net income	1 579	3 878	3 188
Per-share information (Canadian dollars)			
Net income per common share – basic	1.86	4.39	3.43
Net income per common share – diluted	1.84	4.36	3.41
Dividends	0.40	0.38	0.35

(a) Operating revenues include federal excise tax of \$1,268 million (2008 – \$1,312 million, 2007 – \$1,307 million).

(b) Operating revenues include amounts from related parties of \$1,699 million (2008 – \$2,150 million, 2007 – \$1,772 million).

(c) Purchases of crude oil and products include amounts from related parties of \$3,111 million (2008 – \$4,729 million, 2007 – \$3,331 million).

(d) Production and manufacturing expenses include amounts to related parties of \$217 million (2008 – \$169 million, 2007 – \$154 million).

The information in the Summary Statement of Income (for 2007 to 2009), the Summary Balance Sheet (for 2008 and 2009), and the Summary Statement of Cash Flows (for 2007 to 2009), shown on pages 19 through 21, corresponds to the information in the Consolidated Statement of Income, Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows in the financial statements of Imperial Oil's 2010 Management Proxy Circular. For complete consolidated financial statements, including notes, please refer to Appendix A of Imperial Oil's 2010 Management Proxy Circular. See also Management's Discussion and Analysis of Financial Condition and Results of Operations and other information in Appendix A of the 2010 Management Proxy Circular.

Summary balance sheet (U.S. GAAP)

millions of Canadian dollars
At December 31

	2009	2008
Assets		
Current assets		
Cash	513	1 974
Accounts receivable, less estimated doubtful amounts	1 714	1 455
Inventories of crude oil and products	564	673
Materials, supplies and prepaid expenses	247	180
Deferred income tax assets	467	361
Total current assets	3 505	4 643
Long-term receivables, investments and other long-term assets	854	881
Property, plant and equipment, less accumulated depreciation and depletion	12 852	11 248
Goodwill	204	204
Other intangible assets, net	58	59
Total assets	17 473	17 035
Liabilities		
Current liabilities		
Notes and loans payable	109	109
Accounts payable and accrued liabilities (a)	2 811	2 586
Income taxes payable	848	1 498
Total current liabilities	3 768	4 193
Capitalized lease obligations	31	34
Other long-term obligations	2 839	2 254
Deferred income tax liabilities	1 396	1 489
Total liabilities	8 034	7 970
Commitments and contingent liabilities (b)		
Shareholders' equity		
Common shares at stated value (c)	1 508	1 528
Earnings reinvested	9 252	8 484
Accumulated other comprehensive income	(1 321)	(947)
Total shareholders' equity	9 439	9 065
Total liabilities and shareholders' equity	17 473	17 035

(a) Accounts payable and accrued liabilities include amounts to related parties of \$59 million (2008 – \$127 million).

(b) For more information, please refer to Note 10 to the Consolidated Financial Statements, included in appendix A of Imperial Oil's 2010 Management Proxy Circular.

(c) Number of common shares outstanding was 848 million (2008 – 859 million).

The information in the Summary Statement of Income (for 2007 to 2009), the Summary Balance Sheet (for 2008 and 2009), and the Summary Statement of Cash Flows (for 2007 to 2009), shown on pages 19 through 21, corresponds to the information in the Consolidated Statement of Income, Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows in the financial statements of Imperial Oil's 2010 Management Proxy Circular. For complete consolidated financial statements, including notes, please refer to Appendix A of Imperial Oil's 2010 Management Proxy Circular. See also Management's Discussion and Analysis of Financial Condition and Results of Operations and other information in Appendix A of the 2010 Management Proxy Circular.

Summary statement of cash flows (U.S. GAAP)

