

**J. Michael Yeager, senior vice-president and director, Imperial Oil Limited,
speaks to the Raymond James Oil Sands of Canada Conference.
New York, New York May 9, 2005**



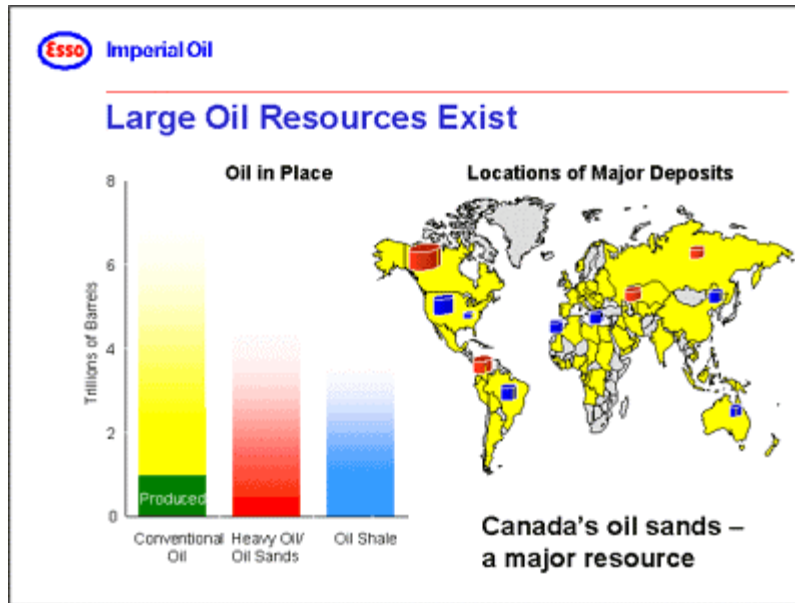
Good afternoon. It's a pleasure for me to be here today, and I want to thank Raymond James for this opportunity.

Imperial is a pioneer and a major player in the development of Canada's oil sands. We have a wealth of operating expertise and experience, an industry-leading commitment to research and technology development, and a lease position in the oil sands that's second to none.

I'd like to take a few minutes today to discuss some of the challenges and opportunities associated with development of Canada's oil sands, and offer some of Imperial's perspectives based on our experience in this area.

I want to leave you with one clear message -- Imperial has been the leader in Canadian oil sands development, and we have strategies and plans in place to maintain this leadership position as the oil sands move to centre stage in the global energy picture.

Let me begin by briefly setting this stage.




Canada holds a significant advantage in its endowment of hydrocarbon resources, especially in the Alberta oil sands. While significant quantities of conventional oil resources remain, about one trillion barrels have already been produced and new production is increasingly in more marginal areas.



In contrast, the roughly four trillion barrels of heavy oil and oil sands has barely been scratched. Canada's portion of the known oil sands is significant. A recent study by the Canadian Energy Research Institute put the volume of bitumen in-place in Canada at 1.6 trillion barrels -- a major resource from any view.

Of course, how much of that resource might be technically and economically recoverable will depend upon a host of factors. The challenge is to develop these new supplies in a timely, cost-effective and environmentally sound manner.

My next chart outlines some of the investment attributes and challenges of oil-sands development.



Investing in the Oil Sands is Different



Advantages

- **No exploration risk**
- **Enormous resource with long-life production**
- **Technology provides tremendous leverage**

Challenges

- **Large initial capital investment**
- **Higher production/energy costs**
- **Long-term view, long pay-out period**

Let me begin with some of significant advantages of oil-sands development.

First, as the location and extent of the oil sands are clearly defined, there is no exploration risk. And as I stated earlier, these resources are truly enormous -- billions of barrels of recoverable resource. This translates into very long-life production, with significant potential for improvement in overall profitability through technology development.

Among the more significant challenges is the fact that the oil-sands business can be a high cost proposition -- particularly when bitumen is upgraded to light sweet crude oil.

Development of large-scale oil-sands operations in the industry today have capital costs that are typically several billion dollars -- among the most expensive oil and gas developments in the world. They are also among the most complex onshore operations in the industry today -- highly technical, large workforce, remote and huge logistical challenges.

Production costs can also be high when compared to other sources of crude oil -- driven in part by the energy-intensive nature of the processes used to extract bitumen from the oil sands.

The size, cost and complexity of oil-sands development translates into long development cycle times -- typically five to seven years -- or more -- leading to a significant exposure to factors such as commodity price and market fluctuation.

Now, before I discuss Imperial's oil-sands operations and opportunities in detail, let me provide a quick overview of the company as a whole.



