



Imperial Oil



SUMMARY ANNUAL REPORT 2010

Upstream



Downstream



Chemical



Corporate profile

Imperial Oil Limited (Imperial) 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, a key petrochemical producer and a leading marketer with a coast-to-coast supply network that includes about 1,850 retail service stations.

Imperial online

Imperial's website provides services to investors, customers and other interested parties. The information for investors section offers a complete range of investor news, reports and presentations. The home page features regular share price updates from the Toronto Stock Exchange, as well as news highlights and easy links to a variety of other corporate information.

www.imperialoil.ca

Cover

Tom Boone, manager of oil sands recovery research, in the extraction lab at Imperial's Calgary Research Centre. Also illustrated on the cover are formulas and other scientific materials (no longer proprietary or under patent) from oil sands research conducted by Imperial employees at the centre.

Forward-looking statements

This report contains forward-looking information on future production, project start-ups and future capital spending. Actual future 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.

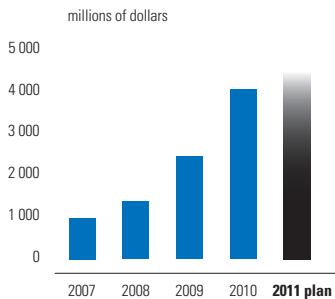
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2010 YEAR IN REVIEW

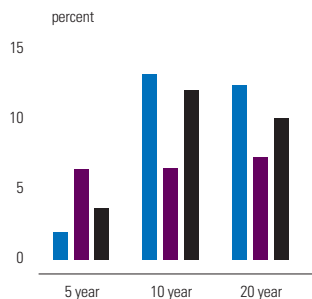
- The company made excellent progress on its objectives. All three of its businesses – Upstream, Downstream and Chemical – improved their overall results.
- A relentless focus on safety and operational excellence delivered strong business results.
- Innovative solutions were advanced to reliably deliver affordable energy from Canada’s oil sands in a responsible manner.
- Imperial continued its substantial capital and exploration investments in company growth projects despite a challenging business environment.

CAPITAL AND EXPLORATION EXPENDITURES



Completed a \$4 billion capital and exploration program focused on advancing major Upstream projects.

TOTAL SHAREHOLDER RETURNS



Imperial continues to have superior long-term shareholder returns.

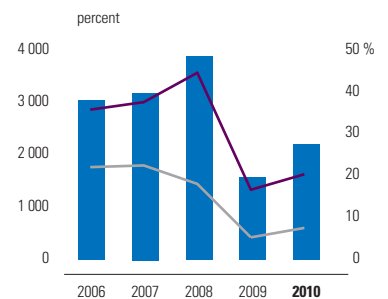
Source: Bloomberg annualized returns to December 31, 2010

(1) From 2002 to 2004, the S&P/TSX Composite Energy Index was used. Prior to 2002, the S&P/TSX Energy Index was used.

NET INCOME

in millions of dollars

RETURN ON CAPITAL EMPLOYED (ROCE)



Return on capital employed of about 21 percent continued to lead the industry.

Source: quarterly reports

A year of progress: Continued operational excellence, captured improved market conditions, Kearl project moves ahead

CHAIRMAN'S LETTER



For Imperial, 2010 was a year of substantial progress that again demonstrated the strength of our business model.

In the first half of the year, almost every industry saw weak economic recovery and growth as consumers and businesses alike tried to limit their spending. For the oil and gas industry, significant financial uncertainty was joined by regulatory uncertainty after the disastrous U.S. Gulf of Mexico well blowout.

Despite this tenuous backdrop, Imperial's earnings of \$2.2 billion were up from last year's \$1.6 billion. Return on average capital employed (ROCE) was 20.5 percent, up from 16.8 percent in 2009 even with our large capital expenditures. Cash flow from operations and asset sales was \$3.4 billion. Over the last five years, we have distributed more than \$8.5 billion to shareholders.

The events of 2010 showed how critical it is to maintain a business model that has the flexibility to meet ever-changing conditions. Our demonstrated abilities to respond to change and not lose sight of our long-term goals are two of our key strengths. In 2010, they allowed us not only to weather uncertainty but also to achieve three important objectives that we had set for ourselves. We maintained a relentless focus on safety and environmental excellence; advanced innovative solutions for delivering reliable and affordable energy from the oil sands in a responsible manner; and continued our record pace of capital and exploration investments in our company growth projects.

Safety is a core value in everything we do and is the cornerstone of our long-term focus on operating excellence. Our relentless pursuit of a workplace where "nobody gets hurt" has resulted in another best-ever safety performance year for our employees and showed sustained progress for our contractor workforce. In 2010, our environmental impacts were reduced with oil spills and environmental compliance incidents continuing to show favourable trends.

Energy is a critical need for modern economies. Imperial Oil continued to grow and invest during this down cycle, confident in the long-term outlook for the Canadian economy and the return of global economic growth. Thanks to our consistent business approach, disciplined investment strategy and balance sheet strength, we have been able to proceed with our company growth projects in this uncertain market without compromising our base business performance.

Our employees continued to focus on the business elements within their control. These elements include relentlessly managing costs, continuing to improve energy efficiency, and growing profitable sales. Cash generated by our businesses was instrumental in funding record capital and exploration expenditures of \$4.0 billion, which includes continued investment into our Kearl oil sands project. In 2011, we are on track to increase this spending to between \$4 and 4.5 billion as we look to invest between \$35 and 40 billion over the next decade.

Our largest initiative is our Kearl project, with production expected to ultimately reach 345,000 barrels of bitumen a day before royalties. In 2010, construction of the project's initial development of 110,000 barrels of bitumen a day progressed and is on target for production start-up in late 2012. The planning and engineering of a Kearl expansion phase is also well underway.

Responsible energy development of the oil sands remains in the global spotlight. Plans for our Kearl project include a strong emphasis on using advanced technology to minimize environmental impacts, particularly life cycle greenhouse gases; reduce demand on water resources; progressively reclaim land; and actively protect natural habitats. Our history of industry-leading technology gives us confidence that innovation will be instrumental in continuing to develop the oil sands in an environmentally and economically sound manner.

We are also moving ahead with a portfolio of high-quality exploration opportunities, including a promising shale gas play in the Horn River basin in northeast British Columbia, where we further increased our acreage holdings in 2010. The Mackenzie gas project achieved a significant milestone with the National Energy Board's approval of the project in December. We are excited about these opportunities as it is our view that natural gas is an important fuel of the future. It is abundant and clean, and is the logical transition toward less carbon-intensive fuels for generating electricity, the world's largest and fastest-growing energy demand sector.

We also continued to support a broad range of worthwhile causes, with community investments amounting to almost \$15 million in 2010. Of particular note, we launched our support of a signature program, Indigenous Women in Community Leadership, which is aimed at supporting First Nations, Métis and Inuit women leaders in Canada in their pursuit of community development and economic independence.

Looking ahead to 2011, we will likely continue to face economic uncertainties both in terms of demand for our products and price volatility. In the long term, we expect population and economic growth – particularly in developing countries – to increase global demand for energy by almost 35 percent in 2030 compared with 2005. New technologies in areas such as medicine, computing, transportation and personal communications are creating a greater demand for energy. We also expect that hydrocarbons will continue to meet the bulk of these requirements even as new renewable forms of energy become more accessible and affordable.

Our plan is to continue to concentrate on the strategies that have underpinned our success for 130 years: maintaining our financial strength and flexibility; focusing on the business elements we can control; and maximizing the value of our base businesses. We are also positioned for growth with an excellent portfolio of opportunities to pursue and we intend to take full advantage of it.

In addition to these strengths, a key competitive advantage for Imperial is our capable and committed workforce. As in past years, our employees accomplished our success through ingenuity and dedication, demonstrating ownership not only in the results they obtained but in the way they were achieved. In the last two years, our employee recruitment has reached record numbers and I'm very pleased with the talented additions to our workforce. I would like to take this opportunity to recognize and thank Imperial employees on your behalf for their tremendous efforts throughout 2010.

We look forward to our continued future success.

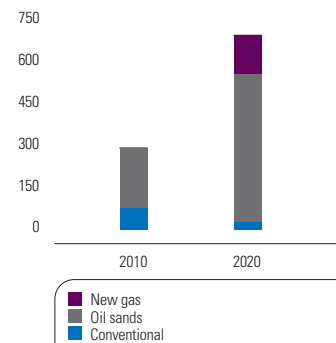
Original signed by

Bruce March

Chairman, President and CEO

**RESOURCE DEVELOPMENT:
BUILDING PRODUCTION VOLUME**

thousands of oil-equivalent barrels a day before royalties



Imperial has the potential to more than double production over this decade.

What sets us apart

Imperial is developing one of Canada's leading resource bases in a safe, responsible way, through proven strengths in technology and operational excellence, while continuing to improve operations and with relentless control of costs. Executing all of these well is what sets us apart from industry competition and allows us to continue to generate superior investment returns.

Investing in oil sands innovation

TECHNOLOGY AND RESPONSIBLE DEVELOPMENT

Imperial's support of oil sands research is focused on improving current technologies and developing breakthrough innovations that will advance productivity, economic efficiency and environmental performance.

The oil sands are a key component of Canada's resource wealth. The country's total oil reserves of 175 billion barrels ranks second only behind Saudi Arabia. And, of those barrels, all but five billion are located in the country's oil sands.