millions of Canadian dollars Inflow/(outflow) For the years ended December 31	2009	2008	2007
Operating activities			
Net income	1 579	3 878	3 188
Adjustments for non-cash items:			
Depreciation and depletion	781	728	780
(Gain)/loss on asset sales	(45)	(241)	(215)
Deferred income taxes and other	(61)	387	75
Changes in operating assets and liabilities:			
Accounts receivable	(261)	679	(261)
Inventories and prepaids	42	(159)	13
Income taxes payable	(650)	–	(77)
Accounts payable	271	(798)	250
All other items – net ^(a)	(65)	(211)	(127)
Cash from operating activities	1 591	4 263	3 626
Investing activities			
Additions to property, plant and equipment and intangibles	(2 285)	(1 231)	(899)
Proceeds from asset sales	67	272	279
Loans to equity company	2	(2)	–
Cash from (used in) investing activities	(2 216)	(961)	(620)
Financing activities			
Short-term debt – net	–	–	(65)
Repayment of long-term debt	–	–	(1 722)
Long-term debt issued	–	–	500
Reduction in capitalized lease obligations	(4)	(3)	(4)
Issuance of common shares under stock option plan	1	7	12
Common shares purchased	(492)	(2 210)	(2 358)
Dividends paid	(341)	(330)	(319)
Cash from (used in) financing activities	(836)	(2 536)	(3 956)
Increase (decrease) in cash	(1 461)	766	(950)
Cash at beginning of year	1 974	1 208	2 158
Cash at end of year ^(b)	513	1 974	1 208

(a) Includes contribution to registered pension plans of \$180 million (2008 – \$165 million, 2007 – \$163 million).

(b) Cash is composed of cash in bank and cash equivalents at cost. Cash equivalents are all highly liquid securities with maturity of three months or less when purchased.

The information in the Summary Statement of Income (for 2007 to 2009), the Summary Balance Sheet (for 2008 and 2009), and the Summary Statement of Cash Flows (for 2007 to 2009), shown on pages 19 through 21, corresponds to the information in the Consolidated Statement of Income, Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows in the financial statements of Imperial Oil's 2010 Management Proxy Circular. For complete consolidated financial statements, including notes, please refer to Appendix A of Imperial Oil's 2010 Management Proxy Circular. See also Management's Discussion and Analysis of Financial Condition and Results of Operations and other information in Appendix A of the 2010 Management Proxy Circular.

Share ownership, trading and performance

	2009	2008	2007	2006	2005
Share ownership					
Average number outstanding, weighted monthly (thousands)	849 760	882 604	928 527	975 128	1 024 119
Number of shares outstanding at December 31 (thousands)	847 600	859 402	903 263	952 988	997 875
Shares held in Canada at December 31 (percent)	10.8	11.1	12.1	13.0	13.8
Number of registered shareholders at December 31 (a)	13 157	13 206	13 108	13 561	14 096
Number of shareholders registered in Canada	11 621	11 620	11 450	11 844	12 331
Shares traded (thousands)	318 055	477 574	292 888	321 245	357 633
Share prices (dollars) (b)					
Toronto Stock Exchange					
High	49.11	62.54	56.26	45.20	45.79
Low	35.95	28.79	37.40	34.31	22.50
Close at December 31	40.66	40.99	54.62	42.93	38.47
NYSE Amex (U.S. dollars)					
High	43.13	63.08	61.48	40.38	39.14
Low	28.44	23.84	31.87	29.99	18.27
Close at December 31	38.66	33.72	54.78	36.83	33.20
Net income per share (dollars)					
- basic	1.86	4.39	3.43	3.12	2.54
- diluted	1.84	4.36	3.41	3.11	2.53
Price ratios at December 31					
Share price to net earnings (c)	22.1	9.4	16.0	13.8	15.2
Dividends declared (d)					
Total (millions of dollars)	340	334	324	311	320
Per share (dollars)	0.40	0.38	0.35	0.32	0.31

(a) Exxon Mobil Corporation owns 69.6 percent of Imperial's shares.

(b) Imperial's shares are listed on the Toronto Stock Exchange. The company's shares also trade in the United States of America on the NYSE Amex LLC. Imperial has unlisted privileges on the NYSE Amex LLC, a subsidiary of NYSE Euronext. The symbol on these exchanges for Imperial's common shares is IMO. Share prices were obtained from stock exchange records. U.S. dollar share price presented is based on consolidated U.S. market data.

(c) Closing share price at December 31 at the Toronto Stock Exchange, divided by net income per share – diluted.

(d) The fourth-quarter dividend is paid on January 1 of the succeeding year.

Employees

	2009	2008	2007	2006	2005
	5 015	4 843	4 785	4 869	5 096

Frequently used terms

Listed below are how three of Imperial's frequently used financial performance measures are calculated.