Imperial Oil Limited

- Largest integrated in Canada
 - market cap: C\$30 billion
 - financial strength – AAA
- Net proved reserves*: 1.72 GOEB
- Net unproved resources: 11.5 GOEB
- Upstream production: 360 KOEB/D
- Major oil sands producer: 200 KBD
- Leading refiner and marketer
- Chemical sales: > 1.2 MT/year

* Before year-end price revision

Imperial is Canada's largest integrated oil company with interests from oil and gas production to refining, marketing and petrochemical manufacturing.

Our market capitalization exceeds \$30 billion (Cdn.), and our financial strength is unequalled in the industry. The company has earned and sustained a triple-A credit rating by Standard and Poor's -- the only Canadian industrial with this rating.

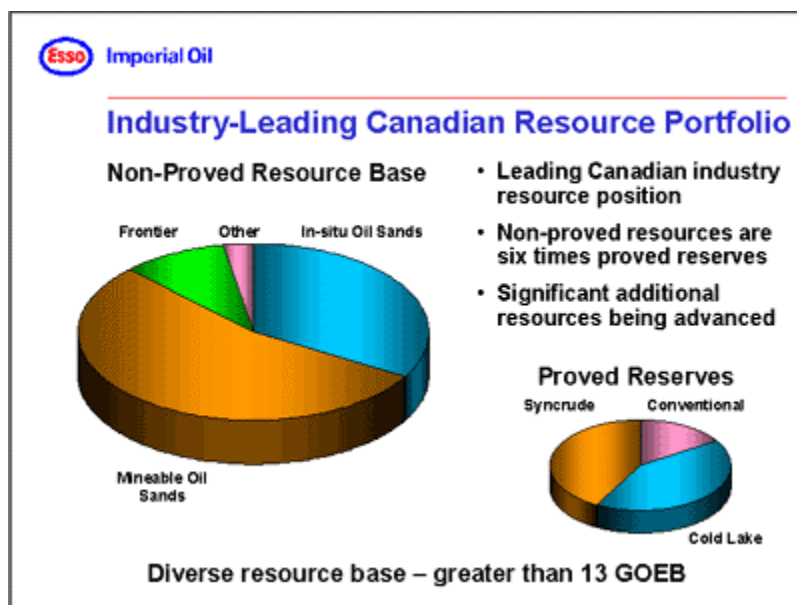
A disciplined investment strategy translates to quality returns on capital employed and sustained growth in shareholder value.

Our investment model, with a strong financials and operations focus, is the platform for profitable development of our significant proved reserves and underlying resource base. At year-end 2004, Imperial's total proved reserves stood at about 1.7 billion oil-equivalent barrels (before 2004 year-end price revision) and a remaining reserve life, at today's production volume, of 15 years. Our current non-proved resource base is six times larger than our proved reserves at more than 11 billion barrels.

We are a major upstream producer, with average daily production last year of about 360,000 barrels a day, more than half of which comes from our oil-sands operations.

And as I mentioned earlier, we are Canada's leading downstream company as well, with industry-leading refining, marketing and petrochemical operations.

My next chart looks at our resource portfolio in more detail.



Imperial's total resource base is second to none in Canada. The pie charts on this graph illustrate this resource position and highlight the major portion represented by our oil-sands resources, both mineable and in-situ. The size of our non-proved resource base is significant. We will continue to explore, but the need to find more resource for our immediate future can obviously be put in perspective with this chart.

Our challenge is to efficiently deplete our proved reserves and to convert these very large non-proved resources to proved reserves, a challenge that will require sustained focus on technology development to increase recovery from existing production and to make new resource addition opportunities economically attractive.

Among these new opportunities are the Kearl oil sands project, ongoing expansion at Syncrude Canada, enhancement initiatives at our Cold Lake in-situ operation, and some additional in-situ opportunities in the Athabasca region.

I'll focus the balance of my presentation on these opportunities. But first, I want to spend a moment outlining the disciplined approach that I believe gives Imperial a distinct advantage over our competitors. I want to talk about this approach because I believe it is one of the critical strengths we bring to the specialized challenges of oil-sands development.



Esso Imperial Oil

Unique Imperial Approach

- **Work in a proven, standard way**
- **Work the details harder than the competition**
- **Industry-leading commitment to research**
- **Leverage ExxonMobil global expertise and technology**
- **Invest in top 90 percent of opportunities**
- **Execute flawlessly, never stop improving**

This chart lists the basic components of our approach to achieving superior results in every part of our business, both established operations and pursuit of new development opportunities.

