Imperial Oil

ANNUAL REPORT TO SHAREHOLDERS

1993

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The company meets "management, discussion and analysis" (MD&A) reporting requirements by incorporating the necessary information into the letter to shareholders, the review of operations and the financial review, which are located on pages 2 through 25 of the report.

Esso Imperial Oil

Company profile

Imperial Oil Limited is one of Canada's largest corporations and has been a leading member of the country's petroleum industry for more than a century. The company's mission is to create shareholder value through the development and sale of hydrocarbon energy and related products.

Imperial is the country's largest producer of crude oil and a major producer of natural gas. It is also the largest refiner and marketer of petroleum products — sold primarily under the Esso brand — with a coast-to-coast supply network. As well, the company is a major supplier of petrochemicals and fertilizers.

About the cover

Imperial's refining and marketing operations were a major contributor to increased earnings in 1993. Pictured on the cover are the company's Dartmouth refinery and distribution terminal, situated across the harbor from Halifax, N.S.

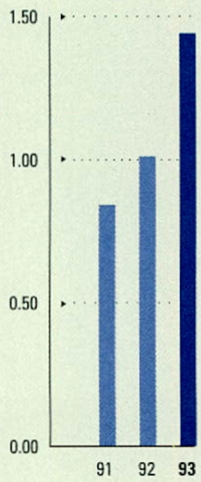
Financial Highlights (1)

	1993	1992	1991
Net earnings (millions of dollars)	**279**	195	162
Cash provided from operating activities	**1 438**	1 436	1 180
Capital and exploration expenditures	**538**	467	574
Return on average capital employed (percent)	**3.2**	2.4	2.3
Return on average shareholders' equity (percent)	**4.2**	2.9	2.4
Price to earnings ratio (at December 31)	**31.1**	40.2	47.6
Price to cash flow ratio (at December 31)	**6.0**	5.5	6.5
Per-share information (dollars)			
Net earnings	**1.44**	1.01	0.84
Cash provided from operating activities	**7.42**	7.41	6.11
Dividends	**1.80**	1.80	1.80

(1) Financial percentages and ratios in this and other tables throughout the annual report are defined on page 33.

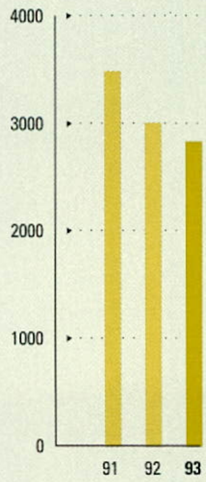
HIGHLIGHTS

Earnings Per Share
(dollars)



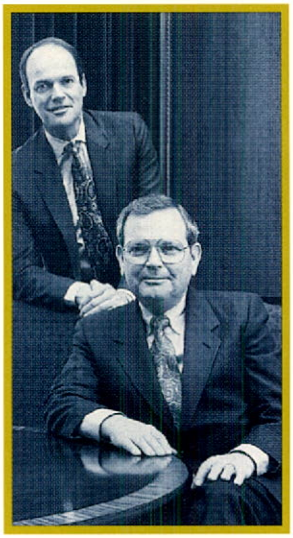
Share earnings rose by 43 percent.

Operating Expenses
(millions of dollars)



Expenses were reduced by a further $176 million.

Earnings increased substantially in petroleum-product and chemical operations, even though market conditions were only marginally better. A steady reduction in crude-oil prices and declining light-oil output caused natural-resource earnings to fall. Cash flow remained strong and the company's financial position improved.



R.A. (Ron) Brenneman
President

R.B. (Bob) Peterson
Chairman and chief executive officer

Imperial achieved a significant improvement in earnings in 1993, a year in which the Canadian economy showed only modest recovery.

The major markets for the company's products presented a mixture of bad news and good. Crude-oil prices declined steadily throughout 1993 and by year-end had reached their lowest level in five years. On the other hand, prices for natural gas increased significantly as a result of expanded pipeline access to a growing market for Canadian gas in the United States. There was also an improvement in selling margins for petroleum products, demand for agricultural fertilizers was strong and petrochemical markets improved.

In retrospect, 1993 turned out to be even more challenging than we had expected it to be. Events confirmed the value of our decision, taken several years ago, to enhance the company's competitiveness by focusing on those aspects of the business that lay within our control. These measures included simplifying our entire corporate structure, improving the productivity of our assets, concentrating on our most profitable product lines and attacking costs in every corner of the business.

By the end of 1992, good progress had been achieved in all these areas. The shedding of unprofitable or marginal lines of business and our determined drive to reduce costs resulted in substantially higher earnings.

Our efforts toward increased competitiveness continued unabated throughout 1993, again with encouraging results. Operating expenses were down a further $176 million, about a third of this being attributable to staff reductions and the remainder to other ongoing cost cutting. We further improved the profitability of our asset base, through both the divestment of noncore and marginal assets and selective investment in promising opportunities.

Imperial's business plans are based on the assumption of a continuation of plentiful supplies with only a modest increase in demand, intense competition and weak producer prices.

Further gains in operational efficiency were achieved, most notably in our marketing organization. The company also reduced accounts receivable and inventories, and improved asset productivity.

The success of these measures is reflected in Imperial's 1993 financial and operating results. Some parts of our business fared better than others. In the upstream sector — the exploration for and production of crude oil and natural gas — earnings were adversely affected by lower oil prices and a decrease in the production of light oil. However, 1993 saw a substantial increase in petroleum-product earnings, in which lower operating expenses played a major role. Improved efficiency also contributed to a better earnings performance in chemicals, which benefited as well from increased sales volumes.

Turning to the future, there are growing indications that the economies of both Canada and the United States are finally recovering from the prolonged recession. In addition, the recent ratification of the North American Free Trade Agreement will create greater potential for long-term economic growth.

Despite these welcome signs, we do not expect any significant change in the fundamentals of our business. Imperial's business plans are based on the assumption of a continuation of plentiful supplies with only a modest increase in demand, intense competition and weak producer prices.

So long as crude-oil prices remain low, our plans for oil development will be curtailed. We have decided to defer a planned expansion of heavy-oil production at Cold Lake, Alta. This is nothing more than a postponement. The ongoing development of our heavy-oil reserves to replace our declining production of light oil remains a key strategy. Cold Lake is an extremely valuable asset with enormous potential. Imperial has invested heavily in research into oil-sands technology for many years and will continue to do so, in the conviction that heavy oil will play an increasingly important role in the company's future.

Ongoing uncertainty over oil prices will likely cause us to defer some other upstream investments that we would otherwise have made, although we will continue to seek attractive opportunities for growth. Our outlook for natural-gas markets remains buoyant and we will pursue a number of production development opportunities in and around known gas pools. In addition, our exploration efforts will be directed at expanding our already very substantial reserves of natural gas.

In general, we will continue to focus our efforts on those aspects of the business that lie directly within our control.

We have four priorities.

First, we intend to improve the sales mix by emphasizing our more profitable products. In petroleum products, we will concentrate on selling more of our higher-margin, Esso-branded products. In petrochemicals, we will target more profitable market segments in the United States and Canada. In natural resources, we will pursue increased sales of natural gas at the most advantageous prices. We see room for growth in each of these areas.

Second, Imperial's expense-management program will continue to focus on enhancing the company's cost competitiveness. We believe, for example, that we can reduce our unit costs still further through the better use of raw materials, such as processing lower-value crude oil in our refineries. We have already made great strides in this area.

Third, we want to improve further the quality and productivity of our assets. In natural resources, this means further divestment of noncore oil and gas properties and increasing our holdings in key properties. In our petroleum-products business, we will continue to increase refinery productivity through the application of improved technology. And by closing less productive service stations and opening new ones in growing markets, we will improve the efficiency of our marketing network.

In late 1993, Imperial entered into discussions with Sherritt Inc. regarding the potential sale of our fertilizer manufacturing plant at Redwater, Alta., an asset we do not regard as a core holding.

Exploration efforts will be directed at expanding our already very substantial reserves of natural gas.

We believe Imperial to be unique in a number of important areas: our financial strength, our large resource base, our technological leadership and the quality of our people.

Fourth, we will continue to stress performance excellence in everything we do. We are determined to lead the industry in the day-to-day execution of the fundamentals of our business. This encompasses everything from ensuring that our facilities are operated in the safest and most environmentally sound manner, to having the best methods for processing our customers' orders. We are convinced that discipline, perseverance and attention to detail are key ingredients of success in today's highly competitive environment.

There is nothing unique about these business strategies; many of our competitors are pursuing similar ones. But we believe Imperial to be unique in a number of important areas: our financial strength, our large resource base, our technological leadership and the quality of our people.

First, there is our financial position, one of the strongest in the industry. This gives us enormous flexibility and allows us to manage through periods of uncertainty and volatility, such as we have recently experienced in crude-oil pricing.

Another strength lies in our resource base, the foundation of our future prosperity. Our proved reserves of around 1.4 billion barrels of crude oil, for example, are equal to those of our next five competitors combined and represent about one-fifth of Canada's total proved reserves of liquid hydrocarbons. And our total resource base of crude oil and natural gas — including proved, probable and static reserves — is truly immense.

Imperial's leadership in technology and its commitment to research provides the key to the development of that resource base. In heavy-oil technology in particular, our unequaled experience and research gives us a commanding lead over other companies.

And, finally, we have another vital resource in the professional, technical and managerial ability of Imperial's dedicated workforce. We are committed to sustaining this resource through ongoing recruitment and training, and through programs that focus on individual career development. We would like to take this opportunity to thank employees for their individual contributions to our 1993 results.

Imperial looks to the future with what we believe to be well-founded confidence to serve the best interests of customers, shareholders and employees.

R.B. Peterson

R.A. Brennan

February 22, 1994

Net earnings, including unusual items, were $279 million in 1993, up from $195 million in 1992 (1991 – $162 million).

Unusual items in 1993 included losses of $16 million on asset sales and a charge of $54 million for the scheduled closure in early 1995 of the company's Ioco refinery near Vancouver. Unusual items in 1992 were losses of $63 million on asset sales (1991 – a net gain of $72 million).

Earnings, excluding unusual items, increased to $349 million in 1993 from $258 million in 1992 (1991 – $90 million).

A detailed discussion of results in the company's three main operating segments begins on page 8.

Corporate and other accounts recorded a charge to earnings of $86 million, compared with a charge of $64 million the previous year (1991 – $240 million). The difference resulted mainly from a 1992 credit for interest on a tax claim, which reduced the charge in that year, and an increased foreign-exchange expense on U.S.-dollar-denominated debt in 1993.

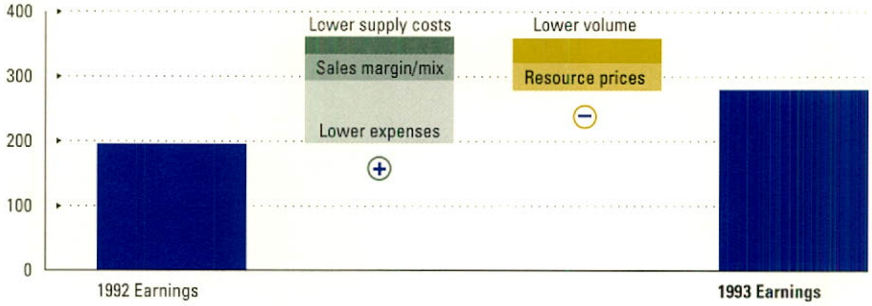
Expenditures on research and development in Canada were $77 million in 1993, compared with $69 million in 1992 (1991 – $90 million).

Those funds were used mainly for developing improved recovery methods in natural resources, particularly for heavy oil, and new and better petroleum products, and manufacturing processes. In 1993, Imperial's research work resulted in the awarding of 36 original patents.

The number of full-time employees declined by 682 in 1993, bringing total reductions since 1989 to 5,778. To gauge the impact of those reductions on the organization, the company undertook a comprehensive survey in early 1993 to provide insight into employee opinions on a range of corporate issues.

Responses showed that Imperial employees had favorable opinions about salaries and benefits, the quality of supervision and the results-oriented ethic of the organization, among other things. Concerns centred on the level of stress, remnants of bureaucracy and the performance-appraisal process.

Imperial Oil Earnings Analysis
(millions of dollars)



Expense reductions in petroleum products, a more profitable sales mix and lower raw-material costs more than offset the impact of decreased crude-oil prices and production.

Even though staffing levels have been reduced, the company continues to place considerable emphasis on renewing and improving employee capabilities.

The company is responding to those concerns with a range of measures, including increased face-to-face meetings between senior management and employees across the country. Follow-up surveys will be undertaken periodically to test the effectiveness of those measures.

Even though staffing levels have been reduced, the company continues to place considerable emphasis on renewing and improving employee capabilities. For example, Imperial hired more than 60 highly qualified graduates representing a wide range of academic disciplines from campuses across the country in 1993. The company also introduced a new training and educational program that will enable employees at every stage of their career to identify required skills and obtain appropriate training.