The energy opportunity is big, but extracting and producing oil from oil sands remains challenging. The industry must find new ways to unlock the resource in a manner that is environmentally responsible and cost competitive. This calls on companies to constantly look for ways to do things better. Key to this innovation is encouraging and supporting pioneering research.

Imperial Oil is leading the way in oil sands innovation. Since 1961, the company's research centre in Calgary has had a reputation as one of the top oil sands research facilities in the world. Scientists at the centre, working with ExxonMobil and other external experts,

are focused on improving and developing technologies to advance environmental performance, productivity and economic efficiency.

Their work has a particular importance to the company, which derives about 75 percent of its Upstream production volumes today from oil sands. Imperial's commitment to innovation is reflected in its significant research expenditures. Last year, the company invested approximately \$109 million in research, including about \$64 million at its research facilities in Calgary and Sarnia – most of it focused on oil sands innovation.

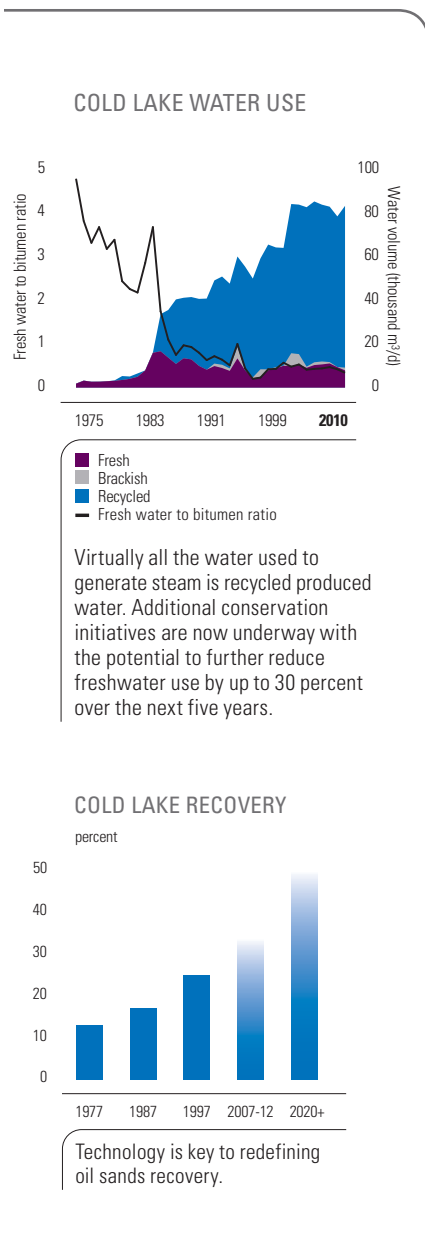
Each year, Imperial invests in research because it knows first-hand the transforming power of technology on the oil sands resource. For instance, the long history of success of Imperial's heavy oil operations at Cold Lake, Alberta, is closely integrated with research.



- ▶ New research at Imperial has shown that a low concentration of solvent mixed with steam can enhance bitumen recovery and use less energy for in situ operations. Pictured here are Solvent-Assisted Steam-Assisted Gravity Drainage (SA-SAGD) wells at the Cold Lake operation.

Decades ago, Imperial scientists invented and patented both Cyclic Steam Stimulation (CSS) and Steam-Assisted Gravity Drainage (SAGD), two key recovery processes used by the industry today for in situ oil sands development.

With these technologies, Imperial began commercial extraction of heavy oil at Cold Lake in the 1980s, recovering bitumen from oil-bearing sand deposits as much as half a kilometre below the surface. Since then, the company has relied on technology advances to recover more of the resource while steadily reducing the impact on the environment.



Today, a barrel of bitumen that once took five barrels of fresh water to recover now takes less than half a barrel. In new field development, the surface footprint per barrel of oil produced has been reduced by more than 80 percent. Air emissions have also improved. For example, with the addition of sulphur recovery facilities at Cold Lake's Mahihkan and Mahkeses plants, sulphur dioxide emissions in 2010 were 40 percent lower than 2006.

This spirit of innovation continues. New research at Imperial has also shown that mixing a low concentration of solvent with steam can enhance bitumen recovery at in situ operations. Imperial researchers have been working on a technology that adds solvent to SAGD wells. Initial pilots are underway at Cold Lake. The company has taken this process further and is conducting a Cyclic Solvent Process (CSP) pilot using only solvent without any steam. If successful, water use and greenhouse gas emissions could be virtually eliminated where CSP is applied.

Another process called LASER, which stands for Liquid Addition to Steam for Enhancing Recovery, is now in commercial use in about 240 wells at the Cold Lake operation. Through extensive field pilot testing, LASER has demonstrated the ability to increase oil recovered in later cycle wells by 35 percent. As a result, with the same amount of steam injected, more oil is produced, and carbon dioxide emission intensity is down by more than 25 percent.

These are encouraging results for a technology that took more than a decade to develop, test, pilot and put into commercial production. Today it is just one of many technologies being pursued that could see oil recovery rates almost double in the next decade, and environmental performance improve at the same time.

Lastly, Imperial is expanding the application of a recovery process at Cold Lake that targets the bitumen that lies between wells and cannot be accessed today. Called Continuous Infill Steamflood, additional steam injector wells are drilled between existing wells to increase recovery.

In terms of oil sands mining, a focus for Imperial scientists is to find fundamentally new, more efficient and cleaner ways of extracting the heavy oil. Another leading-edge technology being worked on is designed to separate bitumen from mined oil sands with significantly less water.

Non-aqueous bitumen extraction could substantially reduce or eliminate tailings ponds at an oil sands mining operation. Efforts are being devoted to advance the understanding of non-aqueous extraction and to design a pilot facility to accelerate the commercialization of this potentially game changing technology.

In December, Imperial, along with six other oil companies developing Canada's oil sands, announced that they will collaborate on research to improve tailings management, reflecting the companies' commitments to responsible development of Alberta's vast oil sands resource and the timely reclamation of tailings. The companies agreed to share their existing tailings technical information and to remove all barriers to facilitate pooled research and development, with the goal of accelerating tailings reclamation. Industry participants will also make past research and technical information available to industry members, regulators, academia and others interested in collaborating on tailings solutions.

In addition, Imperial supports university research projects across Canada, including those conducted at the Centre for Oil Sands Innovation (COSI) at the University of Alberta. The aim of this Canadian centre of excellence is to conduct breakthrough research that reduces the use of water and energy and decreases the footprint of oil sands development. Its current research portfolio includes more than 20 projects across six Canadian universities. Since 2005, Imperial has contributed \$10 million and about \$1.8 million of in-kind support to COSI. Imperial committed an additional \$10 million commencing in 2010.

FINANCIAL HIGHLIGHTS

- Earnings of \$2.2 billion or \$2.59 per share are up from \$1.6 billion or \$1.84 per share in 2009.
- Industry-leading return on capital employed was 20.5 percent in 2010, even with significant investments in assets under construction.
- Annual per share dividends paid increased for the 16th consecutive year.
- Shareholder distributions in 2010 totalled \$364 million through dividend payments and some share repurchases to avoid dilution. Imperial did not make a significant share repurchase in 2010, consistent with a view that the best use of cash is to invest in quality growth projects.
- Continued a long history of productivity improvement and prudent cost management. Since 2008, total expenses excluding purchases of crude oil and products have fallen by 1.5 percent.
- Completed a capital expenditure program of \$4.0 billion, including advancing major company growth projects.
- Capital and exploration expenditures were funded primarily through internally generated funds and cash on hand. New debt of \$620 million was raised in the year, with year-end debt of \$756 million.
- A strong balance sheet was maintained. Debt as a percent of total capital was only seven percent with interest coverage more than 370 times earnings.
- Imperial maintained a AAA rating from Standard & Poor's and remains the only Canadian industrial company with this rating.
- Imperial does not hedge the price of its production, use special purpose financial instruments or off balance sheet financing structures.
- A strong financial position provides confidence that the company can deliver on its growth plans even in a financially uncertain environment.
- Capital expenditures in 2011 are estimated to be about \$4 to 4.5 billion as the company advances its major opportunities. These investments will focus on growth and productivity improvements and will continue to be financed largely through internally generated funds.
- Proved oil and gas reserve additions were 125 million oil-equivalent barrels, replacing 140 percent of production.

Financial highlights

(millions of dollars)	2010	2009	2008	2007	2006
Operating revenues	24 946	21 292	31 240	25 069	24 505
Net income	2 210	1 579	3 878	3 188	3 044
Cash flow from operating activities and asset sales (a)	3 351	1 658	4 535	3 905	3 799
Cash and cash equivalents at year-end	267	513	1 974	1 208	2 158
Total debt at year-end	756	140	143	146	1 437
Average capital employed (b)	10 791	9 432	8 684	8 509	8 515
Capital and exploration expenditures	4 045	2 438	1 363	978	1 209
Dividends paid	356	341	330	319	315

(a) The definition of cash flow from operating activities and asset sales (page 27).

(b) The definition of average capital employed (page 27).