We work in a proven, standard way. We work with common engineering and geoscience tools and methods. We measure the economics of our projects the same. We are able to put all of our opportunities on the wall, ranked from best to worst -- on a common basis.

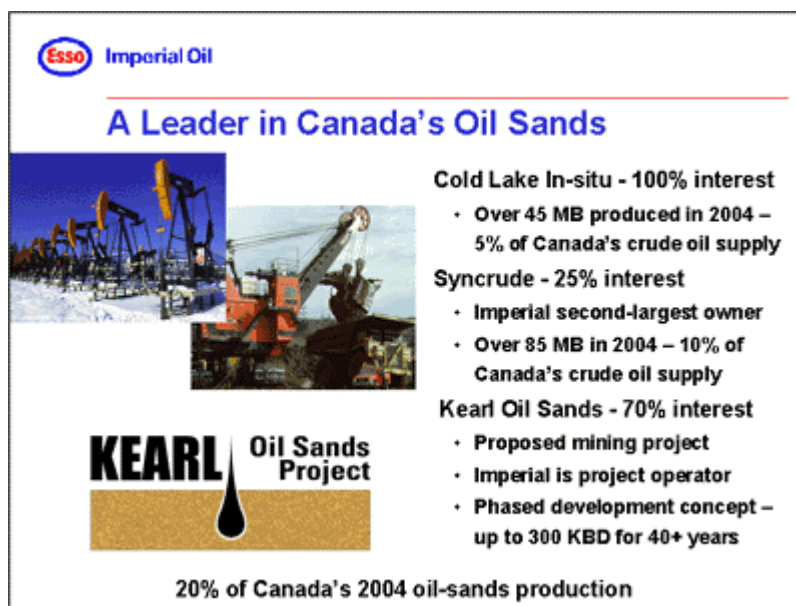
We are very detailed. We do not say "yes" until we understand the opportunity from top to bottom. Ask any of our competitors -- Imperial works the details harder.

As I mentioned earlier, our commitment to research and technology development is industry-leading. And nowhere is this more important than in the oil-sands business.

We use established best practices, processes and standards from the global ExxonMobil network in all phases of the upstream business model -- exploration, development, operations and marketing. This access to global experience and expertise provides us with a competitive advantage unmatched in the Canadian, upstream industry. We can and do access knowledge from expertise gained all over the world. This expertise allows us to capture and progress opportunities more quickly and effectively than our competition.

After we get our ranked list of projects, we have the discipline to not do the bottom of the list. We will commit only when we know a project meets our quality of investment.

By repeating this year-after-year, we have achieved a higher quality outcome than our competition. The result is a disciplined, focused approach in pursuit of excellence that we think cannot be duplicated.



Esso Imperial Oil

A Leader in Canada's Oil Sands

Cold Lake In-situ - 100% interest

- Over 45 MB produced in 2004 – 5% of Canada's crude oil supply

Syncrude - 25% interest

- Imperial second-largest owner
- Over 85 MB in 2004 – 10% of Canada's crude oil supply

Kearl Oil Sands - 70% interest

- Proposed mining project
- Imperial is project operator
- Phased development concept – up to 300 KBD for 40+ years

KEARL Oil Sands Project

20% of Canada's 2004 oil-sands production

Imperial's oil-sands assets are a significant portion of our asset base, and offer strategic long-term growth opportunities.

Our Cold Lake project is one of the largest in-situ oil sands operations in the world. This asset is wholly owned and operated by Imperial. Cold Lake produces over five percent of Canada's crude oil -- with production of over 45 million barrels in 2004.

Imperial also holds the second-largest interest, at 25 percent, in the Syncrude project. The Syncrude project is the largest producer of synthetic crude oil from Canada's oil sands -- accounting for over 10 percent of Canada's crude oil production -- with production in excess of 85 million barrels in 2004.

Production from these two operations in Alberta's oil sands are the cornerstones of our current oil-sands business, and account for more than 50 percent of our total upstream production. As noted on the bottom of this chart, they also accounted for 20 percent of Canada's daily oil-sands production in 2004.

Imperial also has extensive oil-sands interests outside of these two projects.

Our most advanced initiative, the Kearl oil sands mining opportunity is an oil-sands mining development jointly proposed by Imperial and ExxonMobil Canada on three leases north of Fort McMurray, with Imperial serving as operator.

As I'll outline later, we are progressing a phased development approach here, with ultimate production of about 300,000 barrels a day, on a resource base that can support this production for well more than 40 years.



