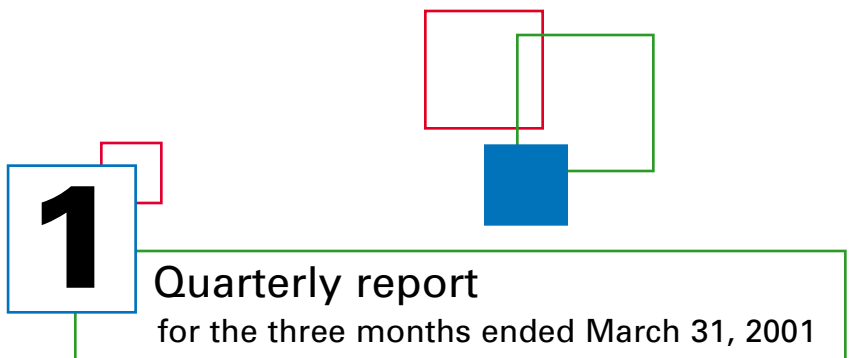


- Earnings per share increase by 50%
- Natural gas prices triple
- Production of crude oil and natural gas higher



Quarterly report
for the three months ended March 31, 2001

Financial highlights

	Three months to March 31	
	2001	2000
Earnings (millions of dollars)		
Natural resources	282	222
Petroleum products	120	51
Chemicals	1	18
Corporate and other	(21)	(22)
Net earnings	382	269
Cash flow from earnings	563	353
Cash flow from operating activities	493	257
Capital and exploration expenditures	164	122
Per-share information (dollars)		
Net earnings	0.96	0.63
Cash flow from earnings	1.41	0.82
Cash flow from operating activities	1.24	0.60
Dividends	0.195	0.195
Price – close at March 31	38.45	30.00

Earnings news release

Toronto, April 24, 2001 – Imperial Oil Limited today announced first-quarter net earnings of \$382 million or 96 cents a share, compared with \$269 million or 63 cents a share during the first quarter of 2000.

The main reasons for the increase in earnings were higher prices for natural gas, increased production of natural gas and crude oil, and continued strong industry refining margins. These positive factors were partly offset by lower bitumen prices and higher costs of purchased fuel and utilities.

Total revenues were \$4,722 million, compared with \$4,066 million during the first quarter of last year.

Cash and marketable securities were \$1,295 million on March 31, 2001, compared with \$774 million at the same time last year. Essentially all of the shares that can be purchased under the company's latest share-purchase program, which runs from June 2000 to June 2001, were purchased in 2000. As a result, no shares were purchased under this program in the first quarter of 2001.

Bob Peterson, chairman, president and chief executive officer, said: "These excellent results reflect a continuation of the company's solid operating performance, plus increased resource production in a climate of strong prices and margins for many of our products, particularly natural gas."

Information on the Web

Imperial's Internet Web site (www.imperialoil.ca) contains a wide variety of information about the company, including a complete range of investor information:

Publications

Current and recent annual and interim reports, news releases, the latest management proxy circular, forms 10K and 10Q, and the *Information for Investors* fact book

Key dates

Dividend declaration and payment, earnings news releases, annual meeting

Other useful information

Share transfer and replacement information, historical share prices and dividends, earnings sensitivities, crude oil posted prices, dividend reinvestment and share purchase plan

Special items – gains/(losses), after tax (restated)

millions of dollars	2001				2000			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Natural resources					25	61	–	–
Petroleum products				1	–	–	6	–
Chemicals				–	–	–	–	–
Corporate and other				–	(5)	–	–	–
				2001	2000	1999	1998	1997
Natural resources								
Asset sales				–	86	4	15	143
Tax refunds				–	–	–	133	–
Petroleum products								
Asset sales				1	6	12	7	–
Chemicals								
Asset sales				–	–	1	25	36
Corporate & other								
Asset sales				–	4	–	–	–
Expenses for redemption of U.S. debt				–	(9)	(18)	–	–

Management's discussion and analysis of financial condition and results of operations

Operating results

The company's net earnings for the first quarter of 2001 were \$382 million or 96 cents per share, compared with \$269 million or 63 cents a share for the three months ended March 31, 2000. The main reasons for the increase in earnings were higher natural gas prices, increased production of natural gas and crude oil, and continued strong industry refining margins. These positive factors were partly offset by lower crude bitumen prices and higher costs of purchased fuel and utilities. Total revenues were \$4,722 million during the first quarter of 2001 compared with \$4,066 million in 2000.