Key financial ratios

	2010	2009	2008	2007	2006
Net income per share – diluted (dollars) (a)	2.59	1.84	4.36	3.41	3.11
Return on average capital employed (percent) (b)	20.5	16.8	44.7	37.7	35.9
Return on average shareholders' equity (percent) (c)	21.4	17.1	45.7	41.6	43.4
Annual shareholders' return (percent) (d)	0.9	0.2	(24.3)	28.0	12.5
Debt to capital (percent) (e)	7	2	2	2	17
Dividends per share (dollars)	0.43	0.40	0.38	0.35	0.32

(a) Calculated by reference to the average number of shares outstanding, weighted monthly (page 26).

(b) The definition of return on average capital employed (page 27).

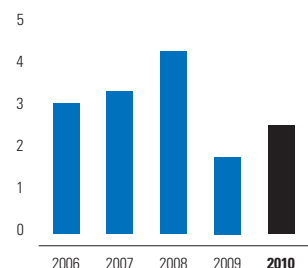
(c) Net income divided by average shareholders' equity (page 24).

(d) Includes share appreciation and dividends.

(e) Current and long-term portions of debt (page 24) and the company's share of equity company debt, divided by debt and shareholders' equity (page 24).

INCOME PER SHARE

Dollars per share – diluted



Income per share increased 40 percent over 2009.

OPERATING HIGHLIGHTS

Safety and environment

- ▶ Safety performance continued to be in line with best in industry. The company's goal remains that "nobody gets hurt." Nothing is more important.
- ▶ Achieved an excellent safety performance in 2010 with no employee lost-time incidents.
- ▶ Employee total recordable incident rate (TRIR) was a best-ever performance. Contractor TRIR was a near best-ever performance.
- ▶ Imperial's Strathcona refinery was recognized by Alberta Employment and Immigration for best-in-class safety performance, and the Alberta Petro-Chemical Safety Council honoured the facility for achieving best-in-class contractor safety performance.
- ▶ Environmental management and performance continued as a major focus with an eye to "Protect tomorrow. Today."
- ▶ Spills and environmental compliance incidents continued to show progress.
- ▶ Downstream flaring reduction of 16 percent compared with the previous best-ever year. In Alberta, Imperial's Upstream has the lowest solution gas flaring intensity in the industry.
- ▶ In early 2010, Imperial entered a formal long-term partnership with Ducks Unlimited Canada to collaborate in the development of best management practices and complete a wetland inventory of the Cold Lake operating area and in northeastern British Columbia, where Imperial has a promising shale gas play in the Horn River basin.
- ▶ Cold Lake's Wildlife at Work program was certified by the Wildlife Habitat Council in late 2010, the first upstream oil and gas site in Canada to receive this recognition.
- ▶ Lloyd's Quality Assurance confirmed that Imperial's Operations Integrity Management System continued to meet requirements of ISO 14001.
- ▶ 176 employees, including managers and others involved in influencing environmental performance, received environmental leadership training in 2010.
- ▶ Started up major air emissions improvement units in Sarnia, Ontario, and Dartmouth, Nova Scotia.

Major projects and new opportunities advanced

- ▶ Construction of the initial development of the Kearl oil sands project continued and was well advanced toward a scheduled fourth quarter 2012 start-up. Throughout the development and construction activities, Imperial Oil is focused on the important goals of project safety and responsible development.
- ▶ Received regulatory amendment approval for additional environmental improvements to the 30,000 barrel a day Nabiye expansion at Cold Lake. The regulatory amendments included technology improvements to enhance environmental performance: reducing land use footprint through directional drilling application; cogeneration technology for more efficient production of steam and electricity; and facilities to reduce air emissions of sulphur. Nabiye site preparation work has begun.
- ▶ Exploration continued in the Horn River basin in northeast B.C., a promising shale gas resource where Imperial, together with ExxonMobil Canada in a 50-50 joint venture, holds one of the largest land positions in the industry with 346,000 combined net acres. The joint venture acquired 37,000 net acres in 2010 and progressed a Horn River production pilot project with proposed start-up in late 2012 to assess well productivity and costs.
- ▶ Results from test wells drilled at Horn River have met or exceeded expectations for productivity and resource.
- ▶ The National Energy Board (NEB) approved the Mackenzie gas project, where Imperial holds about three trillion cubic feet of gas resource.



- ▶ At Kearl, the first shrub planting on-site began in August 2010. The green alder plants, which are indigenous to the area, were grown in a northern Alberta greenhouse from seeds harvested in the Athabasca oil sands area.

OPERATING HIGHLIGHTS

- Imperial, with ExxonMobil Canada, signed a joint operator agreement with BP (Imperial holds 25 percent) to combine acreage in the Beaufort Sea (about one million gross acres). While Imperial views this area as promising, further exploration work will only proceed after the NEB completes a review of Arctic drilling regulatory requirements and regulatory approvals are in place.

Reserves and volume performance

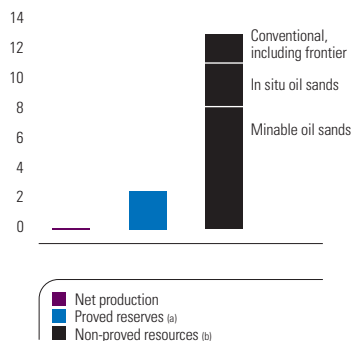
- Average daily production of crude oil, natural gas and natural gas liquids was 294,000 oil-equivalent barrels a day before royalties.
- Proved reserves at year-end totalled 2.5 billion oil-equivalent barrels, up 36 million oil-equivalent barrels from 2009. Total resource was in excess of 15 billion oil-equivalent barrels. Proved reserves represent more than 28 years of current production.
- Petroleum product sales were 442,000 barrels a day. Gasoline sales were 218,000 barrels a day. Imperial remained Canada's largest petroleum refiner.

Research and development

- In 2010, Imperial maintained a leading industry research program at its two research facilities in Sarnia and Calgary. Total research expenditures in 2010 were approximately \$109 million, including \$64 million spent at its research facilities. In addition, through its relationship with ExxonMobil, Imperial Oil had access to more than \$1 billion of industry-leading research worldwide.
- The company is focusing on advancing research on tailings technology through:
 - collaborating with others in the oil sands mining industry in order to promote technology sharing and to develop better tailings management solutions faster.
 - conducting work to accelerate tailings reclamation, reduce the size of tailings ponds and reduce water requirements to process mined oil sands.
 - supporting universities working on breakthrough technologies through an investment at the Centre for Oil Sands Innovation (COSI) at the University of Alberta. In 2010, Imperial renewed its commitment to COSI by pledging another \$10 million over the next five years.
- At Imperial's Calgary Research Centre, innovative research projects are also being pursued to improve recovery, increase efficiency and reduce environmental impact of oil sands production. These include:
 - Cyclic Solvent Process (CSP), a recovery technology that uses solvent instead of steam and could significantly reduce greenhouse gas emissions and eliminate water use. After a field trial in 2009, the company is planning a three-well CSP pilot. A regulatory application was submitted in the third quarter of 2010.
 - Solvent-Assisted Steam-Assisted Gravity Drainage (SA-SAGD), where solvents are added to steaming technology to liberate oil from oil sands. The process improves recovery and lowers energy and greenhouse gas emissions intensity. In the fall of 2009, a pilot of this process started operation at Cold Lake.

SIGNIFICANT RESOURCE BASE

billions of oil-equivalent barrels – 2010



(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. For reserves calculated under National Instrument 51-101 (NI 51-101) requirements, please refer to the company's filing of its NI 51-101 data on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

(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 2010, 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 12-15 in the Upstream section for additional information on components of the contingent resource base, including undeveloped oil sands acreage and the Mackenzie gas project.

- Significant resource base of more than 15 billion oil-equivalent barrels.
- Proved reserves life index of greater than 28 years.
- Non-proved resources of more than 13 billion oil-equivalent barrels, of which more than 11 billion barrels are oil sands.

Best-ever

Employee best-ever safety performance in total recordable incident rate and no lost-time incidents for the second year in a row.

- ▶ Continuous Infill Steamflood that could improve resource recovery and reduce greenhouse gas emissions intensity in mature areas at Cold Lake. Imperial continues piloting this technology and is assessing further application at its Cold Lake operation.
- ▶ Liquid Addition to Steam for Enhancing Recovery (LASER), a process in which a low-concentration solvent is added to steam in the Cyclic Steam Stimulation process in order to enhance recovery. LASER technology has been commercially applied to about 240 wells at the Cold Lake operation.
- ▶ Non-aqueous extraction, which could significantly reduce water use in oil sands mining and eliminate the need for wet tailings ponds and enable faster reclamation. Imperial is putting significant efforts in pilot planning to advance this technology.

- ▶ Downstream research is focused on improving energy efficiency and mitigating environmental impacts from its operations as well as in the use of its products.

Community investment

- ▶ Imperial supports communities across Canada where it has a presence through total community investments of almost \$15 million in 2010.
- ▶ This includes \$6.4 million contributed to more than 300 organizations through the Imperial Oil Foundation. The foundation focuses on supporting education in math and sciences; environmental initiatives; and Aboriginal opportunities. These are considered critical to Canada's future prosperity.
- ▶ Special contributions in 2010 included funding the Indigenous Women in Community Leadership program at the Coady International Institute at St. Francis Xavier University in Nova Scotia.