In addition, the company continues to focus on management development through a disciplined process involving succession planning and varied assignments for promising individuals.

Earnings Summary

millions of dollars	**1993**	1992	1991	1990	1989
Earnings before unusual items	**349**	258	90	285	317
Unusual items	**(70)**	(63)	72	(29)	33
Net earnings	**279**	195	162	256	350

Earnings by Segment

millions of dollars	**1993**	1992	1991	1990	1989
Natural resources	**92**	151	277	431	326
Petroleum products	**238**	94	123	(42)	139
Chemicals	**35**	14	2	24	80
Corporate and other	**(86)**	(64)	(240)	(157)	(195)
Net earnings	**279**	195	162	256	350

Earnings Sensitivities

after tax		
Each $1(U.S.)-a-barrel change in crude-oil prices		$70 million
Each $0.10-a-thousand-cubic-feet change in natural-gas prices		$10 million
Each one-cent difference in sales margins a litre of petroleum product		$115 million
Each one-cent decrease (increase) in the value of the Canadian $ vs. the U.S. $	+(−)	$15 million

Employees

	1993	1992	1991	1990	1989
Number of full-time employees at December 31	**9 470**	10 152	11 936	14 702	15 248
Total payroll and benefits (millions of dollars) (1)	**875**	918	1 196	1 206	1 094
Payroll and benefits per employee (thousands of dollars) (2)	**73**	74	76	68	64

(1) This includes both the company's payroll and benefit costs, as well as its share of the Syncrude joint-venture payroll and benefit costs. It excludes workforce-reduction costs.
(2) These are calculated by dividing the total payroll and benefits for full-time company employees by the monthly average number of full-time company employees.

Earnings from natural resources were $92 million in 1993, down from $151 million in 1992 (1991 – $277 million).

Those results included a loss of $16 million on asset sales, compared with a loss of $58 million in 1992 (1991– a gain of $149 million).

Earnings, excluding unusual items, were $108 million, compared with $209 million in 1992 (1991 – $128 million).

Lower production volumes and lower prices were the main reasons for the decline.

RESOURCE REVENUES DECLINE SLIGHTLY

Revenues declined slightly to $2.2 billion from $2.3 billion the previous year (1991 – $2.4 billion). Lower crude-oil prices and production were only partly offset by higher natural-gas prices.

WORLD OIL PRICES FALL 12 PERCENT

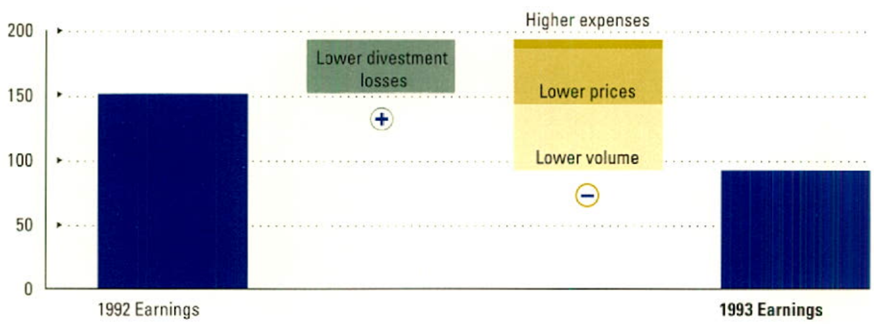
World oil prices fell steadily during the course of 1993.

The principal reason for the decline was weak demand caused by recessionary conditions in many parts of the globe, and continued surplus production. During 1993, the average price of Brent, a widely traded reference crude oil from the North Sea, was $17 (U.S.) a barrel. This was a decrease of 12 percent from 1992's average of $19.40 (1991 – $20 a barrel). Prices finished 1993 at $13 a barrel, the lowest level since 1988.

Canadian oil prices were further affected by increased production (the highest since the early 1970s) that exceeded pipeline capacity for shipping western oil to its primary markets in central Canada and the midwestern United States. As a result, some Canadian oil had to be shipped to alternative markets where returns were less attractive.

Lower world prices were partly offset by the weakness of the Canadian dollar, which fell to 76 U.S. cents by year-end from 79 cents at the beginning of the year. This moderated the decline in the Canadian-dollar value of crude oil.

Natural Resources Earnings Analysis
(millions of dollars)



Lower oil prices and production, which were only partly offset by higher natural-gas prices and production, were the main reasons for the reduction in earnings from natural resources.

Natural Resources	1993	1992	1991	1990	1989
Financial Statistics (millions of dollars)					
Earnings	**92**	151	277	431	326
Revenues	**2 158**	2 335	2 406	3 210	2 855
Capital and exploration expenditures					
Exploration	**51**	52	120	111	314
Production	**239**	163	200	232	3 570
Heavy oil	**63**	28	59	51	63
Other	**–**	–	–	5	16
Total capital and exploration expenditures	**353**	243	379	399	3 963
Capital employed at December 31	**5 697**	6 140	7 042	7 458	8 315
Return on average capital employed (percent)	**1.6**	2.3	3.8	5.5	4.2

In all, the company's average realizations from conventional light Canadian crude oil fell by eight percent to $19.58 (Cdn.) a barrel in 1993 from $21.31 a barrel in 1992 (1991 – $21.15 a barrel).

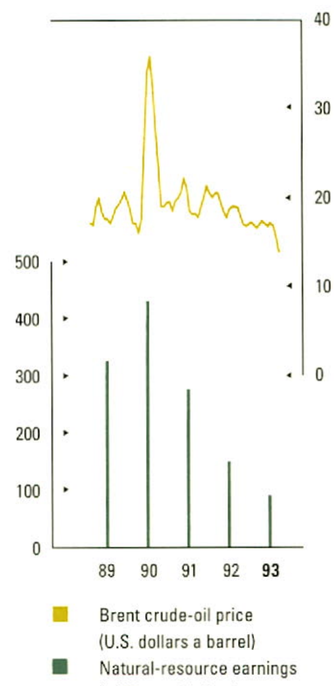
The price of blended bitumen (very heavy oil) from Cold Lake declined by only about five percent in 1993. Demand for heavier oil has been relatively strong because North American refiners are processing greater proportions of it in an effort to reduce their overall supply costs.

Natural-gas prices rose through most of the year as growing North American demand for gas reduced the surplus in producing capacity that had been keeping prices low. As well, expansions in pipeline capacity allowed greater access to growing U.S. markets. Imperial's average realizations on natural-gas sales increased by more than 20 percent to $1.76 a thousand cubic feet in 1993 from $1.45 in 1992 (1991 – $1.38 a thousand cubic feet).

OIL VOLUMES DOWN SIX PERCENT

Total net production of crude oil and natural-gas liquids was 253 thousand barrels a day, down six percent from 268 thousand barrels a day the previous year (1991 – 278 thousand barrels). Increased production of Cold Lake bitumen only partly offset a nine-percent decline in light-oil output. Pipeline constraints, asset sales and natural reservoir decline accounted for most of the reduction.

Crude-Oil Prices and Natural-Resource Earnings



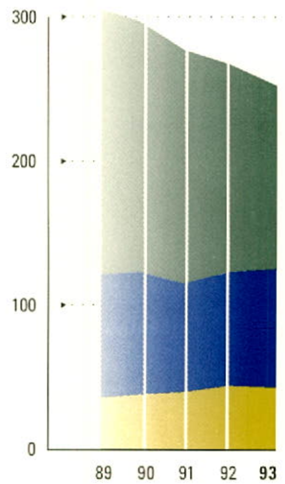
The company's earnings from natural resources are highly leveraged to changes in crude-oil prices.

Crude Oil and NGLs

thousands of barrels a day (1, 2)	1993		1992		1991		1990		1989	
	gross	**net**	gross	net	gross	net	gross	net	gross	net
Crude-oil production										
Conventional	**120**	**96**	135	106	159	124	184	148	192	159
Cold Lake	**86**	**82**	83	79	79	75	88	85	88	85
Syncrude	**46**	**44**	45	45	41	41	39	39	37	37
Total crude-oil production	**252**	**222**	263	230	279	240	311	272	317	281
NGLs available for sale	**31**	**31**	39	38	39	38	31	26	30	25
Total crude-oil and NGL production	**283**	**253**	302	268	318	278	342	298	347	306
Cold Lake sales including diluent		**118**		110		110		120		119

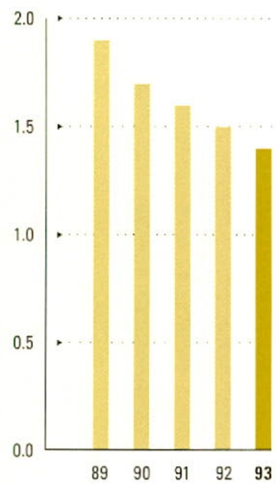
(1) Volumes a day are calculated by dividing total volumes for the year by the number of days in the year.
(2) Gross production is the company's share of production (excluding purchases) before deducting the shares of mineral owners or governments or both. Net production excludes those shares.

Crude Oil and NGLs Net Production by Source
(thousands of barrels a day)



Oil production fell as conventional volumes declined at a faster rate than Cold Lake output increased.

Crude Oil and NGLs Net Proved Reserves
(billions of barrels)



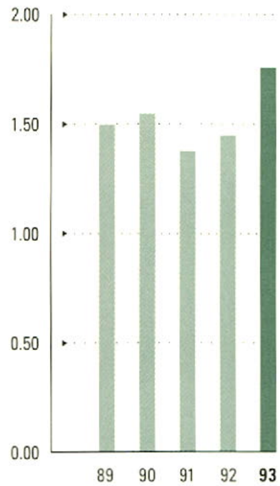
Production was the main reason for the decline in proved reserves.

Regarding pipeline constraints, Imperial is working with other members of the industry to find more effective means of managing oil shipments and nominations for pipeline capacity until approved expansions are completed, probably in early 1995.

Bitumen production at Cold Lake increased by four percent from the previous year, as a result of the added output from phases 7&8, which began operation late in 1992.

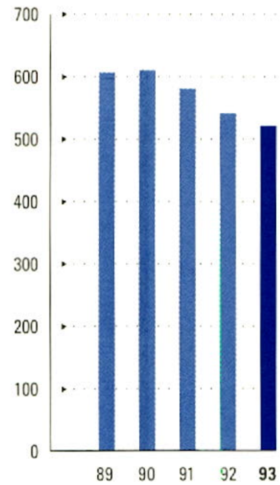
Syncrude, in which Imperial has a 25 percent interest, had another record operating year. Gross production increased to 184 thousand barrels a day in 1993 from 180 thousand daily barrels in 1992 (1991 – 165 thousand barrels). Imperial's net production declined slightly to 44 thousand barrels a day because of an increase in royalty rates. Syncrude plans to further increase production in 1994. This should help lower its unit cost.

Natural Gas Average Prices
(dollars a thousand cubic feet)



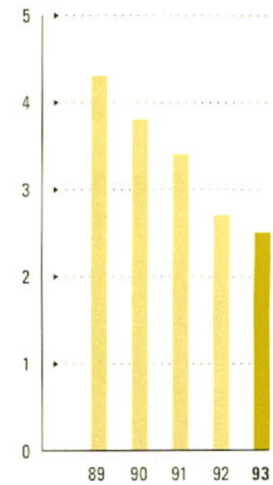
Natural-gas prices increased substantially from the depressed levels of recent years.

Natural Gas Sales
(millions of cubic feet a day)



Total gas sales fell despite higher production, as the company purchased less gas for resale.

Natural Gas Net Proved Reserves
(trillions of cubic feet)



Gas discoveries replaced about 40 percent of the company's production in 1993.

Net production of natural gas increased by seven percent to 516 million cubic feet a day from 482 million cubic feet a day in 1992 (1991 – 550 million cubic feet). Net production available for sale was about the same as last year because of increased internal demand for natural gas for Cold Lake operations.

EXPENSES SLIGHTLY HIGHER

Operating expenses increased by two percent in 1993, after being reduced by 17 percent in 1992.

ASSET CONSOLIDATION CONTINUES

Imperial continued its program of asset management by reducing holdings of noncore properties while increasing participation in more important properties.

Natural Gas

millions of cubic feet a day (1, 2)	**1993**		1992		1991		1990		1989	
	gross	**net**	gross	net	gross	net	gross	net	gross	net
Production (3)	**629**	**516**	561	482	641	550	639	537	643	534
Production available for sale (4)	**441**	**328**	401	325	445	365	498	397	498	389
Sales	**522**		542		581		611		607	

(1) Volumes a day are calculated by dividing total volumes for the year by the number of days in the year.
(2) Gross production is the company's share of production (excluding purchases) before deducting the shares of mineral owners or governments or both. Net production excludes those shares.
(3) Production of natural gas includes amounts used for internal consumption with the exception of amounts reinjected.
(4) Production available for sale excludes amounts used for internal consumption and amounts reinjected.