Natural resources

During the first three months of 2001, net earnings from natural resources were \$282 million compared with \$222 million for the same period last year. Prices for natural gas were higher compared with the same period last year. However, prices for crude bitumen were lower.

Total crude oil and natural gas liquids production increased to 275 thousand barrels a day in the first three months of 2001 from 254 thousand barrels a day in the first quarter of 2000.

Gross production of conventional crude oil declined to 56 thousand barrels a day in the first three months of 2001 from 64 thousand barrels a day in the first quarter of 2000, due to natural reservoir decline and sale of the company's share of the Mitsue field and a number of small oil producing properties in the Pembina area of Alberta late last year. Production of natural gas liquids available for sale decreased to 29 thousand barrels a day during the first quarter of 2001, compared with 32 thousand barrels a day in the same period in 2000.

The company's share of Syncrude's gross production increased to 59 thousand barrels a day in the first quarter of 2001 from 44 thousand barrels a day in the corresponding three-month period in 2000, as a result of the absence of last year's coker maintenance shutdowns and start-up of the Aurora project.

Heavy-oil production at Cold Lake was 131 thousand barrels a day during the first quarter of 2001 compared with 114 thousand barrels a day in the same period last year, as a number of wells were returned to production upon completion of the steaming cycle phase.

Gross production of natural gas in the first three months of 2001 was 621 million cubic feet a day compared with 506 million cubic feet a day for the same period in 2000. Increased production of natural gas included deliveries from the Sable Offshore Energy Project which began production at the end of 1999 and production from gas caps overlaying former oil fields at Bonnie Glen and Golden Spike in Alberta. Gross production of natural gas available for sale in the first quarter of 2001 was 445 million cubic feet a

day, up from 320 million cubic feet a day for the same period in 2000. Sales of natural gas increased to 499 million cubic feet a day from 453 million cubic feet a day.

Petroleum products

Net earnings from petroleum products were \$120 million during the first quarter of 2001, compared with \$51 million during the same period last year. Industry refining margins remained strong during the latest quarter. Marketing margins recovered, with most of the improvement occurring in commercial markets.

Excluding sales under purchase and sale agreements, sales of petroleum products averaged 68.5 million litres a day in the first quarter of 2001, compared with 67.4 million litres a day during the same period last year.

Chemicals

Net earnings in the first quarter of 2001 from chemical operations were \$1 million, compared with \$18 million during the same period last year. The main reason for the decline was reduced industry margins on sales of polyethylene because higher raw material costs could not be recovered in the market place.

Corporate and other

Net earnings from the corporate and other operations were negative \$21 million during the first quarter of 2001 compared with negative \$22 million for the same period last year.

Liquidity and capital resources

Cash flow from operating activities was \$493 million during the first quarter of 2001, compared with \$257 million for the same period last year. The increase was mainly due to improved cash flows from higher earnings.

During the first three months of 2001, total investing activities used \$140 million cash, up from \$112 million in the same period last year. Additions to property, plant and equipment was the main reason for the increase.

The company did not purchase any shares during the first three months of 2001, compared with the purchase of 4.2 million shares for \$120 million during the same period last year. The latest share-purchase program is now essentially complete.

A quarterly cash dividend of 19.5 cents a share or a total of \$78 million was paid in the first quarter of 2001, compared with 19.5 cents per share or a total of \$84 million in the first quarter of 2000.

The cash and marketable securities balance as of March 31, 2001 was \$1,295 million, compared with \$774 million at the same time last year.

Consolidated statement of earnings

(unaudited)		Three months to March 31	
millions of dollars	2001	2000	
Revenues			
Operating revenues	4,697	4,049	
Investment and other income (2)	25	17	
Total revenues (6)	4,722	4,066	
Expenses			
Exploration (6)	10	4	
Purchases of crude oil and products	2,776	2,444	
Operating	770	665	
Federal excise tax	279	283	
Depreciation and depletion	186	181	
Financing costs (3)	42	32	
Total expenses	4,063	3,609	
Earnings before income taxes	659	457	
Income taxes	277	188	
Net earnings (6)	382	269	
Per-share information - dollars			
Net earnings	0.96	0.63	
Dividends	0.195	0.195	