- ▶ Imperial engaged employees, contractors and retirees to raise a record amount for United Way-Centraide campaigns across Canada. Its employee participation rate was 86 percent. Imperial also donated an Arthur Lismer masterpiece from the company's corporate art collection, and the auction proceeds of \$118,000 were donated to the 2010 United Way of Calgary and Area campaign.
- ▶ Imperial continued its ongoing recruitment program and hired more than 250 career employees to help advance our growth opportunities.
- ▶ For more information, please see Imperial's *Corporate Citizenship Report* at www.imperialoil.ca.



- ▶ Imperial employs more than 150 scientists, engineers and technologists at its research centres in Calgary and Sarnia. The company has been awarded more than 900 patents since 1924.

Management system reinforces culture of safety and protection

How does Imperial ensure that its business units work harmoniously to manage risks inherent in its operations? The company has found measurable success in following a common approach with an all-embracing set of expectations and requirements.

On March 24, 1989, an Exxon tanker – the *Exxon Valdez* – ran aground on a reef in Prince William Sound, Alaska. This resulted in the daunting task of responding to what was the largest marine oil spill in U.S. history until the April 2010 Macondo well incident in the Gulf of Mexico.

Although a low point in Exxon's history, the spill was also a turning point. Following the spill, Exxon's senior management created a taskforce that searched the world for best practices in incident prevention, both inside and outside the petroleum industry. The goal was to ensure that something similar never happens again. In 1991, Exxon created a safety, health and environmental protection framework called the Operations Integrity Management System (OIMS).

Recognizing the impact that such a comprehensive management system would have, Imperial Oil adopted OIMS. The goal was to wholly reorganize the company to make safety – of people, the environment and facilities – the centre of everything it does. The framework was created to put its safety commitment into action through a single, comprehensive management system.

Today, OIMS provides a robust approach for managing safety, health, environmental and security risks throughout all aspects of Imperial's businesses. It is designed to identify hazards and manage risks and achieves a rigorous pursuit of industry-leading operational performance through clear roles, accountabilities and continuously improving systems. OIMS comprises 11 separate elements that provide guidance to ensure every operation has the required resources, skills, facility designs, processes, procedures and tools to perform safely, securely and with environmental care. OIMS guides the activities of each of Imperial's employees, as well as its third-party contractors. Over time it has become

embedded into everyday work processes at all levels and has helped transform the company's culture into one that believes improving operations integrity and managing risks will lead to improved business results.

OIMS sets expectations across all aspects of operations and its effectiveness begins with management leadership and commitment. Included are requirements ranging from personnel and process safety to contractor selection, community engagement and communications, and emergency response preparedness.

One of the most powerful elements of OIMS is the final one – element 11 – which requires every operation to carry out regular assessments. An external OIMS assessment is conducted every three to five years (depending on performance risk). A global team of specially trained personnel from Imperial and other parts of the ExxonMobil network spends between one to three weeks conducting an independent assessment of how well an operation is meeting its OIMS requirements. This assessment results in a list of opportunities to improve performance with a primary focus on execution and managing risk. In between external assessments, the management of a particular operation forms a multidisciplinary team to conduct an internal assessment of how well it is meeting OIMS requirements.

Certainly, at the heart of OIMS is a built-in emphasis on comprehensive risk assessment and management. Focusing on the sound management of risks specific to a particular operation enables OIMS to apply as effectively to an offshore platform as it does to a heavy oil recovery operation or a refinery. In each case, the key to risk reduction is to identify potential hazards, then apply measures to control or eliminate the hazard in order to reduce the probability and severity of an incident.

Industry leader

The value and success of OIMS has been recognized across the industry with many peers using the concept, specific elements and requirements.

A refinery, for example, contains a number of potential hazards, including explosive, corrosive and high-pressure materials. But through the application of measures to mitigate those hazards, such as properly designed vessels or automatic detection and shutoff systems, the risks associated with potential hazards are well managed to prevent serious incidents.

This attention to managing risk extends not just to equipment but to worker safety. Across Imperial, OIMS requires all safety incidents and near misses to be reported and reviewed carefully. As part of follow-up investigations, the company and employees look not only at actual safety events but also at significant near misses and the potential consequences of what might have happened. Learnings are incorporated into training, facility designs and procedures to continuously improve.

The daily concern for managing all risks and preventing incidents has resulted in a deeply ingrained culture of safety and protection at the company – one in which employees and contractors constantly look out for themselves as well as their fellow workers. It has created a work environment that regularly encourages safety awareness through safety meetings, the use of safety tools, employees mentoring co-workers and contractors and site-wide safety stand downs where workers take time to reflect on the importance of safety.

One of these events occurred on June 29, 2010, at the Kearl oil sands project near Fort McMurray, Alberta. To reinforce safety, the company told workers to put down their tools, stop their normal work and instead look for anything on the site that might constitute a safety hazard. As a result, a number of improvements were identified. Local management has carried out specific actions to address all items.

Ultimately, however, the proof of any loss management system such as OIMS is in the results it achieves. And the numbers show that OIMS has led to substantial improvement at Imperial.

In 1990, the last full year before OIMS was introduced, there were 81 employee lost-time incidents with a rate of 0.5 per 200,000 hours worked. In 2009, there were no employee lost-time incidents, which was a first for Imperial. That best-ever record was maintained in 2010. As well, contractors in 2009 had a best-ever safety performance year. In 2010, a total of three lost-time incidents occurred to contractors across company operations. Imperial's combined lost-time incident rate of 0.02 per 200,000 hours worked in 2010 was significantly better than Canadian and global industry averages.



► The proof of any loss management system such as OIMS is in the results it achieves. For Imperial, both 2009 and 2010 were best-ever performance years for employee lost-time incidents. Similar improvements have been achieved in environmental performance with spills and compliance incidents showing a progressive trend.

Preparing for growth: capital and exploration expenditures continue at a record pace

UPSTREAM

Higher crude oil prices boost Upstream earnings

The Upstream business continued its record of superior operating performance in 2010, generating earnings of \$1,764 million, compared with \$1,324 million in the previous year. The return on capital employed was 20.9 percent. Excluding construction in progress, the Upstream return on capital employed was more than 42 percent. Cash flow from operating activities and asset sales increased to \$2,529 million from \$997 million in 2009.

Higher global oil prices were the main reason for the improvement. This was partially offset by an unfavourable foreign exchange effect due to a stronger Canadian dollar, higher royalty costs and third-party pipeline reliability issues.

The company's total daily production of crude oil and natural gas liquids before royalties was 247,000 barrels, up by 3,000 barrels from 2009.

Imperial's production from oil sands in 2010 totalled more than 217,000 barrels a day from the company's wholly owned Cold Lake in situ operation and its 25 percent share of Syncrude.

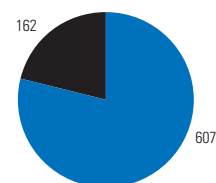
Production from the Cold Lake operation, the world's largest in situ heavy oil operation, averaged 144,000 barrels a day before royalties, up from 141,000 barrels a day in 2009. Higher production volumes were due to improved facility reliability as well as the cyclic nature of production.

The company's share of production at Syncrude, an integrated mining, extraction and upgrading facility, rose to 73,000 barrels a day of synthetic crude oil before royalties, up from 70,000 barrels a day in 2009. With the completion in 2006 of the latest phase of expansion, focus at Syncrude is on improving the reliability and cost performance of the project while keeping the upgrading capacity fully utilized.

Imperial's conventional oil and gas producing assets in Western Canada are mature. The key to the ongoing success of the conventional business rests in optimizing performance by relentlessly controlling unit costs and targeting opportunities for attractive investment. In 2010, production before royalties averaged about 30,000 barrels a day of crude oil and natural gas liquids, and 280 million cubic feet per day of natural gas.

ACREAGE ACQUISITIONS

net thousands of acres



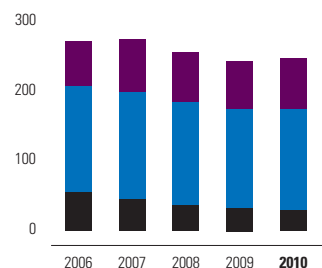
2006 to 2010

■ Conventional
■ Oil sands

Imperial continues to acquire strategic high-quality resource acreage, totalling almost 770 thousand net acres since 2006.

CRUDE OIL AND NGL PRODUCTION BY SOURCE

thousands of barrels a day before royalties



■ Syncrude
■ Cold Lake
■ Conventional and NGLs

Declining conventional production is being offset by oil sands growth.

At a glance

	2010	2009	2008	2007	2006
Net income (millions of dollars)	1 764	1 324	2 923	2 369	2 376
Cash flow from operating activities and asset sales (millions of dollars)	2 529	997	3 712	2 661	3 151
Gross crude oil and NGL production (thousands of barrels a day)	247	244	256	275	272
Gross natural gas production (millions of cubic feet a day)	280	295	310	458	556
Average capital employed (millions of dollars)	8 427	5 798	4 526	4 258	3 993
Return on average capital employed (percent)	20.9	22.8	64.6	55.6	59.5
Capital and exploration expenditures (millions of dollars)	3 844	2 167	1 110	744	787

Preparing for growth with robust capital and exploration spending

Upstream capital and exploration spending in 2010 totalled \$3.8 billion, with planned expenditures of \$3.7 to 4.2 billion in 2011, largely for future reserve additions and production growth.

Imperial holds a 70.96 percent interest in the Kearl project and is acting as operator in this joint venture with ExxonMobil Canada. The project is expected to begin initial production at 110,000 barrels of bitumen a day before royalties, of which Imperial's share would be about 78,000 barrels a day. Initial production is expected to start in late 2012, as scheduled.