Proved Reserves of Crude Oil and Natural Gas (1)

	Crude oil and NGLs (millions of barrels)								Natural gas (billions of cubic feet)	
	Conventional		Cold Lake		Syncrude		Total			
Year ended	gross	net	gross	net	gross	net	gross	net	gross	net
1989	930	784	876	795	458	315	2 264	1 894	5 087	4 258
1990	855	680	847	766	439	297	2 141	1 743	4 730	3 827
1991	743	585	818	738	424	283	1 985	1 606	4 184	3 396
1992	629	502	829	719	408	327	1 866	1 548	3 236	2 651
1993	**555**	**444**	**798**	**691**	**392**	**314**	**1 745**	**1 449**	**3 053**	**2 505**

(1) Gross reserves are the company's share of reserves before deducting the shares of mineral owners or governments or both. Net reserves exclude these shares.

Average Prices

dollars	**1993**	1992	1991	1990	1989
Conventional crude-oil sales (a barrel) (1)	**19.58**	21.31	21.15	25.12	19.40
Natural-gas sales (a thousand cubic feet) (1)	**1.76**	1.45	1.38	1.55	1.50
Par crude-oil price at Edmonton (a barrel)	**21.90**	23.77	23.42	27.64	22.18
Heavy crude-oil price at Hardisty (Bow River, a barrel)	**17.14**	18.64	15.41	21.51	18.21

(1) These prices exclude all transportation costs.

In all, Imperial divested its interests in 136 properties and increased its participation in 11 properties in 1993. Net cash proceeds were $58 million, compared with $188 million in 1992 (1991 – $353 million).

CAPITAL AND EXPLORATION EXPENDITURES INCREASE

Capital and exploration expenditures were $353 million in 1993, up from $243 million in 1992 (1991 – $379 million).

Included in this total were exploration expenditures of $51 million, compared with $52 million in 1992 (1991 – $120 million). Most of the 1993 expenditures were for seismic exploration and land acquisitions — including 40 thousand net hectares of exploration rights along the foothills of Alberta and British Columbia, and in central and northwestern Alberta. Imperial participated in three exploration wells in 1993. Gas discoveries replaced about 40 percent of the company's 1993 production of natural gas.

The company's exploration strategy is focused on finding large accumulations of natural gas, particularly reserves that can be brought to market quickly and at low cost.

Other major areas of capital expenditure included additional development drilling to improve production from core properties, and pipeline projects to improve Imperial's access to markets for natural gas and Cold Lake blend.

The company had initially planned to increase natural-resource capital and exploration spending during 1994. Subsequent reductions in the price of crude oil have caused Imperial to defer a number of oil-development investments — the largest being Cold Lake phases 9&10. If oil prices do not increase materially from levels at the beginning of the year, total capital and exploration spending is expected to be about $260 million.

Most of the increase in earnings was due to lower manufacturing and marketing costs. The company also increased the proportion of higher-margin products sold and removed less-productive facilities from an oversupplied market.

Net earnings from petroleum products were $238 million in 1993, up substantially from $94 million in 1992 (1991 – $123 million).

The 1993 results included a charge of $54 million for the scheduled closure of the company's Ioco refinery near Vancouver. Results in 1992 included a $5 million loss on asset sales.

Earnings, excluding unusual items, were $292 million in 1993, compared with $99 million in 1992 (1991 – $123 million).

Most of the increase in earnings was due to lower manufacturing and marketing costs. The company also increased the proportion of higher-margin products sold and removed less-productive facilities from an oversupplied market.

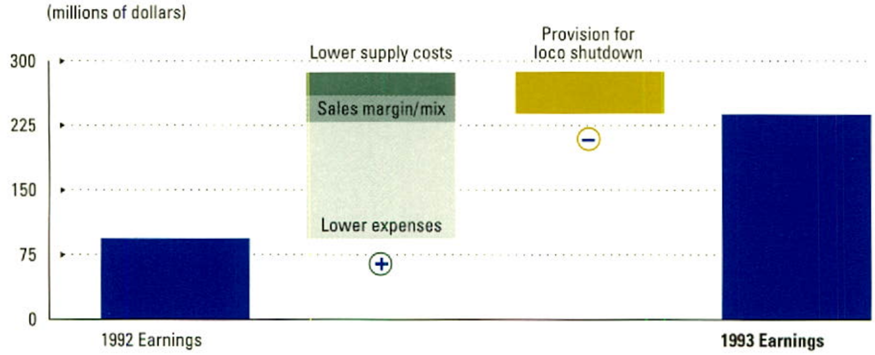
REVENUES DOWN FOUR PERCENT

Revenues were $7.2 billion, down by about four percent from $7.5 billion the previous year, reflecting lower sales volumes and prices (1991– $8.1 billion).

IMPACT OF LOWER VOLUMES OFFSET

Sales volumes were 71 million litres a day, down by about two percent from 73 million in the previous year (1991 – 75 million litres). However, the sales mix of higher-value products improved. This was the result of a deliberate strategy to reduce participation in certain segments of the market such as low-margin export sales.

Petroleum Products Earnings Analysis
(millions of dollars)



Much lower manufacturing and marketing expenses — along with improvements in supply costs and product sales mix — led to a major increase in earnings.

Sales of gasoline through Esso-branded outlets increased by about three percent, which reflected an increase in the Canadian market for gasoline. Imperial continued to supply about the same proportion of the branded retail gasoline market during 1993.

Expanded features and services offered to customers included a joint program with Zeller's whereby customers can use gasoline purchases on their Esso credit card to earn credits toward premium purchases from Zeller's Club Z program. More than 20 percent of existing Esso card members have signed up for the Club Z program and new credit-card applications have increased by 20 percent since the program was introduced.

Petroleum Products

	1993	1992	1991	1990	1989
Financial Statistics (millions of dollars)					
Earnings	**238**	94	123	(42)	139
Revenues	**7 234**	7 530	8 061	9 758	8 414
Capital expenditures					
Marketing	**81**	50	61	73	1 349
Refining and distribution	**71**	59	91	119	786
Total capital expenditures	**152**	109	152	192	2 135
Capital employed at December 31	**2 993**	3 321	3 727	3 998	3 954
Return on average capital employed (percent)	**7.5**	2.7	3.2	(1.1)	3.8
Sales Volumes (millions of litres a day) (1, 2)					
Gasolines	**31.4**	30.9	31.2	32.1	31.9
Heating, diesel and jet fuels	**23.6**	25.0	26.7	29.1	31.1
Heavy fuel oils	**6.2**	7.2	7.3	9.7	8.6
Liquefied petroleum gas, lube oils and other products	**10.2**	9.9	9.6	10.5	11.1
Total petroleum products	**71.4**	73.0	74.8	81.4	82.7
Total domestic sales of petroleum products (percent)	**94.5**	91.5	89.0	92.9	92.8
Refinery utilization (millions of litres a day) (2)					
Total refinery throughput (3)	**65.9**	63.4	66.6	76.9	77.3
Refinery capacity at December 31	**85.4**	85.4	85.4	88.6	88.6
Refinery utilization as a percentage of total capacity	**77**	74	78	87	87

(1) Excludes sales made under purchase and sale agreements with other companies (see page 31, revenues).

(2) Volumes a day are calculated by dividing total volumes for the year by the number of days in the year.

(3) Crude oil and feedstocks sent directly to atmospheric distillation units.

One thousand litres is approximately 6.3 barrels.

LOWER EXPENSES IMPROVE EARNINGS

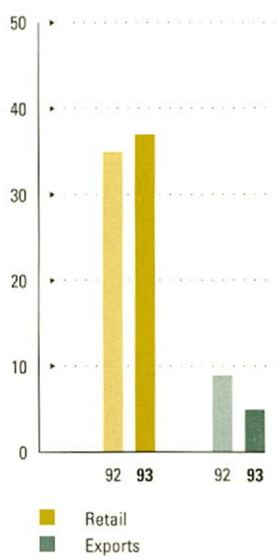
One of the main reasons for the improvement in 1993 petroleum-product earnings was a reduction in operating expenses and raw-material costs.

Operating expenses were reduced by 11 percent in 1993, following an 18-percent reduction in 1992. The most important factor was lower staff-related costs.

Refining costs have been reduced substantially. Each Imperial refinery has made major strides toward attaining a cost structure that would place it in the top 25 percent (first quartile) of comparable plants in North America, as determined by an independent surveying organization. All of the major refineries have reached first-quartile workforce targets, while three out of five are in the first quartile for total operating costs. Capital and operating programs now under way are expected to bring all the company's major refineries to first-quartile operating-cost levels by the end of 1995.

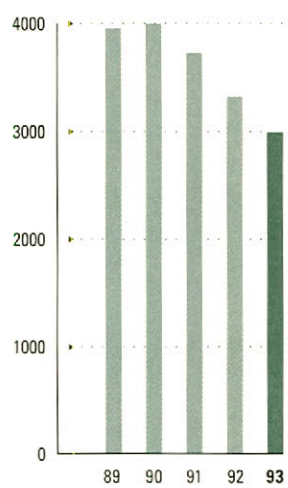
The cost of refined products was further reduced by purchasing a higher proportion of lower-value raw materials and by increasing the use of refinery conversion capacity (equipment that upgrades less-valuable components of crude oil) to supply required light products.

Petroleum Products Sales Mix
(percent)



The petroleum-product sales mix has been improved by increasing retail sales and reducing low-margin exports.

Petroleum Products Capital Employed
(millions of dollars)



Capital employed in petroleum products has been reduced by $1 billion since 1990 through reductions in inventories and accounts receivable and the sale of noncore assets.

CAPITAL EMPLOYED REDUCED

In 1993, capital employed in the company's petroleum-product operations was reduced to $3 billion, down about 10 percent from the end of the previous year.

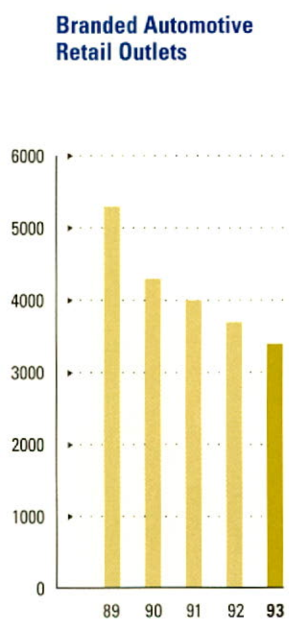
Since 1990, capital employed has been reduced by about $1 billion. Inventories have been substantially reduced. And a much tighter approach to credit has resulted in a significant reduction in accounts receivable.

In marketing operations, the company continued to divest marginal or low-productivity assets. The number of Esso-branded service stations was reduced by about 300. Despite this, the company was able to maintain its overall market share through the year, with the result that throughput at the remaining 3,400 sites increased to a per-station annual average of 1.9 million litres in 1993 from 1.7 million litres in 1992.

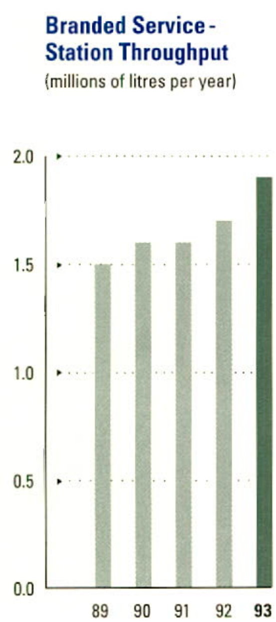
Of the 3,400 sites, about 1,360 are owned by the company. Average throughput at these stations increased to 2.9 million litres in 1993 from 2.7 million litres in 1992.

Imperial undertook a range of measures in 1993 to improve the company-owned network. Five new stations were opened in high-growth locations and major improvements were made to 75 other sites. The improvements ranged from completely rebuilding outlets to refurbishing convenience stores. In addition, 18 parcels of land were acquired in high-growth areas for future development.

During 1993, the company consolidated some of its bulk plants that serve farm, small-business and rural customers. About 50 plants were closed, leaving 450 in operation. Productivity at these remaining sites improved by 10 percent during the year.



The Esso sign was removed from about 300 stations in 1993 as the company continued to close less-productive outlets.

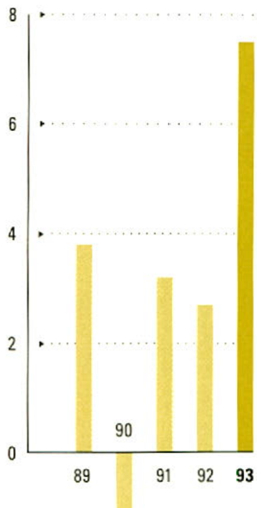


The productivity of the company's retail network again improved as less-productive stations were closed.

Refinery throughput improved to 77 percent of capacity in 1993, from 74 percent the previous year. A further improvement in capacity utilization will result from closing Imperial's 44-thousand-barrel-a-day Ioco refinery near Vancouver, which will occur in early 1995. At that time, the company's Strathcona refinery near Edmonton will be used to supply markets in British Columbia, with products shipped through the Trans Mountain pipeline.