Capital employed

Capital employed is a measure of net investment. When viewed from the perspective of how capital is used by the business, it includes the company's property, plant and equipment and other assets, less liabilities, excluding both short-term and long-term debt. When viewed from the perspective of the sources of capital employed for the whole company, it includes total debt and equity. Both of these views include the company's share of amounts applicable to equity companies.

millions of dollars	2009	2008	2007	2006	2005
Business uses: asset and liability perspective					
Total assets	17 473	17 035	16 287	16 141	15 582
Less: total current liabilities excluding short-term debt and current portion of long-term debt	(3 659)	(4 084)	(4 833)	(4 270)	(4 569)
Less: total long-term liabilities excluding long-term debt	(4 235)	(3 743)	(3 385)	(3 028)	(2 941)
Add: Imperial's share of equity company debt	36	40	50	55	59
Total capital employed	9 615	9 248	8 119	8 898	8 131
millions of dollars	2009	2008	2007	2006	2005
Total company sources: debt and equity perspective					
Short-term debt and current portion of long-term debt	109	109	108	1 078	576
Long-term debt	31	34	38	359	863
Shareholders' equity	9 439	9 065	7 923	7 406	6 633
Add: Imperial's share of equity company debt	36	40	50	55	59
Total capital employed	9 615	9 248	8 119	8 898	8 131

Return on average capital employed (ROCE)

ROCE is a financial performance ratio. For each of the company's business segments, ROCE is annual business-segment net income divided by average business-segment capital employed (an average of the beginning-and end-of-year amounts). Segment net income includes Imperial's share of segment net income of equity companies, consistent with the definition used for capital employed, and excludes the cost of financing. The company's total ROCE is net income excluding the after-tax cost of financing divided by total average capital employed. The company has consistently applied its ROCE definition for many years and views it as the best measure of historical capital productivity in a capital-intensive, long-term industry to both evaluate management's performance and demonstrate to shareholders that capital has been used wisely over the long term. Additional measures, which tend to be more cash flow based, are used to make investment decisions.

millions of dollars	2009	2008	2007	2006	2005
Net income	1 579	3 878	3 188	3 044	2 600
Financing costs (after tax), including Imperial's share of equity companies	2	2	18	10	3
Net income excluding financing costs	1 581	3 880	3 206	3 054	2 603
Average capital employed	9 432	8 684	8 509	8 515	7 976
Return on average capital employed (percent)	16.8	44.7	37.7	35.9	32.6

Cash flow from operating activities and asset sales

Cash flow from operating activities and asset sales is the sum of the net cash provided by operating activities and proceeds from asset sales reported in the consolidated statement of cash flows. This cash flow is the total source of cash both from operating the company's assets and from the divesting of assets. The company employs a long-standing, disciplined regular review process to ensure that all assets are contributing to the company's strategic and financial objectives. Assets are divested when they no longer meet these objectives or are worth considerably more to others. Because of the regular nature of this activity, management believes it is useful for investors to consider sales proceeds together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities, including shareholder distributions.

millions of dollars	2009	2008	2007	2006	2005
Cash from operating activities	1 591	4 263	3 626	3 587	3 451
Proceeds from asset sales	67	272	279	212	440
Total cash flow from operating activities and asset sales	1 658	4 535	3 905	3 799	3 891

Information for investors

Head office

Imperial Oil Limited
P.O. Box 2480, Station 'M'
Calgary, Alberta
Canada T2P 3M9

Telephone: 1-800-567-3776
Fax: 1-800-367-0585

Annual meeting

The annual meeting of shareholders will be held on Thursday, April 29, 2010, at 9:30 a.m., local time at the Sheraton Suites Calgary Eau Claire, Wildrose Ballroom, 255 Barclay Parade S.W., Calgary, Alberta, Canada.

Shareholder account matters

To change your address, transfer shares, eliminate multiple mailings, elect to receive dividends in U.S. funds, have dividends deposited directly into accounts at financial institutions in Canada that provide electronic fund-transfer services, enroll in the dividend reinvestment and share purchase plan, or enroll for electronic delivery of shareholder reports, please contact Imperial's transfer agent, CIBC Mellon Trust Company.

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario, Canada M5C 2W9
Telephone: 1-800-387-0825 (from Canada or U.S.A.)
or 416-643-5500
Fax: 416-643-5501
E-mail: inquiries@cibcmellon.com
Website: www.cibcmellon.com

United States resident shareholders may transfer their shares through BNY Mellon Shareowner Service.