Consolidated statement of retained earnings

(unaudited)		Three months to March 31	
millions of dollars	2001	2000	
Retained earnings at beginning of period	2,282	2,225	
Net earnings for the period	382	269	
Share purchases (4)	-	(99)	
Dividends	(78)	(84)	
Retained earnings at end of period	2,586	2,311	

Consolidated statement of cash flows

(unaudited)		Three months to March 31	
inflow/(outflow) millions of dollars	2001	2000	
Operating activities			
Net earnings	382	269	
Depreciation and depletion	186	181	
(Gain)/loss on asset sales, after tax (2)	(1)	-	
Future income taxes and other	(4)	(97)	
Total cash flow from earnings (6)	563	353	
Accounts receivable	89	(47)	
Inventories and prepaid expenses	(288)	(192)	
Income taxes payable	(202)	35	
Accounts payable and other	331	108	
Change in operating assets and liabilities	(70)	(96)	
Cash from operating activities	493	257	
Investing activities			
Additions to property, plant and equipment (6)	(154)	(118)	
Proceeds from asset sales (2)	14	6	
Proceeds from marketable securities	-	58	
Additions to marketable securities	-	(58)	
Cash from (used in) investing activities	(140)	(112)	
Cash flow before financing activities	353	145	
Financing activities			
Common shares purchased (4)	-	(120)	
Dividends paid	(78)	(84)	
Cash from (used in) financing activities	(78)	(204)	
Increase (decrease) in cash	275	(59)	
Cash at beginning of period	1,020	775	
Cash at end of period	1,295	716	

Consolidated balance sheet

(unaudited)	As at March 31 2001	As at Dec. 31 2000
millions of dollars		
Assets		
Current assets		
Cash	1,295	1,020
Accounts receivable	1,407	1,496
Inventories of crude oil and products	707	421
Materials, supplies and prepaid expenses	164	162
Future income tax assets	344	377
Total current assets	3,917	3,476
Investments and other long-term assets	116	127
Property, plant and equipment	7,333	7,369
Goodwill and other intangible assets	248	250
Total assets (a)	11,614	11,222
Liabilities		
Current liabilities		
Short-term debt	75	75
Accounts payable and accrued liabilities	2,200	1,868
Income taxes payable	979	1,182
Current portion of long-term debt	299	292
Total current liabilities	3,553	3,417
Long-term debt (5)	936	928
Other long-term obligations	1,042	1,044
Future income tax liabilities	1,458	1,512
Total liabilities	6,989	6,901
Shareholders' equity	4,625	4,321
Total liabilities and shareholders' equity	11,614	11,222
(a) Total assets by segment		
Natural resources	5,208	5,288
Petroleum products	4,993	4,812
Chemicals	431	379
Corporate and other	1,297	1,022
Intersegment receivables eliminated in consolidation	(315)	(279)
Total assets	11,614	11,222

Approved by the directors April 24, 2001



Chairman, president and
chief executive officer



Controller and
senior vice-president,
finance and administration

Notes to consolidated financial statements

(unaudited)

1. Accounting principles

These consolidated financial statements follow the same accounting policies and methods of computation as, and should be read in conjunction with, the most recent annual consolidated financial statements.

2. Investment and other income

Investment and other income includes gains and losses on asset sales as follows:

millions of dollars	Three months to March 31	
	2001	2000
Proceeds from asset sales	14	6
Assets and liabilities disposed of (a)	13	6
Gain/(loss) on asset sales, before tax	1	–
Gain/(loss) on asset sales, after tax	1	–

(a) Assets sold did not include cash.

3. Financing costs

millions of dollars	Three months to March 31	
	2001	2000
Debt related interest	25	25
Other interest	1	1
Total interest expense	26	26
Foreign exchange expense on long-term debt	16	6
Total financing costs	42	32

4. Share purchase programs

	As at March 31	As at Dec. 31
Thousands of shares	2001	2000
Authorized	450,000	450,000
Common shares outstanding	398,263	398,263

In 1995 through 1999, the company purchased shares under five 12-month normal course share-purchase programs. Also in 1996, the company undertook an auction tender in which 72 million shares were purchased at a total cost of \$1,440 million. On June 21, 2000, another 12-month normal course program was implemented with an allowable purchase of 20.9 million shares (five percent of the total on June 16, 2000), less any shares purchased by the employee savings plan and company pension fund. The latest share-purchase program is now essentially complete. The results of these activities are as shown below.