The slide features the Esso Imperial Oil logo at the top left. Below it is the title "Cold Lake Overview" in blue. To the left of the text are two images: an aerial view of the industrial site and a close-up of a conveyor belt system. To the right is a bulleted list of key facts.

- Premier in-situ oil sands resource
- Phased field development maximizes value
 - field pilots 1964-1975
 - phases 1-10 first commercial production 1985-1995
 - phases 11-13 production in 2002
 - 2005 construction in northern expansion area
- All investments yield attractive returns at our long-term price view

Imperial's 100-percent owned and operated Cold Lake development is a premier oil-sands asset. It is the largest in-situ recovery operation in Canada and one of the largest thermal heavy oil recovery operations in the world. We now operate 13 phases of commercial development that have been developed over the last 20 years.

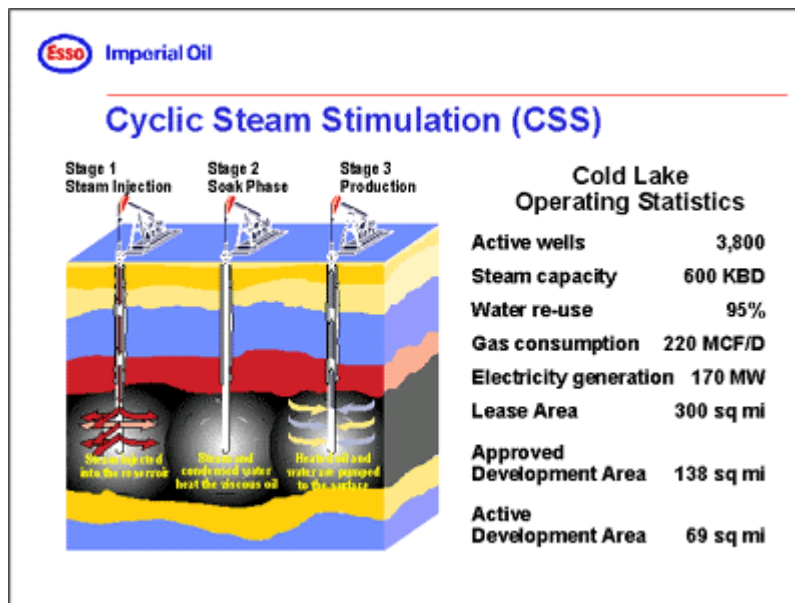
We have been very deliberate, and successful, in pursuing a phased development approach at Cold Lake. This approach has allowed us to maximize value by learning as we go, while minimizing the production, operating and investment risks associated with a multi-billion dollar development of this size.

Imperial operated a number of field pilots during the 1960's and early 1970's, and the importance of these pilots cannot be overstated. These pilots were the precursors to the commercial phases, and they gave us the confidence to move forward with large-scale development. We are still using this tactic of piloting our research today.

Shipments of bitumen blend from phases 1 and 2 of our commercial project started in July 1985. We are now up to phases 11-13, and have constantly pursued technology and continued to optimize our investments over this time.

In March of 2004, regulatory approval was received for further expansion, phases 14-16. The focus in the near-term will be on further development of existing phases taking advantage of existing infrastructure. This approach is consistent with the disciplined strategy I outlined a second ago -- we will only do a project or an expansion when it is attractive, and we will only pursue investments that yield attractive returns at our long-term price view

Let me explain what we do at Cold Lake.



This chart provides an overview of the CSS -- or cyclic steam-stimulation -- technology that Imperial developed at Cold Lake, and which we continue to use today.

On the left is a simple schematic depicting the reservoir process. Steam -- up to 600,000 barrels a day -- is produced in large steam generators and is carried to wells through insulated, above-ground pipelines. It is injected down the wellbores and into the Clearwater formation at temperatures of about 300 degrees Celsius and pressures averaging 1,600 psi.

To mobilize the bitumen and provide drive energy, cyclic steam-stimulation uses periods of steam injection, followed by periods of "soaking", and then periods of production. The illustration shows the three phases - steam injection on the left, the "soak" period in the centre, and bitumen production on the right.