During the year the company's products division received two registrations under the International Organization for Standardization's ISO 9000 quality program. This registration confirms that operating practices are in place to ensure consistent quality of products and services.

Petroleum Products Return on Average Capital Employed
(percent)



Return on capital increased to 7.5 percent because of higher earnings and lower capital employed.

CAPITAL EXPENDITURES INCREASE 39 PERCENT

Capital expenditures were $152 million in 1993, up 39 percent from $109 million in 1992 (1991– $152 million). The funds were used mainly to strengthen the company's retail network and to enhance refinery efficiency, environmental protection and safety. Capital expenditures in 1994 are expected to increase to about $250 million. The largest increases are in refining, where the funds will be used for efficiency items and environmental protection. The efficiency-related expenditures are part of the program to reach first-quartile operating costs and reduce raw-material costs at the company's refineries.

The marked improvement that Imperial was able to achieve in petroleum-product earnings in 1993 strengthens its confidence in being able to operate successfully in this very competitive business.

Looking ahead, the company does not expect to see any significant improvement in petroleum-product prices or demand during 1994. As a result, plans will continue to focus on reducing costs, improving productivity and serving high-margin segments of the business at lower cost.

The marked improvement that Imperial was able to achieve in petroleum-product earnings in 1993 strengthens its confidence in being able to operate successfully in this very competitive business.

Earnings from chemical operations were $35 million in 1993, more than double the $14 million earned in 1992 (1991 – $2 million).

The main reasons for the improved earnings were record sales volumes and lower unit costs in both petrochemicals and agricultural chemicals. A more profitable sales mix in specialty petrochemicals was also a contributor.

REVENUES CONTINUED TO GROW

Revenues grew by nine percent in 1993 to a record $1 billion largely as a result of increased sales volumes. It was the second successive year of revenue growth despite weak economic conditions. In 1992, revenues were $920 million (1991– $868 million).

RECORD VOLUMES ACHIEVED

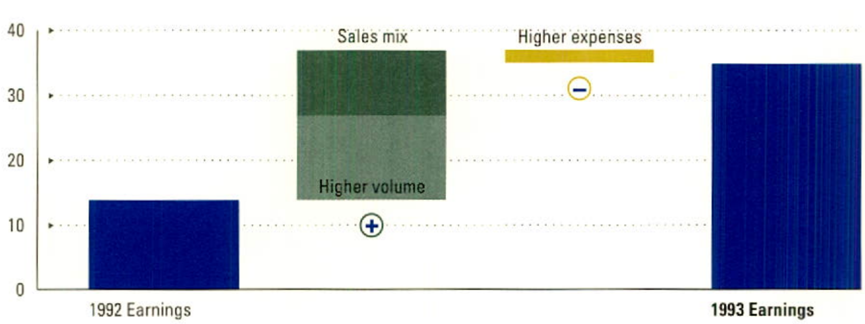
The company managed to increase sales despite a business environment characterized by surplus supply.

Total sales of petrochemicals increased by seven percent to 2.8 thousand tonnes a day (1992 – 2.6 thousand tonnes; 1991 – 2.4 thousand tonnes).

Sales of polyethylene and polyvinyl chloride each grew by 13 percent, as a recovering economy in the United States increased demand for plastics, particularly in the housing and automotive industries. The company was able to respond to strengthening demand because of low-cost plant expansions completed late in 1992.

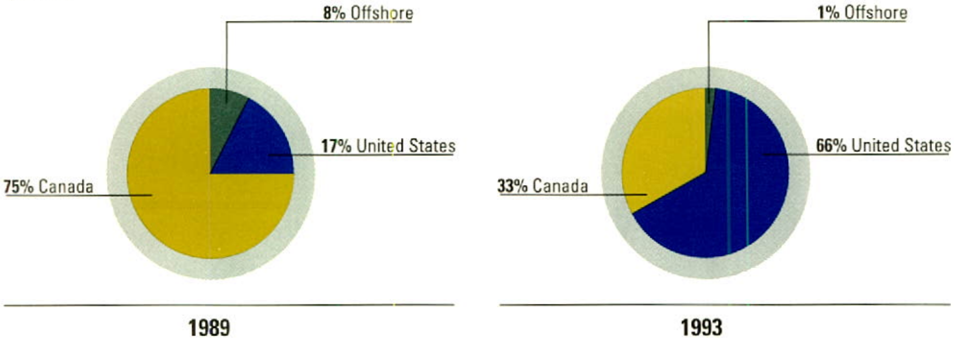
Sixty-six percent of the company's production of polyethylene was sold in the United States in 1993, compared with 17 percent in 1989. The reason for the shift has been the free-trade agreement, which has eliminated tariffs on petrochemical trade between the United States and Canada. This has enabled Imperial's polyethylene business to target niches in the large and diversified U.S. market.

Chemicals Earnings Analysis
(millions of dollars)



Record production of plastic resins and fertilizers, and a more profitable sales mix in specialty petrochemicals, caused earnings to more than double.

Polyethylene Sales Market Mix
(percent)



The free-trade agreement has enabled the company to target niches in the large and diversified U.S. polyethylene market.

Sales of specialty petrochemicals increased by seven percent from the previous year, also as a result of capturing new opportunities in U.S. markets.

Fertilizer sales increased by six percent to 5.0 thousand tonnes a day, reaching record highs (1992 – 4.7 thousand tonnes; 1991 – 4.3 thousand tonnes). Low global grain stocks and an excellent crop year in Canada contributed to increased demand for fertilizer.

PRICE IMPROVEMENTS LIMITED

Polyethylene prices remained at the depressed levels of late 1992. Polyvinyl-chloride prices rose substantially, but there was no improvement in profit margins because raw-material costs increased by the same amount.

Average prices and margins for fertilizers were about the same as in 1992.

UNIT COSTS DECLINE

Total operating costs were only up by about one percent in 1993 from the previous year, despite higher sales volumes and increased energy costs.

On a unit basis, costs fell by five percent, following a 12 percent reduction in 1992.

An independent study completed early in 1993 showed that Imperial's integrated ethylene and polyethylene operation in Sarnia was in the best quartile of North American facilities in terms of costs, despite lacking the economies of scale enjoyed by most first-quartile plants in this industry.

The main reasons for the improved earnings were record sales volumes and lower unit costs in both petrochemicals and agricultural chemicals. A more profitable sales mix in specialty petrochemicals was also a contributor.

Chemicals

	1993	1992	1991	1990	1989
Financial Statistics (millions of dollars)					
Earnings	**35**	14	2	24	80
Revenues	**1 007**	920	868	915	960
Capital expenditures	**25**	33	26	42	50
Capital employed at December 31	**773**	817	842	851	809
Return on average capital employed (percent)	**4.4**	1.7	0.2	2.9	9.8
Sales Volumes (thousands of tonnes a day)					
Petrochemicals	**2.8**	2.6	2.4	2.2	2.1
Agricultural chemicals	**5.0**	4.7	4.3	4.4	4.1

One tonne is approximately 1.1 short tons or 0.98 long tons.

The chemicals division made substantial progress toward having all of its business units registered under the ISO 9000 quality rating system. The number of business units registered increased to six in 1993 from two in 1992 out of a total of 10.

CAPITAL EXPENDITURES DECREASED

Capital expenditures for chemicals were $25 million in 1993, compared with $33 million in 1992 (1991 – $26 million).

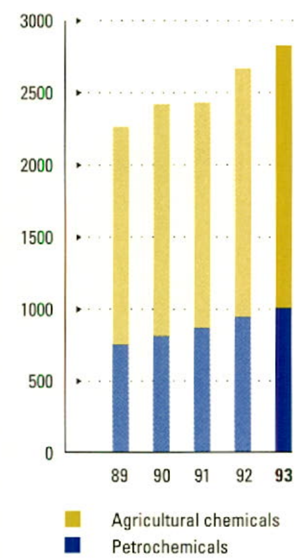
In June, Imperial opened a new $5 million plant outside Edmonton for blending specialty chemicals for use in oil-field operations and chemical processing.

In late 1993, the company entered into discussions with Sherritt Inc. regarding the proposed sale of the fertilizer production complex at Redwater, Alta., and related major distribution facilities.

Planned expenditures in 1994 are $35 million, although this amount will be reduced to about $20 million if the proposed sale of fertilizer assets proceeds.

While 1994 holds some opportunities for improved conditions in the chemical industry, the company's chemical business lines will continue to face generally oversupplied markets in North America. The focus will therefore be on elements of the business that are within the company's control, such as customer service, product quality and costs.

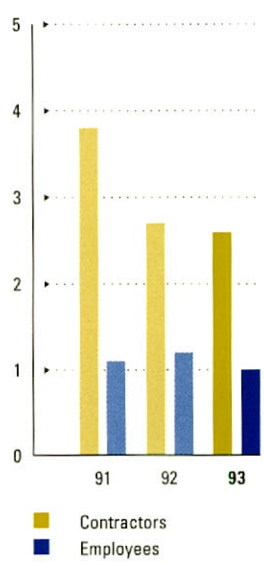
Chemicals Sales Volumes
(thousands of tonnes)



Steady growth in chemical sales volumes has increased revenues and reduced unit costs.

To meet its environmental and safety commitments, Imperial has also established demanding expectations for safe and reliable operations in a program it calls "operations integrity."

Employee and Contractor Safety Performance
(total recordable incident rate per 200 thousand hours worked)



The contractor safety-incident rate has been reduced through better job orientation and training, while employee safety performance is among the best in Canadian industry.

Imperial is dedicated to protecting the environment and safeguarding the health and safety of employees, customers and the general public.

In support of this, the company spent a total of $98 million to upgrade facilities and equipment and to clean up sites in 1993.

To meet its environmental and safety commitments, Imperial has also established demanding expectations for safe and reliable operations in a program it calls "operations integrity." To date, detailed standards and operating procedures have been implemented at all company facilities, and plans are in place to review those standards and procedures on a regular basis.

SAFETY-RELATED INCIDENT RATE REDUCED

During 1993, operations integrity contributed to a reduction in the rate of safety-related incidents among employees and contractors, to a reduction in potentially hazardous events like spills and fires, and to improved environmental performance.

The company's continuing emphasis on safe work practices resulted in fewer total injuries during the year. The rate of safety-related incidents among employees dropped by 20 percent in 1993 from the previous year. The incident rate among contractors working at Imperial sites also declined, mainly as a result of improved job orientation and training. Overall, the company continues to hold one of the best safety performance records in Canadian industry.

Incidents with potentially hazardous consequences — such as spills and fires — were reduced by 70 percent, largely because of improved risk identification and better operating and maintenance procedures.

Imperial's environmental performance also improved in 1993. The company's goal is to eliminate incidents in which substance releases exceed government guidelines. During 1993, those incidents were reduced by 65 percent.

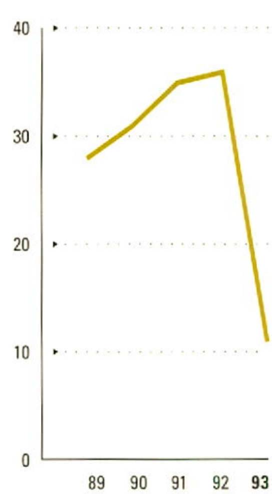
EXTENSIVE RESPONSE CAPABILITIES

While the company's main drive is to prevent incidents, it also maintains extensive capabilities for responding to oil spills and other emergencies. Those capabilities are tested on a regular basis. During 1993, more than 200 simulations of a variety of emergency situations were held at operating sites across the country. Some of the more significant exercises included a simulated explosion and fire at Cold Lake that occupied 80 people for an entire day and simulated spills at distribution terminals that would typically involve 30 people for eight hours. The lessons learned in those simulations are systematically incorporated into improved response procedures.

The company devotes considerable time and resources to ensuring that former operating sites are properly cleaned up. During 1993, a total of $33 million was spent restoring locations where operations have been discontinued, including former refineries, distribution terminals, service stations, and inactive oil and gas wells.

About a quarter of the total was spent on former refinery sites. For example, at the site of a

Hazardous Incidents
(number of incidents)



Potentially hazardous incidents like spills and fires were reduced by 70 percent in 1993, largely because of improved risk identification and better operating and maintenance procedures.

The company has actively supported and participated in an initiative by the Canadian Chemical Producers' Association to develop an industry-wide inventory of emissions from chemical operations, to monitor progress in reducing those emissions and to report results annually to the Canadian public.

former refinery in Montreal $3.5 million was spent during the year. This included the testing of a bioremediation technique that, once approved, will use naturally occurring bacteria to reduce petroleum compounds in the soil to prescribed levels. This technology is expected to reduce the cost of effectively remediating the site by about 50 percent, compared with the thermal technology used earlier.