Year	millions of	
	shares	dollars
1995 - 1999 (a)	150.0	3,136
2000 - First quarter	4.2	120
Full Year	33.2	1,208
2001 - First quarter	–	–
Cumulative purchases to date	183.2	4,344

Exxon Mobil Corporation's participation in the above maintained its ownership interest in Imperial at 69.6 percent.

The excess of the purchase cost over the stated value of shares purchased has been recorded as a distribution of retained earnings.

(a) Restated to reflect a three-for-one share split in 1998.

5. Long-term debt

millions of dollars	As at March 31	As at Dec. 31
	2001	2000
Long-term debt (at period-end exchange rates)	1,088	1,035
Foreign-exchange loss on U.S.\$ debt (a)	(152)	(107)
Long-term debt (b)	936	928

(a) The foreign-exchange loss on U.S.-dollar debt is being amortized to earnings over the remaining life of the debt.

(b) The company's 8.3% U.S.-dollar debt, which will mature on August 20, 2001, has been reclassified to the current portion of long-term debt in the balance sheet.

6. Business segments

millions of dollars	Three months to March 31	
	2001	2000
Revenues		
Natural resources		
External	1,086	735
Intersegment	598	636
Total	1,684	1,371
Petroleum products		
External (a)	3,358	3,104
Intersegment	427	317
Total	3,785	3,421
Chemicals		
External	260	216
Intersegment	89	49
Total	349	265
Corporate and other		
External	18	11
Total	18	11
Total external revenues (b)	4,722	4,066

Earnings

Natural resources	282	222
Petroleum products	120	51
Chemicals	1	18
Corporate and other	(21)	(22)
Net earnings	382	269

Cash flow from earnings

Natural resources	365	295
Petroleum products	203	47
Chemicals	3	22
Corporate and other	(8)	(11)
Total cash flow from earnings	563	353

Capital and exploration expenditures

Additions to property, plant and equipment		
Natural resources	113	83
Petroleum products	34	33
Chemicals	7	2
Total additions to property, plant and equipment	154	118
Exploration expense, natural resources	10	4
Total capital and exploration expenditures	164	122

(a) Includes crude sales made in order to optimize refining operations.

(b) Includes export sales to the United States.

Operating statistics

(unaudited)

	Three months to March 31	
	2001	2000
Gross crude oil and NGL production (thousands of barrels a day)		
Conventional	56	64
Cold Lake	131	114
Syn crude	59	44
Total crude oil production	246	222
Natural gas liquids (NGLs) available for sale	29	32
Total crude oil and NGL production	275	254
NGL sales (thousands of barrels a day)	46	55
Natural gas (millions of cubic feet a day)		
Production (gross)	621	506
Production available for sale (gross)	445	320
Sales	499	453
Average prices (dollars)		
Conventional crude oil sales (a barrel)	39.40	38.89
Par crude oil price at Edmonton (a barrel)	43.48	41.73
Heavy crude oil at Hardisty (Bow River, a barrel)	26.17	35.16
Natural gas sales (a thousand cubic feet)	9.93	2.94
Petroleum products sales (millions of litres a day)		
Gasolines	29.9	30.0
Heating, diesel and jet fuels	29.5	29.2
Heavy fuel oils	5.1	4.0
Lube oils and other products	4.0	4.2
Net petroleum products sales	68.5	67.4
Sales under purchase and sale agreements	11.6	11.2
Total petroleum products sales	80.1	78.6
Total refinery throughput (millions of litres a day)	75.8	72.7
Refinery capacity utilization (percent)	96	92
Petrochemical sales (thousands of tonnes a day)	3.4	3.1

Share ownership, trading and performance

(unaudited)

	Three months to March 31	
	2001	2000
Return on average capital employed (a)		
(rolling 4 quarters, percent)	28.6	14.3
Return on average shareholders' equity		
(rolling 4 quarters, percent)	34.8	17.0
Share ownership		
Outstanding shares (thousands)		
Monthly weighted average	398,263	430,094
At March 31	398,263	427,235
Number of shareholders		
At March 31	16,915	17,778
Share prices (dollars)		
High	40.10	34.10
Low	36.67	26.50
Close at March 31	38.45	30.00

(a) Capital employed is defined as short- and long-term debt and shareholders' equity.