The Kearl project, located about 70 kilometres northeast of Fort McMurray, will use proven technologies such as truck-and-shovel mining and hydro transport, as well as a new paraffinic froth treatment technology that will process mined bitumen on-site into a product that can be shipped by pipeline and sold to existing refineries without

the need for a costly new upgrader. Processing bitumen once rather than twice (in an upgrader and refinery) reduces both carbon dioxide emissions and development costs.

In 2010, Imperial advanced construction of the initial development of the Kearl oil sands project. All plant pilings were completed and substantial concrete foundations were laid. By the end of 2010, detailed engineering was more than 95 percent complete.

Imperial also advanced plans in 2010 for the next expansion of Cold Lake in a project called Nabiye with the potential to produce a further 30,000 barrels a day of bitumen. Despite obtaining regulatory approval earlier for the expansion, Imperial filed project amendments that further improve the environmental performance of the project. In 2010, Imperial secured regulatory approvals for these environmental improvements as well as carried out early site works, which included clearing and grading of the plant site and creating access roads into the area.

Imperial's focus in its Upstream business is on the long-term development of one of Canada's leading oil and gas resource positions. The company has the potential, with plans in place, to more than double Upstream production volumes by 2020. Volumes are targeted to be up about 40 percent by 2013.

As production from the relatively mature conventional resources of the Western Canadian Sedimentary Basin declines, developing and advancing an inventory of new major projects will be key to adding reserves and production growth.

The company's exploration portfolio, which has increased significantly in recent years, offers further opportunities to add to this resource position. The portfolio includes unconventional gas in northeast British Columbia, further oil sands mining and in situ opportunities, as well as tight oil in Alberta and offshore exploration in the Beaufort Sea.



- The Kearl oil sands project has an estimated recoverable resource of about 4.6 billion barrels or more than 40 years of sustained production.

Company well positioned for growth

UPSTREAM

Canada's oil sands are increasingly being recognized as a significant potential contributor to global oil supply, North American energy security and Canada's economic prosperity. The challenge is to bring these resources to market efficiently, and in a safe and environmentally responsible manner.

Kearl oil sands project

The Kearl project represents one of the best undeveloped resources in the Athabasca region, especially in terms of the quantity of bitumen that can be produced for a given volume of mined material – a key parameter in keeping operating costs down.

The company is currently reconfiguring the Kearl project development plan to include a combination of debottlenecking and expansion to minimize facility requirements and to reduce the plant footprint. When fully operational, the project's total capacity will be around

345,000 barrels of bitumen a day, with an estimated recoverable resource of about 4.6 billion barrels of bitumen. The project has an estimated lifespan of more than 40 years of sustained production. Work is well underway on an expansion that will double the initial production of 110,000 barrels of bitumen a day.

Horn River

Imperial, together with ExxonMobil Canada in a 50-50 joint venture, has increased its acreage position in the Horn River shale gas play in northeast British Columbia. At Horn River, the companies acquired an additional 37,000 net acres, drilled 12 wells and collected 270 km² of seismic data. The companies now hold an interest in about 346,000 net acres.

Imperial also advanced a production pilot project, to start up in late 2012, to assess productivity and improve development costs.

Mackenzie gas project

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

In late 2010, the National Energy Board (NEB) approved the Mackenzie gas project, subject to conditions and federal cabinet approval. Imperial will continue its dialogue with the federal government on a fiscal framework for the project before making decisions on re-staffing the project team and resuming engineering and execution planning. The NEB permit requires construction to begin by 2015.

The project is designed to bring to market gas from three previously discovered, on-shore gas fields in the Mackenzie River delta area of Northern Canada, together comprising about six trillion cubic feet of estimated recoverable gas resource. Imperial's wholly owned Taglu field represents about half of this resource. Imperial is operator of the project.



► In 2010, Imperial and ExxonMobil Canada increased their acreage position in the Horn River shale gas play in northeast British Columbia. The companies hold one of the industry's largest acreage positions in the basin.

Athabasca

Imperial holds extensive undeveloped acreage with promising mining and in situ development opportunities in the Athabasca region of Alberta. In 2010, the company furthered exploration in these holdings and drilled 65 oil sands evaluation wells and acquired 2-D and 3-D seismic data.

Beaufort exploration

In July, Imperial, ExxonMobil Canada and BP Exploration Operating Company Limited (BP) executed an agreement to cross-convey interests in respective Beaufort Sea Exploration Licences. As a result of the cross-conveyance, Imperial now holds a 25 percent interest in about a million acres of attractive exploration acreage in the Beaufort Sea area of Northern Canada, approximately 120 kilometres north of the Mackenzie Delta. The agreement assigns Imperial or ExxonMobil as operator and allows for cost sharing, optimizing efficiencies for operating bases, seismic acquisition and processing, and potential drilling plans.

One of Imperial's key strengths is its relationship with ExxonMobil and the combined ability to take on opportunities in such potentially promising but technically challenging frontier areas. After an extensive 3-D seismic survey was completed in 2008, the companies began collecting baseline environmental data required for eventual well permitting. Imperial is participating in the NEB's comprehensive review of offshore Arctic drilling, and further exploratory work will not take place until regulatory requirements are defined.

Resource base increases by almost 900 million barrels of oil equivalent

Imperial's total proved and non-proved resource base is more than 15 billion barrels of oil equivalent, or more than 170 years worth of production at current levels – an industry-leading position in terms of size, quality and diversity.

In 2010, proved reserves increased by 125 million barrels of oil equivalent, more than offsetting production of 89 million barrels of oil equivalent in the year. The principal increases were related to infill drilling and additional production performance data at Cold Lake.

Net proved developed and undeveloped reserves ^{(a) (b) (c) (f)}

year ended	Liquids ^(d)	Natural gas	Synthetic oil ^(Syn crude)	Bitumen ^(Cold Lake and Kearl)	Total oil-equivalent basis ^(e)
	millions of barrels	billions of cubic feet	millions of barrels	millions of barrels	millions of barrels
2006	71	710	718	741	1 648
2007	82	635	694	717	1 599
2008	64	593	734	1 437	2 334
2009	63	590	691	1 661	2 513
2010	57	576	681	1 715	2 549

- (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) For reserves calculated under National Instrument 51-101 (NI 51-101) requirements, please refer to the company's filing of its NI 51-101 data on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.
- (c) 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.
- (d) Liquids include crude, condensate and natural gas liquids (NGLs).
- (e) Gas converted to oil-equivalent at 6 million cubic feet per one thousand barrels.
- (f) Reserves were calculated based upon SEC's pricing requirement. Beginning with the 2009 year-end, reserves were calculated based on amended SEC's pricing requirement, which applied the average of the first-day-of-the-month price for each month during the last 12-month period.

On track

The Kearl oil sands project is on track for a late 2012 start-up.

Cost management and operational excellence are keys to competitive advantage

DOWNSTREAM

Imperial's results remained strong in the downstream industry in Canada despite a continued challenging economic environment in 2010.

Imperial is the largest petroleum refiner in Canada with a significant market share in all major petroleum product sectors, including retail, industrial and wholesale, and finished lubricants. The company's competitive advantage comes from having leading refining and marketing operations in Eastern, Central and Western Canada.

Imperial also has the refining industry's greatest conversion capacity (the ability to convert less valuable crude oil components to higher-valued products). This enables Imperial to take advantage of lower-valued crude oils, which helps improve margins and reduce overall costs.

Operational excellence encompasses all aspects of our activities, including:

- ▶ ensuring safe, environmentally responsible operations
- ▶ high business standards and controls – including the successful management of credit exposure
- ▶ improving reliability
- ▶ increasing margins
- ▶ energy efficiency – both to reduce costs and greenhouse gas emissions
- ▶ efficient project execution
- ▶ product quality

Although markets for refined products in Canada are relatively mature and are not likely to experience significant growth as motor vehicle efficiency continues to improve and mandates for biofuels add to supply, Imperial continues to stay competitive. The company's strategy for earnings growth focuses on striving for best-in-class cost and excellent operations, while providing quality, valued products and services at competitive prices.

Downstream earnings were \$442 million, up from \$278 million in 2009, due largely to improved refinery operations and strengthening of volumes in the recovering economy.

Total refinery throughput of 444,000 barrels a day was up from 413,000 barrels a day in 2009, reflecting a period of lower maintenance activity, with average refinery utilization at 88 percent, up six percent. Favourable market conditions and improved reliability through the year helped to increase volumes. Total net petroleum sales were 442,000 barrels a day, compared with 409,000 barrels a day in 2009.

Return on capital employed was 13.2 percent, and cash flow from operating activities and asset sales totalled \$896 million.

Capital expenditures in Downstream totalled \$184 million in 2010 and were focused on refinery projects to improve reliability, feedstock flexibility, energy efficiency, and environmental performance as well as continuing upgrades to the retail network. Capital expenditures in 2011 will be about \$175 million and will focus on improving refinery reliability to ensure sustainable operation, reducing air emissions and continuing upgrades to the retail network, including new point-of-sale technology.