The company spent $18 million restoring more than 400 former service-station and distribution sites. And about $5 million was spent on decommissioning oil and gas wells whose productive life was over.

WORK WITH INDUSTRY ASSOCIATIONS

In addition to its own efforts, Imperial works with several industry associations and cooperatives to improve environmental protection and ensure effective emergency-response capabilities. For example, the company has actively supported and participated in an initiative by the Canadian Chemical Producers' Association (CCPA) to voluntarily develop an industry-wide inventory of emissions from chemical operations, to monitor progress in reducing those emissions and to report results annually to the Canadian public. The CCPA completed its inventory of chemical-industry emissions during the year and released its first public report on the subject in January 1994.

Finally, the company increased communications on environmental and safety matters to its many stakeholders. A report entitled *Environment, Health and Safety: Our Commitment, Our Progress* was published early in 1993. Imperial also continued to carry out a range of community outreach programs, including tours of facilities, neighborhood visits and regular meetings with local representatives in communities where the company has a significant presence.

The company's balance sheet and key financial ratios continued to improve.

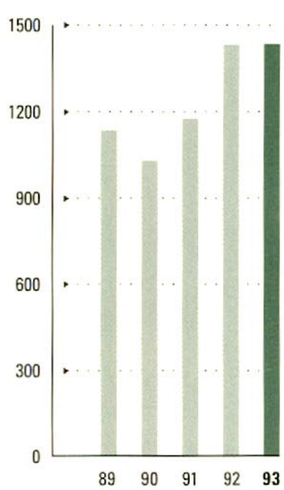
Imperial's strong 1993 cash flow bolstered an already secure financial position. The company's balance sheet and key financial ratios continued to improve.

Cash provided from operating activities was $1,438 million in 1993, essentially unchanged from $1,436 million in 1992 (1991 – $1,180 million). Cash flow from earnings continued to be strong, and a positive contribution was again made from reduced working-capital requirements such as inventories and receivables.

DIVIDEND YIELD AT FOUR PERCENT

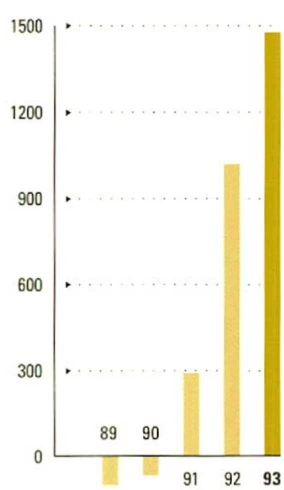
Total dividend payments to shareholders were $349 million, or $1.80 a share in 1993, representing a before-tax yield of four percent on the year-end stock price. That compares with total dividends of $349 million in 1992 and $347 million in 1991.

Cash Flow Provided from Operating Activities
(millions of dollars)



Increased earnings and reduced working-capital requirements kept cash flow strong in 1993.

Cash and Marketable Securities
(millions of dollars)



Strong cash flow has increased Imperial's cash and marketable securities to nearly $1.5 billion.

Capital and exploration expenditures were $538 million in 1993, compared with $467 million in 1992 (1991 – $574 million).

Cash reserves grew to $1.5 billion by year-end, more than the amount required to respond to changing business conditions. The company has been carefully considering how best to deploy these funds. The most advantageous uses are a combination of paying down debt, pursuing attractive investment opportunities and distributing cash to shareholders.

In 1993, the company pursued all these options. Total debt was reduced by $216 million, capital expenditures were increased by $71 million from 1992 and the company continued to pay dividends well in excess of net earnings.

During the first quarter of 1994, there will be a cash requirement of nearly $400 million for income-tax liabilities. Capital expenditures for 1994 are expected to be about $570 million and will be financed from internally generated funds. Plans for additional uses of the company's cash balance are still being developed.

Financial Summary Financial percentages and ratios			
	1993	1992	1991
Total debt as a percentage of capital (1)	**27.1**	28.9	28.1
Interest coverage ratios			
Earnings basis	**4.9**	3.9	2.2
Cash-flow basis	**13.6**	12.3	8.8

(1) Total debt includes guarantees relating to third-party debt.

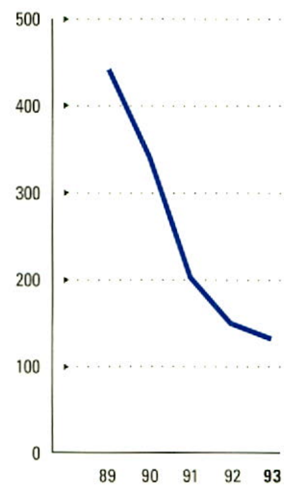
TOTAL DEBT REDUCED

At year-end, total debt — including financial guarantees — represented 27 percent of the company's financial structure, down from 29 percent at the end of 1992.

Imperial continued to reduce its debt-related interest expense in 1993. The average interest rate on the company's debt fell to 5.3 percent, down from six percent the previous year (1991 – 7.6 percent). Debt-related interest expense was $132 million, down from $150 million in 1992 (1991 – $203 million). However, total debt-related financing charges — including the effects of currency fluctuations — were $162 million, up slightly from $158 million in 1992 (1991 – $189 million), because of a reduction in the value of the Canadian dollar versus its U.S. counterpart.

The company's interest-coverage ratios improved significantly as a result of increased earnings and reduced interest expense. On an earnings basis, coverage increased to 4.9 times in 1993 from 3.9 times in 1992 (1991 – 2.2 times). On a cash-flow basis, coverage improved to 13.6 times from 12.3 times the previous year.

Debt-Related Interest Expense
(millions of dollars)



Debt repayment and falling interest rates have caused Imperial's interest expense to decline sharply.

Consolidated Statement of Earnings For the years ended December 31

millions of dollars	1993	1992	1991	1990	1989
Revenues					
Operating revenues	**8 795**	8 972	9 440	11 231	10 223
Interest and investment income (2)	**108**	175	62	72	97
Total Revenues (1)	**8 903**	9 147	9 502	11 303	10 320
Expenses					
Exploration	**52**	70	89	94	129
Purchases of crude oil and products	**3 325**	3 465	3 597	4 205	3 630
Operating	**2 839**	3 015	3 497	3 527	3 246
Commodity taxes (5)	**986**	983	966	1 631	1 498
Depreciation and depletion	**834**	894	833	884	815
Financing costs (12)	**177**	166	216	316	468
Total Expenses	**8 213**	8 593	9 198	10 657	9 786
Unusual Items (1, 3)	**(122)**	(101)	(31)	(210)	22
Earnings Before Income Taxes	**568**	453	273	436	556
Income Taxes (8)	**289**	258	111	180	206
Net Earnings (15)	**279**	195	162	256	350
Per-Share Information (dollars)					
Net earnings (11)	**1.44**	1.01	0.84	1.34	1.95
Dividends	**1.80**	1.80	1.80	1.80	1.80

The notes referred to on this and the following two pages are found in the notes to the consolidated financial statements, pages 34 through 40.

The summary of significant accounting policies and glossary of terms are found on pages 30 through 32.

Consolidated Statement of Cash Flows For the years ended December 31

millions of dollars inflow (outflow)	1993	1992	1991	1990	1989
Operating Activities					
Net earnings	**279**	195	162	256	350
Exploration expenses (b)	**52**	70	89	94	129
Depreciation and depletion	**834**	894	833	884	815
(Gain)/loss from divestments	**27**	101	(94)	(376)	(22)
Asset writedowns (3)	**55**	–	–	236	–
Deferred income taxes and other	**(81)**	(112)	3	(421)	(66)
Cash flow provided from earnings (c)	**1 166**	1 148	993	673	1 206
Receivables	**126**	57	400	(401)	131
Inventories and prepaids	**77**	174	208	(68)	(6)
Liabilities	**69**	57	(421)	830	(192)
Change in operating assets and liabilities	**272**	288	187	361	(67)
Cash Provided From Operating Activities	**1 438**	1 436	1 180	1 034	1 139
Investing Activities					
Payments for capital and exploration expenditures (b)	**(538)**	(467)	(574)	(678)	(5 686)
Proceeds from sale of property, plant and equipment, and other long-term assets	**122**	245	410	1 003	170
Marketable securities – net	**(117)**	(750)	(5)	–	94
Cash Provided From (Used In) Investing Activities	**(533)**	(972)	(169)	325	(5 422)
Financing Activities					
Long-term debt issued	**–**	–	228	–	3 006
Repayment of long-term debt	**(216)**	(78)	(410)	(1 278)	(32)
Short-term debt – net	**–**	(58)	(241)	176	103
Common shares issued (11)	**–**	–	111	119	1 319
Dividends paid	**(349)**	(349)	(347)	(342)	(309)
Cash Provided From (Used In) Financing Activities	**(565)**	(485)	(659)	(1 325)	4 087
Increase (Decrease) In Cash	**340**	(21)	352	34	(196)
Cash At Beginning Of Year	**265**	286	(66)	(100)	96
Cash At End Of Year (a)	**605**	265	286	(66)	(100)

(a) Total cash and marketable securities at December 31, 1993, were $1,479 million (1992 – $1,022 million; 1991 – $293 million).

(b) Exploration expenses, deducted in arriving at net earnings, are reclassified and included in investing activities in the consolidated statement of cash flows.

(c) Includes dividends received from equity investments of $9 million (1992 – $13 million; 1991 – $13 million).

Consolidated Balance Sheet As at December 31

millions of dollars	1993	1992	1991	1990	1989
Assets					
Current assets					
Cash	**605**	265	286	–	–
Marketable securities at cost	**874**	757	7	2	2
Accounts receivable	**889**	1 008	1 052	1 411	1 055
Inventories of crude oil and products (15)	**402**	468	604	801	785
Materials, supplies and prepaid expenses	**129**	140	178	189	182
Total current assets	**2 899**	2 638	2 127	2 403	2 024
Investments and other long-term assets	**152**	159	204	245	465
Property, plant and equipment (1)	**9 389**	9 965	10 760	11 378	12 206
Goodwill	**356**	373	400	432	478
Total Assets	**12 796**	13 135	13 491	14 458	15 173
Liabilities					
Current liabilities					
Outstanding cheques, less cash	**–**	–	–	66	100
Short-term debt	**–**	–	58	299	123
Accounts payable and accrued liabilities (14)	**1 157**	1 316	1 471	1 655	1 397
Income taxes payable	**436**	247	110	421	27
Total current liabilities	**1 593**	1 563	1 639	2 441	1 647
Long-term debt (6)	**2 030**	2 222	2 356	2 563	3 859
Other long-term obligations (4)	**1 149**	1 137	1 007	904	727
Commitments and contingent liabilities (7)					
Total Liabilities	**4 772**	4 922	5 002	5 908	6 233
Deferred Income Taxes	**1 458**	1 577	1 699	1 685	2 107
Shareholders' Equity					
Common shares (11)	**2 977**	2 977	2 977	2 866	2 746
Net earnings retained and used in the business					
At beginning of year	**3 659**	3 813	3 999	4 087	4 059
Net earnings for the year	**279**	195	162	256	350
Dividends	**(349)**	(349)	(348)	(344)	(322)
At end of year	**3 589**	3 659	3 813	3 999	4 087
Total Shareholders' Equity	**6 566**	6 636	6 790	6 865	6 833
Total Liabilities, Deferred Income Taxes and Shareholders' Equity	**12 796**	13 135	13 491	14 458	15 173

The summary of significant accounting policies, the glossary of terms and the notes are part of these consolidated financial statements.

Approved by the directors

R.B. Peterson
Chairman and chief executive officer

R.A. Brennan
President

Management Report

The accompanying consolidated financial statements and all information in this annual report are the responsibility of management. The financial statements have been prepared by management in accordance with generally accepted Canadian accounting principles and include certain estimates that reflect management's best judgments. Financial information contained throughout this annual report is consistent with these financial statements.

Management has developed and maintains an extensive system of internal control that provides reasonable assurance that all transactions are accurately recorded, that the financial statements realistically report the company's operating and financial results, and that the company's assets are safeguarded. The company's internal audit department reviews and evaluates the adequacy of and compliance with the company's internal controls. As well, it is the policy of the company to maintain the highest standard of ethics in all its activities.

Imperial's board of directors has approved the information contained in the financial statements. The board fulfills its responsibility regarding the financial statements mainly through its audit committee, details of which are provided on page 46.

Price Waterhouse, an independent firm of chartered accountants, was appointed by a vote of shareholders at the company's last annual meeting to examine the consolidated financial statements and provide an independent professional opinion.

R.B. Peterson

R.B. Peterson

R.A. Brenneman

R.A. Brenneman
February 22, 1994

Auditors' Report

To the Shareholders of Imperial Oil Limited

We have audited the consolidated statements of earnings and of cash flows of Imperial Oil Limited for each of the three years in the period ended December 31, 1993, and the consolidated balance sheets as at December 31, 1993, and 1992. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the company for each of the three years in the period ended December 31, 1993, and its financial position as at December 31, 1993, and 1992, in accordance with generally accepted accounting principles in Canada.