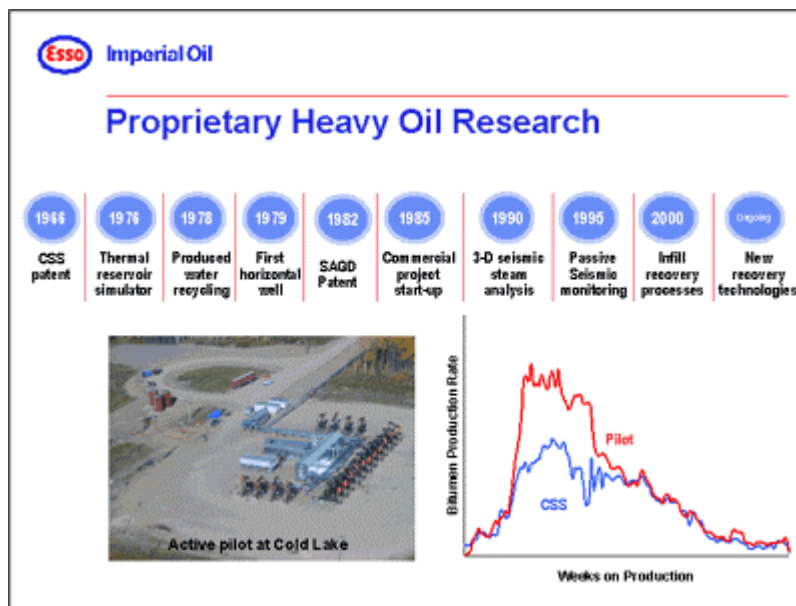
The cyclic nature of the process provides for multiple drive mechanisms -- compaction drive, solution gas drive, and gravity drainage -- which in turn deliver higher early production rates than other thermal technologies.

The nature of this business does not yield a continuous volume of production -- it cycles, with bitumen production variations from year to year and even quarter to quarter. In fact, it's not uncommon to experience changes in production of as much as 20,000 barrels a day from one quarter to another. But on a long-term basis, Cold Lake has provided average production growth of about four percent per year since the early 1990's.

On the right side of the chart, are a number of key operating parameters for the Cold Lake operation. Without discussing each in detail, let me summarize. The heart of the Cold Lake operation is a massive water cycling operation. We operate a very large number of wells, and production tends to be cyclic, with significant bitumen production variations from year to year and even quarter to quarter. Up to 95 percent of the water we use to generate steam is produced and re-used. The operation consumes large quantities of natural gas as fuel and, by virtue of the new cogeneration plant we started up in late 2002, we are now generating all of the electrical power we require for current and anticipated future operations. In fact, we are currently a producer of electrical power in Alberta, selling about 40-50 megawatts into the Alberta Power Pool.

As you can imagine, a small technology gain in steam generation, gas usage or water treating goes a long way. That is why we have 40 PhDs in Imperial, and can call on several hundred more within ExxonMobil to focus on these opportunities.

If you think about it, we can make a major "discovery" right in our current operations.



This chart highlights some of the major, proprietary technological advances that helped make commercialization at Cold Lake possible. As you can see, our research efforts didn't stop with the successful start-up of the commercial production project.

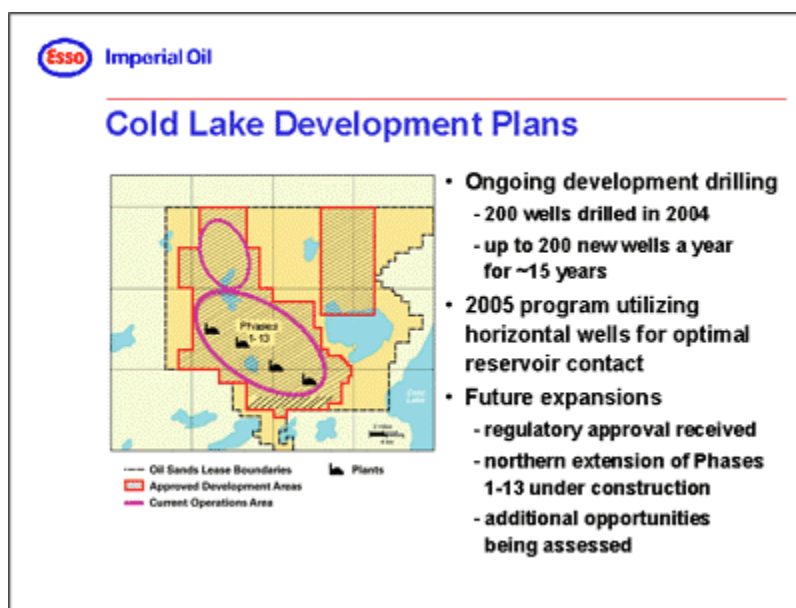
Imperial spent more than \$250 million on research and technology development at Cold Lake before the start-up of the commercial project in 1985. And since project start-up, expenditures in research and technology development at Cold Lake have averaged more than \$25 million per year at Imperial's own upstream research centre in Calgary and in field pilots at Cold Lake.