Imperial continued its long-standing and effective program of upgrading its retail network in the major urban markets, while its dealers and distributors continued to invest primarily in non-urban centres. These investments provide the customer with a premium offer, including the latest pay-at-the-pump technology, modern On the Run convenience stores, food services and car washes, anchored by strategic brand partnerships with Tim Hortons, Aeroplan and Royal Bank. The On the Run franchise program continued its growth, reaching an important milestone of 50 franchise stores in 2010, bringing the total number of stores in the chain to 424.

Refining and supply delivers improved results

Improvements in refinery reliability and lower maintenance resulted in improved financial performance for the refining and supply business compared with 2009. In addition, the business set best-ever records for energy efficiency, spill performance and flaring, with flaring down 36 percent from 2009.

At a glance

	2010	2009	2008	2007	2006
Net income (millions of dollars)	442	278	796	921	624
Cash flow from operating activities and asset sales (millions of dollars)	896	700	539	1 180	562
Refinery throughput (thousands of barrels a day)	444	413	446	442	442
Refinery utilization (percent)	88	82	89	88	88
Net petroleum product sales (thousands of barrels a day)*	442	409	438	448	453
Average capital employed (millions of dollars)	3 361	3 598	3 460	3 257	3 161
Return on average capital employed (percent)	13.2	7.7	23.0	28.3	19.7
Capital and exploration expenditures (millions of dollars)	184	251	232	187	361

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

Fuels marketing volumes up

The fuels marketing business in Canada continues to be a significant contributor to overall profitability. The retail segment benefited from ongoing upgrades to the network and improvements in its marketing offers. During 2010, Imperial relaunched both its station locator application, using state-of-the-art Internet mapping technology, and its proprietary customer loyalty program, Esso Extra. The business also achieved Top Tier certification for all three grades of gasoline. In addition, with a continued focus on cost management, Imperial maintained its best-in-class unit cost position.

Imperial was well positioned to benefit from growth in product demand, achieving all-time records for sales volumes in the retail and aviation fuel segments. Fuels marketing sales volumes were 317,000 barrels a day, up almost 14,000 barrels a day from the previous year. Sales of home heating oil, diesel and jet fuels increased by about seven percent due to strengthening demand and competitive jet fuel volume gains.

Imperial remains one of the largest branded retail marketers in Canada, with about 1,850 retail sites. At the approximately 510 company-owned or leased sites, average productivity increased to 7.2 million litres, up four percent from 2009.

Simplifying the industrial and wholesale business

In 2010, Imperial embarked on a program to improve its industrial and wholesale segment, the portion of the business involved in the sale of bulk products through Esso-branded agents and resellers across Canada. The program involves moving to a branded reseller method of business and is expected to reduce complexity and risk in the business. The initiative will be implemented over a number of years.

Alliance with Tim Hortons renewed

In 2010, Imperial Oil and Tim Hortons signed a 10-year renewal agreement. The agreement includes a commitment to add 175 Tim Hortons locations at Esso sites across Canada through 2019. Tim Hortons began opening kiosks inside Esso gas stations in 1994, and since then, the number of sites across Canada has grown to more than 350 locations.

Mobil-branded product sales up

The lubricants and specialties business continued to see sales growth in Mobil-branded products. Imperial, the Canadian distributor for Mobil lubricants, saw branded car engine oil sales grow 31 percent from 2009 with the full implementation of the Mobil Super line of engine oils in Canada, which complemented solid Mobil 1 growth. Focus was also on increasing the brand presence of Mobil Delvac, a heavy-duty diesel engine oil for commercial vehicles that was introduced in 2009. Sales of branded heavy-duty engine oils were up by six percent.

Through Imperial's relationship with ExxonMobil, the lubricants and specialties business gained access to industry-leading lubrication technology development aimed at helping customers improve their equipment life, reduce energy consumption and extend oil change intervals. This, coupled with access to global supply chain capability and the Sarnia global customer technical service laboratory, continues to support Imperial's industry-leading position in the Canadian lubricants business.

In 2010, the lubricant base stock manufacturing facility in Sarnia was idled after a strategic review determined that profitability of key units in the manufacturing plant could be improved by producing low-sulphur diesel fuel instead of lubricants. In addition, the review determined that the lubes manufacturing plant would come under pressure due to international competition

from large plants and the facility's distance to global growth markets. Through focused project management, the shutdown of the facility was completed flawlessly and well ahead of schedule, allowing Imperial to begin realizing the benefits sooner. Lubricant products continue to be blended at the Sarnia Lube Oil Blend Plant using components brought in from other sources.

Trademarks

- Mobil, Mobil Super, Mobil 1, Delvac and the Pegasus design are trademarks of Exxon Mobil Corporation or one of its subsidiaries. Imperial Oil licensee.

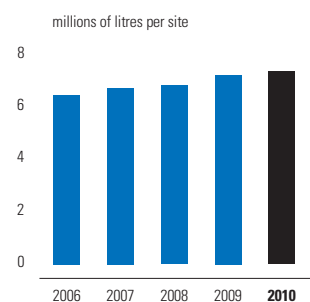
- On the Run is a registered trademark of Exxon Mobil Corporation in Canada. Imperial Oil licensee.

- RBC and Royal Bank are registered trademarks of Royal Bank of Canada.

- Tim Hortons is a registered trademark of the TDL Marks Corporation.

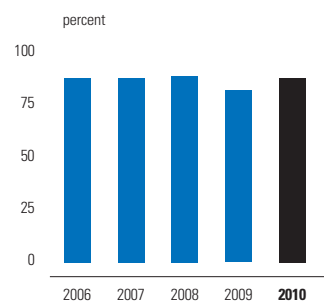
- Aeroplan is a registered trademark of Aeroplan Limited Partnership.

ANNUAL THROUGHPUT – COMPANY-OWNED OR LEASED RETAIL SERVICE STATIONS



Site productivity has increased 14 percent since 2006.

REFINERY UTILIZATION



Improved reliability contributed to refinery utilization increasing to 88 percent in 2010.

Strong year for Chemical earnings

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 and the second largest market share in injection molding.

Earnings from Chemical operations were \$69 million in 2010, up from \$46 million in 2009. Higher margins across all product lines were the main driver of the stronger earnings, partly offset by lower volumes and higher costs, both due to planned maintenance work at the Sarnia facility. This activity was well executed and included an expansion of Sarnia's flexibility to crack alternative feedstocks into ethylene. Synergies with Imperial's Downstream business continue to deliver benefits through the physical integration of the Sarnia site, joint feedstock and facilities planning, as well as shared manufacturing excellence networks and corporate services. As a result, Imperial is able to upgrade Sarnia's component streams to their highest value.

Return on average capital employed was 41.8 percent, and cash flow from operating activities and asset sales totalled \$65 million.

Total sales of petrochemical products were 989 thousand tonnes, compared with 1,026 thousand tonnes in 2009.

Capital expenditures in 2010 were \$10 million, compared with \$15 million in 2009. Planned expenditures in 2011 are about \$10 million and will include investments in safety initiatives, water management system enhancements, and reliability improvements.

In a period of high turnaround activity, the Chemical business delivered strong safety and environmental performance in 2010. Proven business controls and stringent credit management practices supported financial results in a challenging but improving economic environment.

The Chemical business operates in a competitive global marketplace that is highly cyclical. The recent growth of global competitors' polymers capacity has placed additional pressure on the North American chemical industry. In response, Imperial has focused its strategy of flawless execution on the elements of the business within its control. For example, the company's integration of its Chemical operations with its refinery in Sarnia is key to reducing cost and maximizing value for both the refinery and the chemical plant. Leveraging common site infrastructure, sharing management and efficiently optimizing energy needs across the site contribute significantly to lower costs.

The company has also developed a strategy to expand its 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. This type of demonstrated leadership in both cost and productivity is essential to the Chemical businesses' sustained ability to reliably meet its customers' needs in any economic environment.

At a glance

	2010	2009	2008	2007	2006
Net income (millions of dollars)	69	46	100	97	143
Cash flow from operating activities and asset sales (millions of dollars)	65	67	183	109	162
Chemical sales volumes (thousands of tonnes)	989	1 026	1 021	1 121	1 085
Average capital employed (millions of dollars)	165	169	199	230	261
Return on average capital employed (percent)	41.8	27.2	50.4	42.2	54.8
Capital and exploration expenditures (millions of dollars)	10	15	13	11	13



► The company's integration of its Chemical operations with its refinery in Sarnia has been key to reducing cost and maximizing value.

Celebrating Responsible Care® for 25 years

RESPONSIBLE CARE

Since its inception, Imperial has supported Responsible Care, an ethic that requires companies to follow principles that govern the safe and environmentally responsible handling of chemicals throughout their life cycle.

Three decades ago, Canadian chemical companies found themselves at a crossroads. For years, the companies had made products that improved quality of life for Canadians. But as Canadians became more concerned about the potential for large-scale safety incidents as well as the effects of chemicals on health and environment, public trust in the industry began to drop.

Recognizing this, industry responded in 1985 with Responsible Care – a new ethic challenging companies to pay more attention to the public's concerns and assume greater stewardship for their products and operations. Led by the Canadian Chemical Producers' Association (today's Chemistry Industry Association of Canada, CIAC), Responsible Care required member companies to follow new principles to govern the safe and environmentally responsible handling of chemicals throughout their life cycle. The association introduced six codes of practice including requirements for process safety, emergency response and hazardous waste management. As well, starting in the early 1990s, member companies were required to be verified every three years by external teams made up of two industry experts and two public stakeholders to determine if they continued to meet Responsible Care requirements. The goal of the ethic was to "do the right thing and be seen to do the right thing" and to "be open and responsive to public concerns."