Price Waterhouse

Chartered Accountants
1 First Canadian Place
Toronto, Ontario
February 22, 1994

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Imperial Oil Limited and its subsidiaries. Intercompany accounts and transactions are eliminated. Significant subsidiaries included in the consolidated financial statements are:

Imperial Oil Resources Limited
Imperial Oil Resources N.W.T. Limited
Imperial Oil Resources Ventures Limited
McColl-Frontenac Petroleum Inc.

A significant portion of the company's activities in natural resources is conducted jointly with other companies. The accounts reflect the company's proportionate interest in such activities.

Inventories

Inventories are recorded at the lower of cost or net realizable value. The cost of crude oil and products is determined primarily using the LIFO (last-in, first-out) method.

Investments

The principal investments in companies other than subsidiaries are accounted for using the equity method. They primarily represent interests in crude-oil and product pipeline companies. They are recorded at the original cost of the investment plus Imperial's share of earnings since the investment was made, less dividends received. Imperial's share of the after-tax earnings of these companies is included in "interest and investment income" in the consolidated statement of earnings. Other investments are recorded at cost. Dividends from other investments are recorded as income.

Property, Plant and Equipment

Property, plant and equipment, including related preoperational and design costs of major projects, are recorded at cost. Cost for property, plant and equipment of acquired companies is the fair market value to the company at the date of acquisition.

The company follows the successful-efforts method of accounting for its exploration and development activities. Under this method, costs of exploration acreage are capitalized and amortized over the period of exploration or until a discovery is made. Costs of exploration wells are capitalized until their success can be determined. If the well is successful, the costs remain capitalized; otherwise they are expensed. Capitalized exploration costs are reevaluated annually. All other exploration costs are expensed as incurred. Development costs, including the cost of natural gas and natural-gas liquids used as injectants in enhanced (tertiary) oil-recovery projects, are capitalized.

Maintenance and repair costs are expensed as incurred. Improvements that increase or prolong the service life or capacity of an asset are capitalized.

Investment tax credits and other similar grants are treated as a reduction of the capitalized cost of the asset to which they apply.

Depreciation and depletion (the allocation of the cost of assets to expense over the period of their useful lives) are calculated using the unit-of-production method for producing properties. Depreciation of other plant and equipment is calculated using the straight-line method, based on the estimated service life of the asset. In general, refineries are depreciated over 25 years; other major assets, including chemical plants and service stations, are depreciated over 20 years.

Gains or losses on assets sold or otherwise disposed of are included in the consolidated statement of earnings.

Goodwill

Goodwill is charged to earnings on a straight-line basis over the period of expected continuing value, to a maximum of 20 years. The amortization of goodwill is included in depreciation and depletion expense.

Site-Restoration Costs

Provision for site-restoration costs (net of any expected recoveries) is made if they can be reasonably determined. This provision is based on engineering estimates of costs, taking into account the anticipated method and extent of remediation consistent with legal requirements, industry practices, current technology and the possible use of the site. For natural-resource assets, accruals are made over the useful life of the asset using the unit-of-production method. For other assets, a provision is made at the time management approves the sale or closure of a facility.

Revenues

Certain purchases and sales of crude oil and products are undertaken to improve the company's operating efficiency. Some of the company's crude-oil production is sold and other types of crude oil are purchased to optimize refining operations. Product purchase and sale agreements with other companies help the company to meet its supply requirements while reducing transportation and other costs. Such sales and purchases are offset in the consolidated statement of earnings.

Consumer Taxes and Crown Royalties

Taxes levied on the consumer and collected by the company are excluded from the consolidated statement of earnings. These are primarily provincial taxes on motor fuels and the federal goods and services tax. Crown royalties are also excluded.

In order to encourage investment, the Province of Alberta has reduced the amount of royalties payable during the early years of certain projects by allowing for the deduction of certain capital costs in determining royalties. The result is an increase in the company's share of production, which is accounted for as additional income.

Foreign-Currency Translation

Monetary assets and liabilities receivable or payable in foreign currencies have been translated at the rates of exchange prevailing on December 31. Unrealized exchange gains and losses arising from the translation of long-term debt are deferred and amortized over the remaining term of the debt.

Gains and losses on financial instruments used as hedges against foreign-currency exposures are offset against the associated losses and gains of the hedged item. The most common involve agreements to buy or sell foreign currency in the future at a set rate, so as to offset the risk from fluctuations in foreign-exchange rates.

Financial Instruments

Financial instruments are recorded at historical cost, and unless otherwise indicated, their fair values approximate the recorded amounts.

The fair values of cash, marketable securities, accounts receivable and current liabilities approximate recorded amounts because of the short period to receipt or payment of cash. The fair value of the company's long-term debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the company for debt of the same duration to maturity. The fair values of other financial instruments held by the company are estimated primarily by discounting future cash flows using current rates for similar financial instruments under similar credit risk and maturity conditions.

Interest Costs

Interest costs are expensed as incurred and included as financing costs in the statement of earnings.

Natural-Gas Take-Or-Pay Contracts

Amounts received under take-or-pay contracts for future delivery of natural gas are recorded as deferred revenue. These amounts are included in sales revenue when the gas is delivered.

Glossary of Terms

Capital employed is total assets less current liabilities, excluding short-term debt and the current portion of long-term debt.

Cash represents cash in the bank and cash equivalents, which are all highly liquid securities with a maturity of three months or less when purchased.

Debt represents amounts borrowed from external sources and capital leases. These amounts include long-term debt due within one year, but exclude unamortized foreign-exchange gains or losses on debentures and notes.

Deferred income taxes are the difference between income taxes deducted in calculating earnings in accordance with generally accepted accounting principles and taxes currently payable under income-tax legislation. They result from certain deductions from income being recognized in different periods for tax and accounting purposes. The largest source of deferred income taxes is depreciation and depletion, where deductions are made earlier for tax purposes than for accounting purposes. Deferred income taxes are not a liability under the law.

Marketable securities are securities of the governments of Canada and the provinces, banks and other corporations, with a maturity of longer than three months when purchased. These highly liquid securities either are short-term, with a fixed interest rate, or are floating-rate securities, with rates dependent upon short-term interest rates.

Net realizable value is the estimated selling price of an asset, less the estimated costs of preparing the asset for sale and of selling it.

Per-share information is calculated by dividing the respective nominal amounts by the average number of shares outstanding, weighted monthly.

Financial Percentages and Ratios

(results shown are for 1993)

Total debt as a percentage of capital (page 25)

$$= \frac{\text{debt (note 6) + guarantees to third parties (note 7b)}}{\text{debt + guarantees to third parties + shareholders' equity (page 28)}} = \textbf{27.1}$$

Interest-coverage ratios (page 25)

Earnings basis

$$= \frac{\text{net earnings (page 26) + interest expense (note 12) + income taxes (page 26)}}{\text{interest expense}} = \textbf{4.9}$$

Cash-flow basis

$$= \frac{\text{cash provided from operating activities (page 27) + income-tax payments (note 8) + before-tax debt-related interest expense (note 12)}}{\text{before-tax debt-related interest expense}} = \textbf{13.6}$$

Price to earnings ratio (page 1)

$$= \frac{\text{closing share price as at December 31 (page 44)}}{\text{net earnings per share (page 26)}} = \textbf{31.1}$$

Price to cash-flow ratio (page 1)

$$= \frac{\text{closing share price as at December 31}}{\text{cash provided from operating activities per share (page 1)}} = \textbf{6.0}$$

Return on average capital employed (page 1)

$$= \frac{\text{net earnings + after-tax interest expense (interest expense at basic corporate tax rate, note 8)}}{\text{average capital employed (note 1)}} = \textbf{3.2}$$

Return on average shareholders' equity (page 1)

$$= \frac{\text{net earnings}}{\text{average shareholders' equity}} = \textbf{4.2}$$

Notes to the Consolidated Financial Statements

1 Business Segments

millions of dollars	Natural resources 1993	1992	1991	Petroleum products 1993	1992	1991	Chemicals 1993	1992	1991
Revenues									
External	**795**	735	759	**7 042**	7 368	7 877	**969**	883	827
Intersegment sales	**1 363**	1 600	1 647	**192**	162	184	**38**	37	41
Total revenues	**2 158**	2 335	2 406	**7 234**	7 530	8 061	**1 007**	920	868
Expenses before depreciation and depletion (a)	**1 343**	1 361	1 582	**6 525**	7 078	7 592	**889**	829	811
Depreciation and depletion (b)	**540**	560	526	**197**	239	229	**63**	69	56
Total expenses	**1 883**	1 921	2 108	**6 722**	7 317	7 821	**952**	898	867
Unusual items (note 3)									
Gain/(loss) from divestments	**(27)**	(96)	94	**–**	(5)	–	**–**	–	–
Workforce reduction provisions	**–**	–	–	**–**	–	–	**–**	–	–
Ioco refinery shutdown	**–**	–	–	**(95)**	–	–	**–**	–	–
Total unusual items	**(27)**	(96)	94	**(95)**	(5)	–	**–**	–	–
Earnings before income taxes	**248**	318	392	**417**	208	240	**55**	22	1
Income taxes (note 8)									
Current	**262**	250	189	**173**	162	38	**42**	25	17
Deferred	**(106)**	(83)	(74)	**6**	(48)	79	**(22)**	(17)	(18)
Total income taxes	**156**	167	115	**179**	114	117	**20**	8	(1)
Net earnings	**92**	151	277	**238**	94	123	**35**	14	2
Cash flow provided from earnings	**616**	802	735	**513**	289	429	**78**	66	41
Capital and exploration expenditures	**353**	243	379	**152**	109	152	**25**	33	26
Property, plant and equipment									
Cost	**9 437**	9 673	10 093	**4 371**	4 488	4 544	**1 278**	1 283	1 269
Accumulated depreciation and depletion	**3 438**	3 294	3 045	**1 911**	1 831	1 750	**660**	630	579
Net property, plant and equipment	**5 999**	6 379	7 048	**2 460**	2 657	2 794	**618**	653	690
Total assets	**6 260**	6 693	7 529	**3 873**	4 305	4 783	**887**	917	934
Total capital employed	**5 697**	6 140	7 042	**2 993**	3 321	3 727	**773**	817	842

(a) Includes intersegment purchases that are eliminated in the consolidated amounts.

(b) Includes $26 million of goodwill charged to earnings in 1993 (1992 – $32 million; 1991 – $38 million). The accumulated amortization of goodwill at December 31, 1993, is $117 million (1992 – $111 million; 1991 – $140 million).

The information in the above tables is presented as though each segment were a separate business activity. Intersegment sales are made essentially at prevailing market prices. The consolidated figures exclude all intersegment transactions. The company operates its business in Canada, in the following industry segments:

Natural resources includes the exploration for and production of crude oil and natural gas.

Petroleum products consists of the refining of crude oil into petroleum products and the distribution and marketing of these products.

Corporate and other			Consolidated		
1993	1992	1991	**1993**	1992	1991
97	161	39	**8 903**	9 147	9 502
21	23	21	–	–	–
118	184	60	**8 903**	9 147	9 502
236	253	273	**7 379**	7 699	8 365
34	26	22	**834**	894	833
270	279	295	**8 213**	8 593	9 198
–	–	–	**(27)**	(101)	94
–	–	(125)	–	–	(125)
–	–	–	**(95)**	–	–
–	–	(125)	**(122)**	(101)	(31)
(152)	(95)	(360)	**568**	453	273
(69)	(57)	(147)	**408**	380	97
3	26	27	**(119)**	(122)	14
(66)	(31)	(120)	**289**	258	111
(86)	(64)	(240)	**279**	195	162
(41)	(9)	(212)	**1 166**	1 148	993
8	82	17	**538**	467	574
528	500	401	**15 614**	15 944	16 307
216	224	173	**6 225**	5 979	5 547
312	276	228	**9 389**	9 965	10 760
1 776	1 220	245	**12 796**	13 135	13 491
1 740	1 346	311	**11 203**	11 624	11 922

Chemicals consists of the manufacturing and marketing of various hydrocarbon-based chemicals and chemical products, including fertilizers.

Corporate and other includes assets and liabilities that do not specifically relate to business segments — primarily cash, marketable securities, various investments, long-term debt and consolidating adjustments. Net earnings in this category include income and gains from investments, financing costs and consolidating adjustments.

2 Interest and Investment Income

Includes $8 million (1992 – $117 million; 1991 – $24 million) of interest on income-tax refunds. The $117 million in 1992 results primarily from a court decision.

3 Unusual Items

The before-tax loss from unusual items was $122 million in 1993 (1992 – $101 million; 1991 – $31 million). See note 1.