I'm not aware of any other major producer in Canada who continues to maintain a similar research facility into in-situ bitumen recovery and production methods -- something we believe to be a unique, competitive advantage.

And let me give you another practical example of this commitment. In late 2004, Imperial announced that the company is contributing \$10 million over the next five years to the University of Alberta to establish a new research facility called the Imperial Oil Centre for Oil Sands Innovation. It is the largest investment we've ever made in a university, and substantially increases the university's capacity for research and education on the orderly development of the oil sands.

Across the middle of the chart are the "technology firsts" that resulted from this research. You will note the CSS patent in 1966, commercial start-up in 1985, and our continued technology achievements in between.

Lastly, the picture in the bottom left is a current pilot in progress. The graph on the right shows the early pilot results versus our traditional cyclic steaming. This is one of several pilots in progress.



As I mentioned earlier, we have been very deliberate -- and successful -- in pursuing a phased development approach at Cold Lake, to manage the risks associated with development and to bring on new volumes as they meet our quality of investment.

This map shows the locations of our current operations, as well as those at the northern end of our leases.

We conducted a significant development drilling program in 2004 within our approved development area (outlined in red), using up to three rigs, including a new rig specifically designed for service at Cold Lake. Not only is it specifically built for our drilling, it also incorporates state-of-the-art safety features to protect workers from injury.

Looking ahead, we plan to drill up to 200 new wells per year for the next 15 years.

Our 2005 program will involve our first development activity in the northern extension of our main development area (the smaller ellipse), and will utilize horizontal wells more extensively. As I mentioned, in March of 2004, we received regulatory approval for two future expansion areas. We are currently doing our normal intense technical work to ensure quality.

In addition to the 2005 drilling activity I mentioned, we are also assessing a number of capacity enhancement initiatives aimed at debottlenecking and interconnecting our four existing plants. These enhancement opportunities will lower operating costs and hopefully allow for more development at even lower investment per barrel.

Cold Lake is a monster asset, and will be around for a long time. As I mentioned, it has provided average production growth of about four percent per year since the early 1990's, and we have plans to continue that level of growth.

Now, let's look at our interests in Syncrude.



Syncrude Overview



- Long-life, high-quality mining resource
- Production 250 KBD – current expansion project to 350 KBD
- High operating cost compared to conventional production
- Focus on operating reliability and cost efficiencies using proven IOL technology and operating practices
- Technology development will be leveraged for other Imperial-owned mining resources

Imperial -- with a 25-percent ownership -- is the second largest owner of Syncrude Canada Limited, Canada's largest oil production operation and the largest oil-sands project, globally.

Syncrude is a high-quality oil-sands mining operation, with a resource base to support decades of production. Current production is about 250,000 barrels a day.

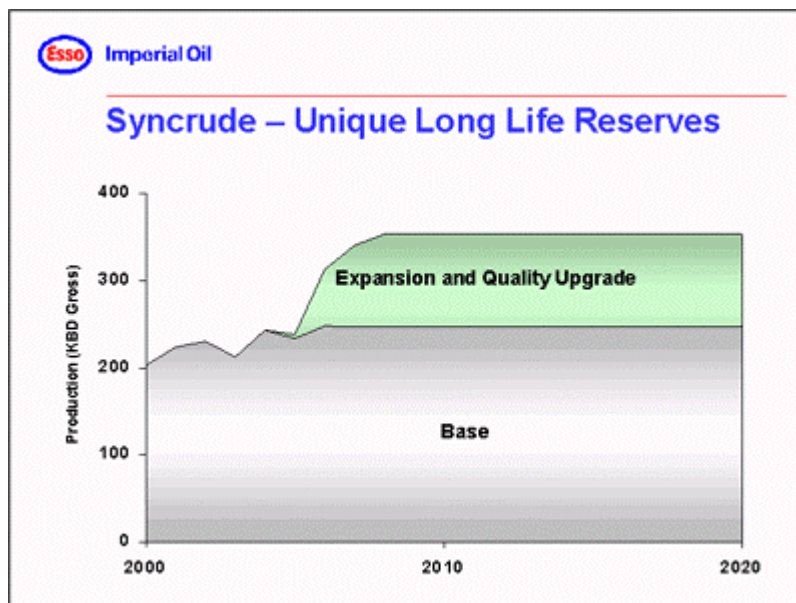
In 2001, the Syncrude owners approved the Aurora 2 mine and upgrader expansion, which includes the addition of a third, 100,000-barrel per day fluid coker. This project will take production from 250,000 barrels a day to 350,000 barrels a day. The Aurora 2 mine is now operating, and was completed within budget and on-schedule. The upgrader expansion will not only increase capacity by 100,000 barrels a day upon completion, it will also improve overall synthetic blend quality for the entire Syncrude site.