It was an important move forward for the industry. And Imperial Oil's Chemical division played a leadership role from the start.

"Over the years, Imperial Oil's Chemical division's commitment to Responsible Care has been outstanding," says Brian Wastle, CIAC's vice-president of Responsible Care. "They've been one of the pioneers in helping to develop the ethic. They've really embraced the idea of driving this initiative forward."

In the late 1980s and throughout the following two decades, Imperial executives have taken an active part on the Canadian association's board, helping to shape the ethic and new codes of practice. In 1993, the first business to volunteer to undergo verification was Imperial's agricultural chemical site at Redwater, Alberta. Later, in 1998, the company's chemical plant in Sarnia was verified. Over the years, Responsible Care expectations became closely integrated into the Chemical's business practices. In December 2010, a new external team started the fourth verification of the company's commitment to Responsible Care. Their work is planned to be done in the first quarter of 2011.

Imperial has continued to take a strongly supportive role, working with industry peers over the last two years to update the ethic and codes of practice to meet changing expectations. Adopted in 2010 by CIAC, the revised ethic will require that member companies dedicate themselves, their technology and their business practices to sustainability – the ongoing betterment of society, the environment and the economy. One result is a set of new codes requiring companies to assess the sustainability of their products and processes, improve resource conservation and energy efficiency, and ensure the responsible use of raw material through to end products.

In 2010, Imperial carried out a gap analysis against the new codes. While the analysis confirmed that the business largely meets the new requirements, there are some improvement opportunities. The Sarnia plant will be assessed against the revised ethic when it undergoes reverification in 2013.



► As a member of the Chemistry Industry Association of Canada (CIAC), Imperial Oil's Chemical division not only supports Responsible Care, but has also played an important role in championing the initiative over the last 25 years. Started in Canada, Responsible Care has now been embraced by the chemical industry in 54 countries worldwide.

Global demand for natural gas continues to grow

A fuel of the future: natural gas

As a company, our challenge is to responsibly provide the energy that Canada and the world need. Meeting this challenge requires integrated solutions that can expand supplies, increase efficiency and mitigate emissions.

At home and around the world, natural gas is proving to be an ideal fuel to help meet the public's increasing demand for energy that is clean, readily available and abundant.

In the coming decades, natural gas is expected to act as a transition fuel for generating electricity as the world moves away from its reliance on coal, a more carbon-intensive fuel, to renewable sources of energy.

Developing unconventional sources of natural gas in Canada, such as our promising shale gas play in northeast British Columbia, is one of our challenges. At Imperial, we are committed to advancing solutions through technological innovation and new energy investments in order to continue to provide fuel efficiently and responsibly.

TECHNOLOGY

increase efficiency



reduce emissions



expand supply



the history of gas

- street lights
- gas from coal
- lamps in the home
- first gas company
- heating
- first gas well
- cooking
- metering
- more gas than oil lamps
- compressors
- vehicles
- pipeline transport
- industrial use
- thermostats for heating
- national pipeline network
- World's Fair features gas
- underground storage

1800-1850
Gas for lighting

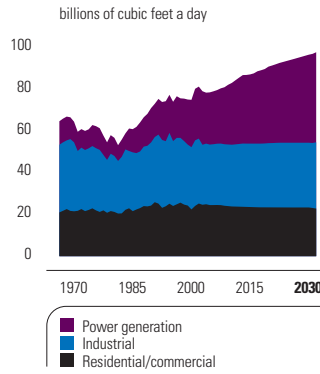
1850-1900
Gas for heating and cooking

1900-1950
Gas for industry and power

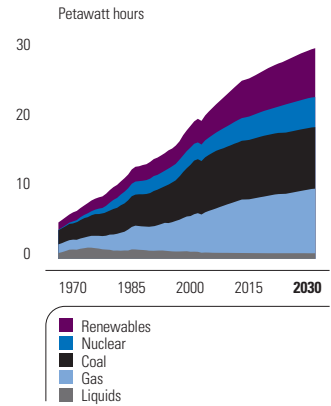
Natural gas began as a source for lighting, cooking and heating. Today, it is seen as the logical choice to replace coal as the fuel to generate electricity.

A logical choice

NORTH AMERICAN GAS DEMAND BY SECTOR



GLOBAL ELECTRICITY GENERATION BY ENERGY SOURCE



▸ Increased use in electricity generation drives natural gas demand growth.

Demand for electricity on the rise

Projecting the future mix of fuels for power generation is a complex task with many variables. How these fuels will compete economically will dictate which fuel utilities and power generators around the world will turn to for use at existing plants and those to be built.

Global demand for natural gas continues to grow

Through 2030, there will likely be a shift away from coal toward natural gas, as well as nuclear and renewable fuels. This will be driven by environmental policies, including ones that seek to reduce GHGs by putting a cost on carbon emissions.

In North America, demand for natural gas is expected to grow by about 1.2 percent a year over the next 20 years because of its ample supply on the continent, existing infrastructure and low greenhouse gas emissions intensity.

- turbine for electricity
- first LNG cargo to Europe
- NYMEX futures
- meets 20% of energy needs globally
- Russia exports to Europe
- LNG to Asia
- first gas fuel cell in the home
- UK-Europe Interconnector
- renewed US interest in LNG
- expanded use to meet growing power needs & reduce emissions
- advances in shale gas enhance supply outlook

1950-2000
Gas as a global, flexible fuel

2000-2030
Gas to reduce emissions

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, 2010, and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, and in our report dated February 25, 2011, 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 2011 annual meeting of shareholders of the Company. In our opinion, the information set forth in the accompanying condensed consolidated financial statements (pages 22 to 25) 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 25, 2011

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 as well as its 70.96 percent interest in the Kearl project, which is currently under development.

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 2011 Management Proxy Circular.

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 2011 Management Proxy Circular (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

	2010	2009	2008
Revenues and other income			
Operating revenues (a)(b)	24 946	21 292	31 240
Investment and other income	146	106	339
Total revenues and other income	25 092	21 398	31 579
Expenses			
Exploration	191	153	132
Purchases of crude oil and products (c)	14 811	11 934	18 865
Production and manufacturing (d)	3 996	3 951	4 228
Selling and general	1 070	1 106	1 038
Federal excise tax (a)	1 316	1 268	1 312
Depreciation and depletion	747	781	728
Financing costs	7	5	–
Total expenses	22 138	19 198	26 303
Income before income taxes	2 954	2 200	5 276
Income taxes	744	621	1 398
Net income	2 210	1 579	3 878
Per share information (Canadian dollars)			
Net income per common share – basic	2.61	1.86	4.39
Net income per common share – diluted	2.59	1.84	4.36
Dividends	0.43	0.40	0.38

(a) Operating revenues include federal excise tax of \$1 316 million (2009 – \$1 268 million, 2008 – \$1 312 million).

(b) Operating revenues include amounts from related parties of \$2 250 million (2009 – \$1 699 million, 2008 – \$2 150 million).

(c) Purchases of crude oil and products include amounts from related parties of \$2 828 million (2009 – \$3 111 million, 2008 – \$4 729 million).

(d) Production and manufacturing expenses include amounts to related parties of \$233 million (2009 – \$217 million, 2008 – \$169 million).

The information in the Summary Statement of Income (for 2008 to 2010), the Summary Balance Sheet (for 2009 and 2010), and the Summary Statement of Cash Flows (for 2008 to 2010), shown on pages 23 through 25, corresponds to the information in the Consolidated Statement of Income, the Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows in the financial statements of Imperial Oil's 2011 Management Proxy Circular. For complete consolidated financial statements, including notes, please refer to Appendix A of Imperial Oil's 2011 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 2011 Management Proxy Circular.

SUMMARY BALANCE SHEET (U.S. GAAP)

millions of Canadian dollars At December 31	2010	2009
Assets		
Current Assets		
Cash	267	513
Accounts receivable, less estimated doubtful amounts	2 000	1 714
Inventories of crude oil and products	527	564
Materials, supplies and prepaid expenses	246	247
Deferred income tax assets	498	467
Total current assets	3 538	3 505
Long-term receivables, investments and other long-term assets	870	854
Property, plant and equipment, less accumulated depreciation and depletion	15 905	12 852
Goodwill	204	204
Other intangible assets, net	63	58
Total assets	20 580	17 473
Liabilities		
Current liabilities		
Notes and loans payable	229	109
Accounts payable and accrued liabilities (a)	3 470	2 811
Income taxes payable	878	848
Total current liabilities	4 577	3 768
Long-term debt (b)	527	31
Other long-term obligations	2 753	2 839
Deferred income tax liabilities	1 546	1 396
Total liabilities	9 403	8 034
Commitments and contingent liabilities		
Shareholders' equity		
Common shares at stated value (c)	1 511	1 508
Earnings reinvested	11 090	9 252
Accumulated other comprehensive income	(1 424)	(1 321)
Total shareholders' equity	11 177	9 439
Total liabilities and shareholders' equity	20 580	17 473

(a) Accounts payable and accrued liabilities include amounts to related parties of \$455 million (2009 – \$59 million).

(b) Long-term debt includes amounts to related parties of \$500 million (2009 – nil).

(c) Number of common shares outstanding was 848 million (2009 – 848 million).