The after-tax impact of the unusual items was:

millions of dollars	**1993**	1992	1991
Gain/(loss) from divestments (a)			
Natural resources	**(16)**	(58)	149
Petroleum products	**–**	(5)	–
Total gain/(loss) from divestments after income taxes	**(16)**	(63)	149
Workforce reduction provision	–	–	(77)
Ioco refinery shutdown (b)	**(54)**	–	–
Total unusual items after income taxes	**(70)**	(63)	72

(a) The company has divested certain assets as part of its ongoing efforts to improve the profitability of its operations. Divestments prior to 1992 were also made in order to reduce debt incurred in the 1989 acquisition of Texaco Canada Inc., and to meet commitments to the Government of Canada resulting from that acquisition.

(b) The company intends to permanently shut down refining operations at its Ioco site, near Vancouver. A provision was made for the writedown of the refinery assets and for related shutdown costs.

4 Other Long-Term Obligations

millions of dollars	1993	1992
Deferred revenue on take-or-pay gas contracts	–	16
Employee retirement-income benefits (note 9)	**422**	433
Other retirement benefits (note 10)	**180**	176
Site restoration (a)	**425**	387
Other obligations	**122**	125
Total other long-term obligations	**1 149**	1 137

(a) Total site restoration also includes $33 million in current liabilities (1992 – $41 million).

5 Net Payments to Governments

millions of dollars	1993	1992	1991
Current income taxes (note 8)	**408**	380	97
Commodity (fuel-excise) tax	**986**	983	966
Property taxes included in expenses	**117**	119	109
Payroll and other taxes included in expenses	**44**	48	63
Goods and services tax (GST)/Quebec sales tax (QST) collected	**737**	665	705
GST/QST input tax credits	**(449)**	(415)	(531)
Other consumer taxes collected on behalf of governments	**1 310**	1 288	1 209
Crown royalties	**237**	268	291
Total paid or payable to governments	**3 390**	3 336	2 909
Less investment tax credits and other receipts	**15**	35	20
Net payments to governments	**3 375**	3 301	2 889

Net payments to:			
Federal government	**1 656**	1 556	1 237
Provincial governments	**1 602**	1 626	1 543
Local governments	**117**	119	109
Net payments to governments	**3 375**	3 301	2 889

6 Long-Term Debt

year of issue	maturity date	rate of interest	1993 millions of dollars	1992 millions of dollars
Sinking-fund debentures (a)				
1979	September 15, 2009 (1993 – $30 million (U.S.); 1992 – $59 million (U.S.))	9 3/4	**39**	75
1989	October 15, 2019 (1993 – $222 million (U.S.); 1992 – $222 million (U.S.))	8 3/4	**294**	282
Total sinking-fund debentures			**333**	357
Other debentures and notes (a)				
1983	January 3, 1997	5	**24**	24
1989	December 15, 1999 (b)	9 7/8	**297**	297
1989	September 1, 2004 (1993 – $1,000 million (U.S.); 1992 – $1,100 million (U.S.))(c)	Variable	**1 321**	1 398
1991	August 20, 2001 (1993 – $200 million (U.S.); 1992 – $200 million (U.S.))	8.3	**264**	254
Total debentures and notes			**2 239**	2 330
Capital leases (d)			**2**	60
			2 241	2 390
Unamortized foreign-exchange loss on debentures and notes			**211**	168
Total long-term debt (e) (f)			**2 030**	2 222

(a) Minimum future principal payments of $12 million (U.S.) are due on sinking-fund debentures in 1994 and 1995, and a payment of $6 million (U.S.) is due in 1996; $24 million (Canadian) of principal payments on other debentures and notes are due in 1997.

(b) In July 1992, the company entered into currency and interest-rate swap transactions with counterparties of high-credit standing. The swaps are matched to $150 million of the 9 7/8-percent (Canadian) debenture. The effect is to convert $150 million (Canadian) fixed-interest-rate exposure to $126 million (U.S.) floating-interest-rate exposure. The average effective rate for 1993 on the swap amount was 5.4 percent (1992 – 5.5 percent).

(c) This debt bears interest based primarily on U.S. commercial paper interest rates and may be repaid in part or in full at any time before maturity without premium. The average effective rate for 1993 was 3.1 percent (1992 – 3.7 percent).
(d) Capital-lease principal payments made during 1993 were $1 million (1992 – $1 million; 1991 – $2 million). Imputed interest on capitalized leases will be $1 million during the next five years and $4 million beyond five years and over the remaining life of the leases. Principal payments of approximately $250 thousand are due in each of the next five years.

In October 1993, the company gave notice of termination regarding its capital lease for office space in Calgary, Alta., and entered into an operating lease for a significant portion of the same space. This resulted in the removal of the capital lease and associated debt from the company's accounts.
(e) At December 31, 1993, the company had $659 million of uncommitted unused lines of credit available for short-term financing.
(f) The estimated fair value of the long-term debt at December 31, 1993, is $2,358 million (1992 – $2,452 million).

7 Commitments and Contingent Liabilities

At December 31, 1993, the company had commitments for noncancellable operating leases and other long-term agreements that require the following minimum future payments:

	Operating leases (a)	Other long-term agreements (b)
	millions of dollars	
1994	71	157
1995	59	148
1996	44	139
1997	27	124
1998	20	121
after 1998	74	730

(a) Total rental expense incurred for operating leases in 1993 was $112 million (1992 – $118 million; 1991 – $144 million).

(b) Total payments under long-term agreements were $205 million in 1993 (1992 – $213 million; 1991 – $234 million). As part of an agreement with Interprovincial Pipe Line (NW) Ltd. for the construction of a pipeline to the company's Norman Wells oil field, Imperial agreed to minimum pipeline charges to the year 2010, sufficient to service the debt associated with the pipeline. These amounts are included in the above table. The amount of that debt outstanding at December 31, 1993, was $164 million.

In addition, the company has provided other guarantees totaling $35 million.

As a condition of its 1989 acquisition of Texaco Canada, the company committed to the Government of Canada to supply agreed volumes of gasoline to independent marketers in Ontario and Quebec for periods of up to 10 years. The company is in compliance with these commitments.

Other commitments for operating and capital needs, all arising in the normal course of business, do not materially affect the company's consolidated financial position.

As part of its ongoing efforts to improve profitability, the company intends to sell, close down or otherwise dispose of a variety of assets. The specific assets, timing and amount of proceeds have not been determined. The aggregate proceeds received may be less than book value of the assets, plus related costs, resulting in charges to earnings. These are not expected to materially affect the company's consolidated financial position.

The company provides in its financial statements for site-restoration costs (see the summary of significant accounting policies on pages 30 and 31). Provision is not made with respect to those manufacturing, distribution and marketing facilities for which estimates of these future costs cannot be reasonably determined. These are primarily currently operated sites. These costs (net of any expected recoveries) are not expected to have a material effect on the company's consolidated financial position.

Various lawsuits are pending against Imperial Oil Limited and its subsidiaries. The actual liability with respect to these lawsuits is not determinable, but management believes, based on the opinion of counsel, that any liability will not materially affect the company's consolidated financial position.

8 Income Taxes

millions of dollars	1993	1992	1991
Summary of income-tax calculations			
Earnings before income taxes	**568**	453	273
Deduct			
Earnings from equity investments	**15**	11	10
Adjusted earnings	**553**	442	263
Basic corporate-tax rate (percent)	**44.7**	44.5	43.8
Income taxes at basic rate	**247**	197	115
Increases (decreases) resulting from			
Nondeductible payments to governments	**90**	102	124
Resource allowance	**(80)**	(120)	(103)
Depletion allowance	**–**	(2)	(4)
Manufacturing and processing credit	**(27)**	(8)	11
Nondeductible depreciation and amortization	**62**	81	54
(Gain)/loss on divestments	**5**	–	(103)
Other	**(8)**	8	17
Income-tax expense	**289**	258	111
Effective income-tax rate (percent)	**52.3**	58.4	42.2

Increases (decreases) in deferred income taxes from timing differences			
Depreciation	**(90)**	(64)	(77)
Pensions and severance payments	**3**	34	(21)
Successful drilling, injectants and land acquisitions	**(49)**	(83)	(30)
LIFO inventory valuation	**42**	–	163
Site restoration	**(1)**	(16)	(26)
Other	**(24)**	7	5
Deferred income-tax expense	**(119)**	(122)	14
Current income-tax expense	**408**	380	97

The operations of the company are complex, and related tax interpretations, regulations and legislation are continually changing. As a result, there are usually some tax matters in question. The company believes the provision made for income taxes is adequate.

Cash income-tax payments, after deducting investment tax credits, were $223 million in 1993 (1992 – $253 million; 1991 – $407 million).

9 Employee Retirement-Income Benefits

Retirement-income benefits are company-paid and cover almost all employees. Benefits are based on years of service and final average earnings. The company's related obligations are met through funded registered retirement plans and through unfunded supplementary benefits that are paid directly to most surviving spouses and certain retirees. The data below include funded benefits provided through the Imperial Oil retirement plans, the company's share of the Syncrude retirement plan and unfunded benefits.

Pension expense and obligations for both the funded and unfunded benefits are determined in accordance with generally accepted accounting principles and actuarial procedures. The process includes making certain assumptions, which are described in (a).

Annual pension expense

millions of dollars	1993	1992	1991
Pension expense before workforce-reduction provision	**96**	112	134
Pension expense portion of workforce-reduction provision (c)	**–**	–	35
Total pension expense	**96**	112	169

Assets of the retirement plans are held primarily in equity, fixed-income and money-market securities, real estate and resource properties. Company contributions to the retirement plans are based on independent actuarial valuations and are made in accordance with government regulations. These contributions amounted to $99 million in 1993 (1992 – $71 million).

Funded status of the company's obligations at December 31

millions of dollars	1993	1992
Funded retirement plans		
Market value of assets	1 979	1 732
Accumulated earned-benefit obligation (b)	1 785	1 765
Assets excess/(shortfall)	194	(33)
Additional unearned-benefit obligation (b)	235	234
Unfunded obligation	41	267
Unfunded supplementary retirement-income obligations (b)	333	272
Net unfunded obligations	374	539

	1993	1992
The net unfunded obligations consist of		
Long-term liability (note 4)	422	433
Current liability	12	14
Unrecorded obligations/(assets) – net	(60)	92
Total	374	539

Unrecorded obligations/(assets) are amortized over the expected average remaining service of employees, which is currently 14 years (1992 – 14 years).

(a) The discount rate, long-term return on plan assets and the rate of pay increases were assumed to be 8.5 percent, 8.5 percent and 5 percent respectively.

millions of dollars	Projected benefit obligation (b)	Pension expense
As calculated using company's assumptions	2 353	96
Impact of one-percent change in		
Rate of return and discount rate	250	45
Pay increases	85	20

(b) Retirement-income-benefit obligations consist of earned and unearned amounts. The accumulated earned-benefit obligation is based on the benefit formula, service to date and current pay; the additional unearned-benefit obligation is the extra amount that results from projected pay increases to the date of retirement. The unfunded supplementary-retirement obligations include both earned and unearned amounts on a combined basis. The total is called the projected-benefit obligation.

(c) This amount is part of the workforce-reduction provision shown in note 3.

10 Other Retirement Benefits

The company shares the cost of certain health-care and life-insurance benefits for almost all retired employees and surviving spouses. A liability for this cost has been recorded for employees' service to date and for retirees. Unrecorded obligations result primarily from revisions to assumptions regarding the cost of other retirement benefits, and are amortized over the expected average remaining service of employees, which is currently 14 years.

The annual charge to earnings is based on service provided in the year; cash payments are charged to the liability. In 1993, other retirement-benefits expenses were $20 million (1992 – $18 million; 1991 – $17 million).

Net unfunded obligations at December 31

millions of dollars	1993	1992
Long-term liability (note 4)	180	176
Current liability	16	12
Unrecorded obligations – net	31	–
Total unfunded obligations – net	227	188

11 Common Shares

number of shares	1993	1992	1991
Authorized	225 000 000	225 000 000	225 000 000
Issued at December 31	193 841 431	193 841 431	193 841 431

In 1991, the company issued 2,087,694 shares with a value of $111 million under the dividend-reinvestment and share-purchase plan (see description of the plan on page 48). From July 1991, funds directed to the dividend-reinvestment and share-purchase plan are used to buy existing shares on a stock exchange rather than issue new shares.

12 Financing Costs

millions of dollars	1993	1992	1991
Interest expense			
Debentures and notes	**126**	142	184
Capital leases	**6**	8	8
Short-term notes	**–**	–	11
Other	**15**	8	27
Total interest expense	**147**	158	230
Foreign-exchange expense/(income) on long-term debt (a)	**30**	8	(14)
Total financing costs	**177**	166	216

(a) See Foreign-Currency Translation, page 31.

Cash interest payments in 1993 were $148 million (1992 – $167 million; 1991 – $252 million).

13 Research and Development Costs

Research and development costs in 1993 were $89 million (1992 – $83 million; 1991 – $100 million) before investment tax credits earned on these expenditures of $15 million (1992 – $11 million; 1991 – $15 million). The net costs are included in expenses.