As you are likely aware, about this time last year the Syncrude owners received a revised cost, \$7.8 billion (Cdn.), and schedule estimate for the upgrader expansion project indicating higher costs and a later start-up.

Since that time, a team of experts from the project owners and Syncrude have taken intervention steps to ensure the remaining project work is adequately managed to achieve the revised cost and schedule.

The mining and upgrading operation at Syncrude is high-cost relative to conventional heavy oil production like Cold Lake, but the resulting synthetic bitumen is a high-value product, superior in a number of respects to conventional light, sweet crude and commands a higher price.

We are working with Syncrude management on our approach to business, and the use of our operating procedures as ways to improve reliability. In addition to offering new knowledge to Syncrude, we are obviously learning ourselves, for application to our new opportunities.

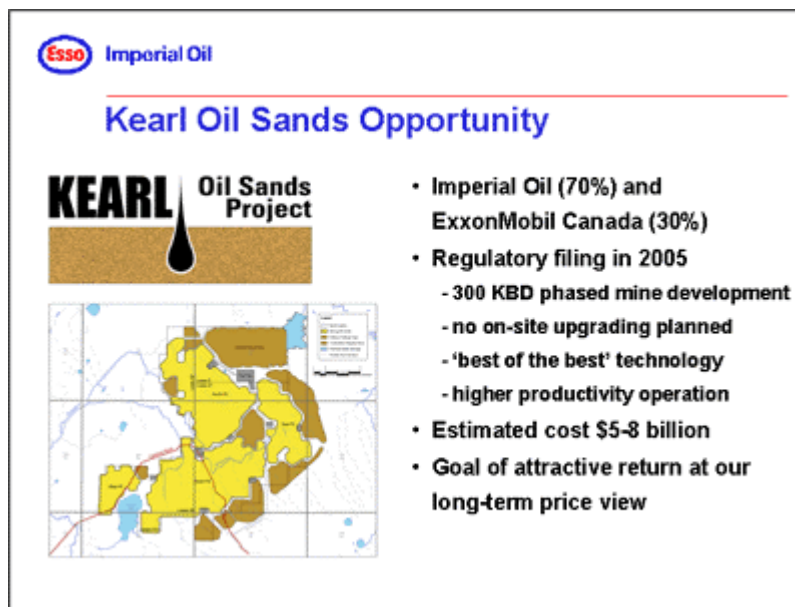


Syncrude's very unique production profile is worth a mention.

Syncrude's resource base is sufficient to support decades of production, even with current and future expansions. Unlike the ongoing production decline experienced by conventional oil fields, Syncrude's long life reserves lead to a flat producing profile over the life of the facilities.

This graph illustrates a production profile for Syncrude, with base production from the existing operation on the bottom and forecasted future production increases resulting from current expansion on top.

Now, let me turn to the Kearl oil-sands mining opportunity.



The slide features the Esso Imperial Oil logo at the top left. Below it is the title "Kearl Oil Sands Opportunity" in blue. To the left of the text is a graphic with the word "KEARL" in large black letters, "Oil Sands Project" in smaller black letters, and a black oil drop icon above a brown textured area representing oil sands. Below this is a map of the Kearl region showing various lease areas in yellow and brown. To the right of the map is a bulleted list of project details.

- Imperial Oil (70%) and ExxonMobil Canada (30%)
- Regulatory filing in 2005
 - 300 KBD phased mine development
 - no on-site upgrading planned
 - 'best of the best' technology
 - higher productivity operation
- Estimated cost \$5-8 billion
- Goal of attractive return at our long-term price view

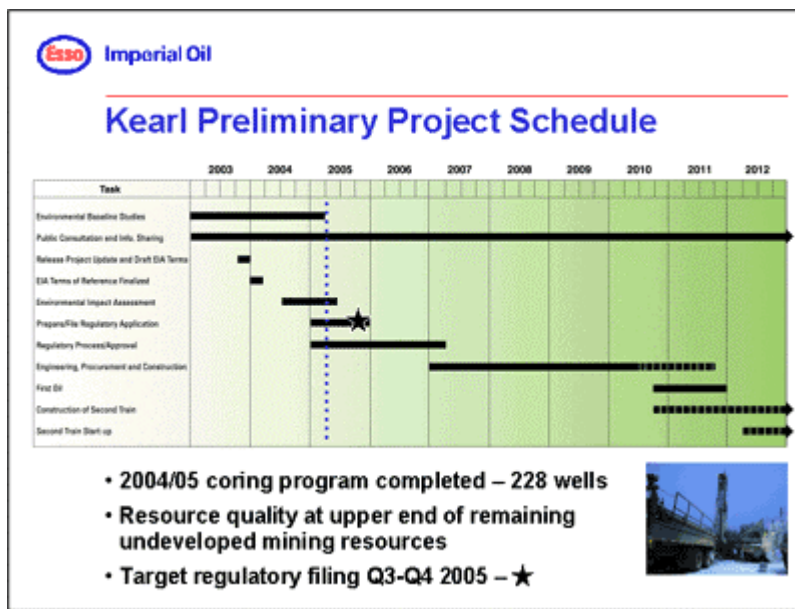
As I mentioned, Imperial holds extensive oil sands interests outside of Cold Lake and our ownership position in Syncrude Canada.