Dividend and share-purchase information				
	2001	2001	2001	2002
	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.
Declaration date	May 24	Aug. 15	Nov. 21	Feb. 19
Dividend record date	June 5	Sept. 4	Dec. 3	March 4
Dividend payment date	July 1	Oct. 1	Jan. 1, 2002	April 1
Share purchase cutoff date				
(cheques for share purchase must be dated and received no later than)	June 15	Sept. 17	Dec. 13, 2001	March 14
Investment date				
(dividend-reinvestment and share-purchase funds are invested by the company on)	July 3	Oct. 2	Jan. 2, 2002	April 2
The declaration of dividends and the dates shown are subject to change by the board of directors.				
The company reserves the right to amend, suspend or terminate the dividend-reinvestment and share-purchase plan at any time.				
Share-purchase cheques should be made payable to Computershare Trust Company of Canada.				
Dividend cheques are normally mailed three to five days prior to payment dates.				
Quarterly statements for dividend-reinvestment and share-purchase plan participants are normally mailed two weeks after the investment dates.				

Annual meeting report

More than 600 shareholders and guests attended the company's annual meeting of shareholders, held April 24 at the Metro Toronto Convention Centre.

Chairman Bob Peterson reported that the company's earnings rose to \$1.42 billion in 2000, the highest in Imperial's 120-year history, and return on average capital employed increased to 27 percent, "the best reported return in at least the past 50 years."

Although the main factor in increased earnings was higher prices for crude oil and natural gas, "the story of 2000 was more than just high energy prices. It was also a year of solid operating performance by employees throughout the company."

Peterson noted that Imperial also improved shareholder value in 2000:

- Imperial's share price rose by more than 25 percent during the year, with total returns including dividends of 30 percent
- the company invested \$679 million in projects that will yield future earnings
- Imperial repurchased more than 33 million shares for \$1.2 billion
- the company retained a strong financial position, with more than \$1 billion in cash and marketable securities at year-end.

Looking to the future, he said Imperial has built up an impressive portfolio of investment opportunities that provide the company with a solid basis for growth in the coming decade and beyond.

At its bitumen leases at Cold Lake, Alta., Imperial is proceeding with investments totaling \$1.65 billion that could bring total production to 180,000 barrels a day by the end of this decade.

In natural gas, the company has been encouraged by the initial response to its study of the feasibility of developing its large discovered resources in the Mackenzie Delta. It is also a participant in the Sable project offshore Nova Scotia, with major interests in exploration acreage in the vicinity of the project.

The company also holds a 25-percent interest in the Syncrude venture, which is currently proceeding with a multi-phase investment program that could increase production to 350,000 barrels a day, more than 40 percent higher than current levels.

Dick Currie, chair of the audit committee, reported that the committee met five times during 2000, thoroughly reviewing such items as financial statements, changes to accounting practices, results of special reviews and internal audits and ethics compliance.

Sheelagh Whittaker, chair of the board's environment health and safety committee, pointed out that the safety performance of Imperial's employees was, again in 2000, among the best in Canadian industry. Of particular note, lost-time incidents involving contractors declined by two-thirds, to the lowest level on record.

During the question period, a number of shareholders and proxy holders asked about Imperial's opposition to the Kyoto protocol.

Peterson replied that the company views potential human-induced climate change as an important, complex and serious issue that demands sensible and realistic approaches to manage long-term risk.

"At Imperial, we do not believe the Kyoto protocol is the right answer. In our view Kyoto is an unworkable and inappropriate public policy response to an important and complex issue which, if implemented, would do little to reduce greenhouse gases and yet do substantial harm to both developed and developing countries."

Another shareholder asked why Imperial had decided not to proceed with an ethylene production plant in Sarnia, instead of obtaining the product through an agreement with ExxonMobil.

Brian Fischer, senior vice-president, products and chemicals, replied that Imperial was able to negotiate an advantageous price for the needed ethylene with ExxonMobil, allowing most of the benefit that would have resulted from building a plant in Sarnia to be captured without incurring the required capital expenditure.

The annual meeting also featured displays on the company's Web site, the proposal for delivering Mackenzie Delta gas to southern markets, and several organizations and initiatives supported by the Imperial Oil Charitable Foundation.

For more information

If you have a question about dividend payments, dividend reinvestment, lost dividend cheques, settling an estate, or transferring or replacing share certificates, you can call our transfer agent at 1-800-332-0095. Employees with shares in the Imperial Oil savings plan should call 1-800-668-2648.



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