The information in the Summary Statement of Income (for 2008 to 2010), the Summary Balance Sheet (for 2009 and 2010), and the Summary Statement of Cash Flows (for 2008 to 2010), shown on pages 23 through 25, corresponds to the information in the Consolidated Statement of Income, the Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows in the financial statements of Imperial Oil's 2011 Management Proxy Circular. For complete consolidated financial statements, including notes, please refer to Appendix A of Imperial Oil's 2011 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 2011 Management Proxy Circular.

SUMMARY STATEMENT OF CASH FLOWS (U.S. GAAP)

millions of Canadian dollars
Inflow/(outflow)
For the years ended December 31

	2010	2009	2008
Operating activities			
Net income	2 210	1 579	3 878
Adjustments for non-cash items:			
Depreciation and depletion	747	781	728
(Gain)/loss on asset sales	(95)	(45)	(241)
Deferred income taxes and other	152	(61)	387
Changes in operating assets and liabilities:			
Accounts receivable	(289)	(261)	679
Inventories and prepaids	38	42	(159)
Income taxes payable	30	(650)	–
Accounts payable	651	271	(798)
All other items – net ^(a)	(237)	(65)	(211)
Cash from (used in) operating activities	3 207	1 591	4 263
Investing activities			
Additions to property, plant and equipment and intangibles	(3 856)	(2 285)	(1 231)
Proceeds from asset sales	144	67	272
Loans to equity company	3	2	(2)
Cash from (used in) investing activities	(3 709)	(2 216)	(961)
Financing activities			
Short-term debt – net	120	–	–
Long-term debt issued	500	–	–
Reduction in capitalized lease obligations	(3)	(4)	(3)
Issuance of common shares under stock option plan	3	1	7
Common shares purchased	(8)	(492)	(2 210)
Dividends paid	(356)	(341)	(330)
Cash from (used in) financing activities	256	(836)	(2 536)
Increase (decrease) in cash	(246)	(1 461)	766
Cash at beginning of year	513	1 974	1 208
Cash at end of year ^(b)	267	513	1 974

(a) Includes contribution to registered pension plans of \$421 million (2009 – \$180 million, 2008 – \$165 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 2008 to 2010), the Summary Balance Sheet (for 2009 and 2010), and the Summary Statement of Cash Flows (for 2008 to 2010), shown on pages 23 through 25, corresponds to the information in the Consolidated Statement of Income, the Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows in the financial statements of Imperial Oil's 2011 Management Proxy Circular. For complete consolidated financial statements, including notes, please refer to Appendix A of Imperial Oil's 2011 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 2011 Management Proxy Circular.

SHARE OWNERSHIP, TRADING AND PERFORMANCE

	2010	2009	2008	2007	2006
Share ownership					
Average number outstanding, weighted monthly (thousands)	847 609	849 760	882 604	928 527	975 128
Number of shares outstanding at December 31 (thousands)	847 599	847 599	859 402	903 263	952 988
Shares held in Canada at December 31 (percent)	10.8	10.8	11.1	12.1	13.0
Number of registered shareholders at December 31 (a)	12 909	13 157	13 206	13 108	13 561
Number of shareholders registered in Canada	11 430	11 621	11 620	11 450	11 844
Shares traded (thousands)	212 188	318 055	477 574	292 888	321 245
Share prices (dollars) (b)					
Toronto Stock Exchange					
High	43.50	49.11	62.54	56.26	45.20
Low	36.95	35.95	28.79	37.40	34.31
Close at December 31	40.58	40.66	40.99	54.62	42.93
NYSE Amex (U.S. dollars)					
High	43.54	43.13	63.08	61.48	40.38
Low	35.18	28.44	23.84	31.87	29.99
Close at December 31	40.52	38.66	33.72	54.78	36.83
Net income per share (dollars)					
– basic	2.61	1.86	4.39	3.43	3.12
– diluted	2.59	1.84	4.36	3.41	3.11
Price ratios at December 31					
Share price to net earnings (c)	15.7	22.1	9.4	16.0	13.8
Dividends declared (d)					
Total (millions of dollars)	364	340	334	324	311
Per share (dollars)	0.43	0.40	0.38	0.35	0.32

(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.

Career employees	2010	2009	2008	2007	2006
	4 969	5 015	4 843	4 785	4 869

FREQUENTLY USED TERMS

Listed below are definitions of several of Imperial's key business and financial performance measures. The definitions are provided to facilitate understanding of the terms and how they 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 in total for the company, it includes total debt and equity. Both of these views include the company's share of amounts applicable to equity companies, which the company believes should be included to provide a more comprehensive measurement of capital employed.

millions of dollars	2010	2009	2008	2007	2006
Business uses: asset and liability perspective					
Total assets	20 580	17 473	17 035	16 287	16 141
Less: total current liabilities excluding notes and loans payable	(4 348)	(3 659)	(4 084)	(4 833)	(4 270)
total long-term liabilities excluding long-term debt	(4 299)	(4 235)	(3 743)	(3 385)	(3 028)
Add: Imperial's share of equity company debt	33	36	40	50	55
Total capital employed	11 966	9 615	9 248	8 119	8 898
Total company sources: debt and equity perspective					
Notes and loans payable	229	109	109	108	1 078
Long-term debt	527	31	34	38	359
Shareholders' equity	11 177	9 439	9 065	7 923	7 406
Add: Imperial's share of equity company debt	33	36	40	50	55
Total capital employed	11 966	9 615	9 248	8 119	8 898

Return on average capital employed (ROCE)

ROCE is a financial performance ratio. From the perspective of the 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 are more cash flow based, are used to make investment decisions.

millions of dollars	2010	2009	2008	2007	2006
Net income	2 210	1 579	3 878	3 188	3 044
Financing costs (after tax), including Imperial's share of equity companies	2	2	2	18	10
Net income excluding financing costs	2 212	1 581	3 880	3 206	3 054
Average capital employed	10 791	9 432	8 684	8 509	8 515
Return on average capital employed (percent)	20.5	16.8	44.7	37.7	35.9

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 reflects the total sources of cash both from operating the company's assets and from the divesting of assets. The company employs a long-standing and regular disciplined review process to ensure that all assets are contributing to the company's strategic 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	2010	2009	2008	2007	2006
Cash from operating activities	3 207	1 591	4 263	3 626	3 587
Proceeds from asset sales	144	67	272	279	212
Total cash flow from operating activities and asset sales	3 351	1 658	4 535	3 905	3 799

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 28, 2011 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, enrol in the dividend reinvestment and share purchase plan, or enrol 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 – 27th Floor
Jersey City, New Jersey
U.S.A. 07310-1900

Telephone: 1-800-589-9836
E-mail: shrrelations@bnymellon.com
Website: www.bnymellon.com

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 2011 annual meeting. The Management Proxy Circular also includes Management's Discussion and Analysis of Financial Condition and Results of Operations. The Investors section of Imperial Oil's website (www.imperialoil.ca) contains the Management Proxy Circular.

DIRECTORS AND OFFICERS

Board of directors

Krystyna T. Hoeg
Corporate director
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

David S. Sutherland
Corporate director
Waterloo, Ontario

Sheelagh D. Whittaker
Corporate director
London, England

Victor L. Young
Corporate director
St. John's, Newfoundland and Labrador

Other officers

Paul J. Masschelin
Senior vice-president
finance and administration
and treasurer

T. Glenn Scott
Senior vice-president
resources division

Sean R. Carleton
Controller

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

Audit committee

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

Executive resources committee

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

Nominations and corporate governance committee

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

Environment, health and safety committee

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

Contributions committee

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



Imperial Oil Limited Board of Directors from left to right: David S. Sutherland, Sheelagh D. Whittaker, Bruce H. March, Jack M. Mintz, Victor L. Young, Krystyna T. Hoeg and Robert C. Olsen.



Imperial Oil

Appendix I Model Formulation

As shown in Fig. A1.1, performing a mass balance involves a control volume of length Δz in the radial geometry. The mass balance equation is derived from the continuity equation. Denoting r as the radius, ρ as fluid density, u as the radial velocity, and Δt as the time interval, the mass flow per unit length over an incremental time Δt is given by:



Figure A1.4 Mass Balance for a One-Phase Compressible Porous Medium Flow in a Radial Geometry



Equation (A1.2) and (A1.3) are substituted into the continuity equation to yield the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$. The radial flow equation is derived from the continuity equation and the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$. The radial flow equation is derived from the continuity equation and the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$.

Equation (A1.4) and (A1.5) are substituted into the radial flow equation to yield the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$. The radial flow equation is derived from the continuity equation and the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$.

Equation (A1.6) and (A1.7) are substituted into the radial flow equation to yield the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$. The radial flow equation is derived from the continuity equation and the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$.

Equation (A1.8) and (A1.9) are substituted into the radial flow equation to yield the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$. The radial flow equation is derived from the continuity equation and the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$.

Equation (A1.10) and (A1.11) are substituted into the radial flow equation to yield the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$. The radial flow equation is derived from the continuity equation and the radial flow equation. The radial flow equation is given by: $\frac{\partial}{\partial t} (\rho u_r r) = \frac{\partial}{\partial t} (\rho u_r r) \Delta t$.



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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, a key petrochemical producer and a leading marketer with a coast-to-coast supply network that includes about 1,850 retail service stations.

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