This chart outlines the Kearl region northeast of Fort McMurray, near Syncrude. Imperial and ExxonMobil Canada are progressing work on a potential joint mining development on the leases shown here, with Imperial serving as operator for the joint venture.

Our design basis involves a phased development approach, with an initial development of 100,000 barrels a day, and later expansions to as much as 300,000 barrels a day. We have enough resource in the ground for 300,000 barrels a day for over 40 years.

We are evaluating a range of upgrading options, including potential leveraging of North American refineries owned by Imperial and ExxonMobil. Our design approach is not to include any on-site upgrading as part of the initial regulatory application. We plan to apply the "best of the best" technology at Kearl, resulting in a higher-productivity operation that will be best mining project in the industry.

As you can see, the projected cost of Kearl -- \$5.8 billion (Cdn.) -- will be highly dependent on the upgrading strategy we ultimately pursue. Let me state again that our goal here is to develop the best project in the industry -- and the decisions we make in areas such as upgrading strategies and the scheduling of phased development will be driven by our goal of delivering the most attractive returns at our long-term price view.



This chart illustrates our preliminary project schedule for Kearl.

We concluded the second phase of a core-hole delineation drilling program this past winter to further define the resource potential on the 100-percent Imperial portions of our lease area. This further delineation confirmed that our Kearl leases have resource quality at the upper end of the remaining undeveloped mining resources in the Athabasca region.

We're also conducting baseline environmental work, public consultation activities and advancing conceptual engineering. All of this work will position us to file regulatory applications for the project later this year. Given timely regulatory approval and favourable business conditions, construction could begin in 2007, with first production by 2010.

Because our oil-sands holdings are so large, let me mention briefly our interests in addition to Cold Lake, Syncrude and Kearl.

Imperial holds close to 462,000 acres of oil-sands leases, some of this in the Athabasca region in the vicinity of and south of Fort McMurray, which you see illustrated on this map. You can see the red-shaded areas that delineate additional Imperial acreage in the oil-sands region. Some of it is amenable to mining, but as you can see, the majority is more suitable for in-situ development.

Including Cold Lake and Kearl, there are up to 10 billion barrels of potentially recoverable resource on our undeveloped acreage, a significant inventory of future opportunities for us.



 **A Leader in Canada's Oil Sands**

- A pioneer in the development of Canada's oil sands
- Leader in oil-sands research
- Significant current position and potential for future growth
 - Cold Lake
 - Syncrude expansion projects
 - Kearl mining project
 - Undeveloped oil-sands assets

Focus on quality earnings growth

Let me close by re-stating a couple of points.

First, Imperial has been a pioneer and continues to be the leader in development of Canada's oil sands, a resource that represents a truly enormous opportunity.

Second, we are uniquely and strongly positioned to continue our leadership -- through our assets at Cold Lake, Syncrude, Kearl and other future opportunities.

To continue our success, we will follow the deliberate, disciplined approach I've outlined to you, and continue our focus on excelling in technology development, project management and operating performance efficiency. These are the particular attributes and strengths that Imperial brings to oil-sands development.

Imperial is truly excited about the growth potential of our oil-sands assets. We will continue our efforts to responsibly exploit this enormous resource, with a continued focus on quality earnings growth, now and for the long term.

That concludes my formal remarks. I'd be happy to entertain any questions you may have.

Disclaimer

This presentation contains forward-looking information on future production, project start-ups and future capital spending. Actual results could differ materially due to changes in project schedules, operating performance, demand for oil and gas, commercial negotiations or other technical and economic factors. Oil-equivalent barrels (OEB) may be misleading, particularly if used in isolation. An OEB conversion ratio of 6,000 cubic feet to one barrel is based on an energy-equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.