BNY Mellon Shareowner Service
480 Washington Boulevard
Jersey City, New Jersey
U.S.A. 07310-1900
Telephone: 1-800-526-0801

Dividend reinvestment and share-purchase plan

This plan provides shareholders with two ways to add to their shareholdings at a reduced cost. The plan enables shareholders to reinvest their cash dividends in additional shares at an average market price. Shareholders can also invest between \$50 and \$5,000 each calendar quarter in additional shares at an average market price.

Funds directed to the dividend reinvestment and share-purchase plan are used to buy existing shares on a stock exchange rather than newly issued shares.

Imperial online

Imperial publishes a wide range of information on its website, including annual and interim reports, SEC filings, proxy circulars and forms, key dates for investors and shareholders, as well as other information that should be helpful to our shareholders in the day-to-day management of their shares. Should you not be able to find the information you are looking for, please contact customer service at 1-800-567-3776.

Website: www.imperialoil.ca

Investor information

Information is also available by writing to the investor relations manager at Imperial's head office or by:

E-mail: investor.relations@esso.ca
Telephone: 403-237-4538
Fax: 403-237-2075

For all other shareholder services related inquiries, please contact:

Brian W. Livingston
Vice-president, general counsel
and corporate secretary
Telephone: 403-237-2915
Fax: 403-237-2490

Version française du rapport

Pour obtenir la version française du rapport de la Compagnie Pétrolière Impériale Ltée, veuillez écrire à la division des Relations avec les investisseurs, Compagnie Pétrolière Impériale Ltée, P.O. Box 2480, Station 'M', Calgary, Alberta, Canada T2P 3M9.

Included in this Summary Annual Report are financial and operating highlights and summary financial statements. For complete financial statements, including notes, please refer to the Management Proxy Circular for Imperial Oil's 2010 annual meeting. The Management Proxy Circular also includes Management's Discussion and Analysis of Financial Condition and Results of Operations. The Information for Investors section of Imperial Oil's website (www.imperialoil.ca) contains the Management Proxy Circular.

Directors and officers



Imperial Oil Limited Board of Directors from left to right, Jack M. Mintz, Victor L. Young, Krystyna T. Hoeg, Bruce H. March, Sheelagh D. Whittaker, Roger Phillips, Paul A. Smith and Robert C. Olsen.

BOARD OF DIRECTORS

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Retired president and chief executive officer
Corby Distilleries Limited
Toronto, Ontario

Bruce H. March

Chairman, president and chief executive officer
Imperial Oil Limited
Calgary, Alberta

Jack M. Mintz

Palmer Chair in Public Policy
University of Calgary
Calgary, Alberta

Robert C. Olsen

Executive vice-president
ExxonMobil Production Company
Houston, Texas

Roger Phillips

Retired president and chief executive officer
IPSCO Inc.
Regina, Saskatchewan

Paul A. Smith

Senior vice-president
finance and administration
and treasurer
Imperial Oil Limited
Calgary, Alberta

Sheelagh D. Whittaker

Corporate director
London, England

Victor L. Young

Corporate director
St. John's, Newfoundland and Labrador

OTHER OFFICERS

Randy L. Broiles
Senior vice-president
resources division

Sean R. Carleton
Controller

Brian W. Livingston
Vice-president
general counsel
and corporate secretary

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S.D. Whittaker, vice-chair
K.T. Hoeg
J.M. Mintz
R. Phillips

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V.L. Young, vice-chair
K.T. Hoeg
J.M. Mintz
R.C. Olsen
S.D. Whittaker

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R. Phillips
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V.L. Young

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K.T. Hoeg, chair
R. Phillips, vice-chair
J.M. Mintz, director
R.C. Olsen, director
P.A. Smith, director
S.D. Whittaker, director
V.L. Young, director

Imperial Oil Limited
P.O. Box 2480, Station 'M'
Calgary, Alberta T2P 3M9

Imperial Oil is one of Canada's largest corporations and a leading member of the country's petroleum industry. The company is a major producer of crude oil and natural gas, Canada's largest petroleum refiner and a leading marketer with a coast-to-coast supply network that includes about 1,850 retail service stations.

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