14 Transactions with Exxon Corporation and Affiliated Companies (Exxon)

The amounts paid and received by the company on transactions with Exxon in 1993 were $1,327 million and $502 million respectively (1992 were $1,215 million and $419 million; 1991 – $1,237 million and $519 million). The terms of the transactions were as favorable as they would have been with unrelated parties. The transactions primarily were the purchase and sale of crude oil, petroleum and chemical products. Transportation, technical and engineering services were also performed and received. Current amounts due to Exxon at December 31, 1993, were $20 million (1992 – $64 million; 1991 – $35 million).

In 1991, Exxon acquired 1,452,300 shares as part of the share issues described in note 11. These shares were acquired at the same prices as shares issued to other shareholders.

Exxon's ownership interest in Imperial Oil Limited at December 31, 1993, was 69.6 percent, unchanged from 1992 and 1991.

15 Inventories of Crude Oil and Products

In 1993, net earnings included an after-tax gain of $6 million (1992 – $25 million; 1991 – $2 million) attributable to the effect of a reduction in LIFO inventories. The replacement cost of inventories was estimated to exceed their LIFO carrying values at December 31, 1993, by $345 million (1992 – $494 million).

16 International Accounting Standards and United States Accounting Principles

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and conform in all significant respects to International Accounting Standards. *Form 10-K*, filed with the United States Securities and Exchange Commission, includes a description of the differences between the generally accepted accounting principles in Canada and those accepted in the United States as they apply to the company.

17 Reporting Reclassifications

Certain figures for prior years have been reclassified in the financial statements to conform with the current year's presentation. There is no effect on earnings.

18 Subsequent Event

In late 1993, the company entered into discussions with Sherritt Inc. regarding the possible sale of the fertilizer production complex at Redwater, Alta., and related distribution terminals. The proposed proceeds of $365 million, subject to adjustment for changes in working capital, would be approximately equal to the book value of the property, plant, equipment and working capital that is the subject of the proposed sale. The impact of the sale on future net earnings of the company would not be material.

The results of the discussions were unknown on the date for approval of these financial statements, and there is no certainty that this transaction will proceed.

Supplemental Oil and Gas Information

The information on pages 41 through 43 is provided in accordance with the United States' Statement of Financial Accounting Standards (SFAS) No. 69 "Disclosure about Oil and Gas Producing Activities." This statement requires specific disclosure about oil and gas activities only; accordingly, the data exclude information about coal reported in the natural-resource segment.

United States Securities and Exchange Commission regulations permit certain data to be included in *Form 10-K*. Accordingly, additional information required by SFAS No. 69 and a description of the differences between the generally accepted accounting principles in Canada and those accepted in the United States as they apply to the company are included in the *Form 10-K*.

Results of Operations

	Oil and gas			Syncrude			Total		
millions of dollars	**1993**	1992	1991	**1993**	1992	1991	**1993**	1992	1991
Sales to customers	**456**	425	404	**1**	1	–	**457**	426	404
Intersegment sales	**907**	1 066	1 124	**335**	370	345	**1 242**	1 436	1 469
Total sales (1)	**1 363**	1 491	1 528	**336**	371	345	**1 699**	1 862	1 873
Production expenses	**552**	550	673	**265**	253	259	**817**	803	932
Exploration expenses	**52**	70	118	–	–	–	**52**	70	118
Depreciation and depletion (2)	**528**	611	374	**38**	34	25	**566**	645	399
Income taxes	**149**	151	110	**12**	24	16	**161**	175	126
Results of operations	**82**	109	253	**21**	60	45	**103**	169	298

Capital and Exploration Expenditures

	Oil and gas			Syncrude			Total		
millions of dollars	**1993**	1992	1991	**1993**	1992	1991	**1993**	1992	1991
Property costs (3)									
Proved	**12**	8	–	–	–	–	**12**	8	–
Unproved	**11**	5	13	–	–	–	**11**	5	13
Exploration costs	**40**	47	107	–	–	–	**40**	47	107
Development costs	**268**	162	221	**22**	21	38	**290**	183	259
Total capital and exploration expenditures	**331**	222	341	**22**	21	38	**353**	243	379

Property, Plant and Equipment

	Oil and gas		Syncrude		Total	
millions of dollars	**1993**	1992	**1993**	1992	**1993**	1992
Property costs (3)						
Proved	**2 966**	3 029	–	–	**2 966**	3 029
Unproved	**198**	285	–	–	**198**	285
Producing assets	**4 995**	5 240	**890**	878	**5 885**	6 118
Support facilities	**106**	76	**99**	98	**205**	174
Incomplete construction	**171**	61	**12**	6	**183**	67
Total cost	**8 436**	8 691	**1 001**	982	**9 437**	9 673
Accumulated depreciation and depletion	**3 166**	3 057	**272**	237	**3 438**	3 294
Net property, plant and equipment	**5 270**	5 634	**729**	745	**5 999**	6 379

(1) Sales of crude oil to consolidated affiliates are at market value, using posted field prices. The value of sales of natural-gas liquids to consolidated affiliates are at prices estimated to be obtainable in a competitive, arm's-length transaction. Total sales exclude the sale of natural gas and natural-gas liquids purchased for resale.

(2) Net of $27 million loss from divestments in 1993 (1992 – $96 million loss; 1991– $94 million gain).

(3) "Property costs" are payments for rights to explore for petroleum and natural gas. "Proved" represents areas where successful drilling has delineated a field capable of production. "Unproved" represents all other areas.

Supplemental Information

Net Proved Developed and Undeveloped Reserves (1)

	Crude Oil (millions of barrels)				Natural Gas (billions of cubic feet)
	Conventional	Cold Lake	Syncrude	Total	
Beginning of year 1991	680	766	297	1 743	3 827
Revisions of previous estimates and improved recovery	(11)	(1)	1	(11)	(17)
Sale of reserves in place	(26)	–	–	(26)	(251)
Discoveries and extensions	1	–	–	1	38
Production	(59)	(27)	(15)	(101)	(201)
End of year 1991	585	738	283	1 606	3 396
Revisions of previous estimates and improved recovery	(20)	10	60	50	(349)
Sale of reserves in place	(16)	–	–	(16)	(227)
Discoveries and extensions	5	–	–	5	–
Production	(52)	(29)	(16)	(97)	(169)
End of year 1992	502	719	327	1 548	2 651
Revisions of previous estimates and improved recovery	**3**	**2**	**3**	**8**	**17**
Sale of reserves in place	**(14)**	**–**	**–**	**(14)**	**(51)**
Discoveries and extensions	**–**	**–**	**–**	**–**	**76**
Production	**(47)**	**(30)**	**(16)**	**(93)**	**(188)**
End of year 1993	**444**	**691**	**314**	**1 449**	**2 505**

(1) Net reserves are the company's share of reserves after deducting the shares of mineral owners or governments or both.

All reported reserves of crude oil and natural gas are located in Canada. Reserves of crude oil include condensate and natural-gas liquids. Conventional and Cold Lake crude-oil and natural-gas reserve estimates are based on geological and engineering data, which have demonstrated with reasonable certainty that these reserves are recoverable in future years from known reservoirs under economic and operating conditions existing at December 31 of the relevant year. Reserves of crude oil at Cold Lake are those estimated to be recoverable from the existing experimental pilot plants and commercial stages 1 through 10. The calculation of reserves of crude oil at Syncrude is based on the company's participating interest in the production permit granted in October 1979 and as amended in January 1985 and July 1988 by the Province of Alberta.

Net proved reserves are determined by deducting the estimated future share of mineral owners or governments or both. For conventional crude oil (excluding enhanced oil-recovery projects), oil from the Cold Lake pilots and natural gas, net proved reserves are based on estimated future royalty rates representative of those existing at December 31 of the year. Actual future royalty rates may vary with production and price. For enhanced oil-recovery projects, Syncrude, and stages 1 through 10 of Cold Lake, net proved reserves are based on the company's best estimate of average royalty rates over the life of each project. Actual future royalty rates may vary with production, price and costs.

Reserves data do not include crude oil and natural gas discovered in the Beaufort Sea – Mackenzie Delta and the Arctic Islands, or the reserves contained in oil sands other than those attributable to Syncrude, the Cold Lake pilot area and stages 1 through 10 of Cold Lake production operations.

In 1993, Imperial's net proved reserves of crude oil and natural gas decreased by 99 million barrels and 146 billion cubic feet respectively. Production in 1993 totaled 93 million barrels of crude oil and 188 billion cubic feet of natural gas. Sales of reserves accounted for an additional decrease of 14 million barrels of crude oil and 51 billion cubic feet of natural gas. Discoveries and extensions totaled 76 billion cubic feet of natural gas in 1993.

Exploration did not provide sufficient additions to reserves to offset the effects of divestments and production.

Natural-gas reserves are calculated at a pressure of 14.73 pounds per square inch at 60 degrees Fahrenheit.

Wells Drilled (1)

	1993		1992		1991		1990		1989	
	gross	net	gross	net	gross	net	gross	net	gross	net
Western provinces										
Exploratory										
Conventional	3	3	6	5	39	23	51	32	35	23
Heavy oil	–	–	–	–	–	–	–	–	12	3
Development										
Conventional	260	107	104	27	58	23	93	35	134	48
Heavy oil	115	115	23	23	6	6	–	–	–	–
Northern areas and Atlantic offshore (2)										
Exploratory	–	–	–	–	1	1	1	1	3	1
Total wells drilled										
Exploratory	3	3	6	5	40	24	52	33	50	27
Development	375	222	127	50	64	29	93	35	134	48
Total wells in progress	14	6	8	4	4	3	11	5	7	3

Land Holdings (1)

millions of acres

	1993		1992		1991		1990		1989	
	gross	net	gross	net	gross	net	gross	net	gross	net
Canada										
Western provinces										
Conventional	6.9	3.2	8.2	3.7	9.5	4.5	11.5	5.5	12.5	5.9
Heavy oil	1.0	0.4	1.0	0.4	1.8	0.6	1.8	0.6	1.9	0.6
Northern areas (2)	1.0	0.4	1.3	0.5	1.7	0.7	2.1	0.7	2.4	1.0
Atlantic offshore	0.9	0.7	0.9	0.7	1.0	0.7	1.1	0.8	1.1	0.8
International										
Malaysia	–	–	–	–	–	–	2.2	0.4	2.2	0.4
Total oil and gas land holdings	9.8	4.7	11.4	5.3	14.0	6.5	18.7	8.0	20.1	8.7

(1) "Gross" includes the interests of others; "net" excludes the interests of others.

(2) Northern areas encompass the Arctic Islands, the Yukon and the Northwest Territories, including the Beaufort Sea – Mackenzie Delta region.

Share Ownership, Trading and Performance

	1993	1992	1991	1990	1989
Share ownership					
Average number outstanding, weighted monthly (thousands)	**193 841**	193 841	193 199	190 872	179 243
Number of shares outstanding at December 31 (thousands)	**193 841**	193 841	193 841	191 754	189 694
Shares held in Canada at December 31 (percent)	**24.5**	26.5	25.3	22.6	22.6
Number of registered shareholders at December 31 (1)	**21 388**	22 010	22 468	22 908	24 344
Number of shareholders registered in Canada	**18 805**	19 290	19 648	19 903	21 172
Shares traded (thousands) (2)	**37 336**	31 848	34 267	37 154	38 033
Share prices (dollars) (2)					
High	**50 1/4**	48 1/8	61 1/8	67 5/8	64 1/8
Low	**40 1/8**	37 3/4	38 3/4	53 1/4	48 5/8
Close at December 31	**44 3/4**	40 5/8	40	58 5/8	64
Earnings per share (dollars)	**1.44**	1.01	0.84	1.34	1.95
Price to earnings ratio at December 31 (2)	**31.1**	40.2	47.6	43.8	32.8
Price to cash-flow ratio at December 31 (2)	**6.0**	5.5	6.5	10.8	10.1
Dividends (3)					
Total (millions of dollars)	**349**	349	348	344	322
Per share (dollars)	**1.80**	1.80	1.80	1.80	1.80

(1) Imperial is an affiliate of Exxon Corporation, which owns 69.6 percent of the company's shares.

(2) Data for all periods prior to July 1991 are for Class A shares.

(3) The fourth-quarter dividend has been paid on January 1 of the succeeding year.

Valuation Day Price

For capital-gains purposes, Imperial's common shares were quoted at $31.50 a share on valuation day, December 31, 1971.

Information for Security Holders Outside Canada

Cash dividends paid to shareholders resident in countries with which Canada has an income-tax convention are usually subject to Canadian nonresident withholding tax of 15 percent. The withholding tax is reduced to 10 percent on dividends paid to a resident of the United States who owns at least 10 percent of the voting shares of the corporation.

There is no Canadian tax on gains from selling shares or debt instruments owned by nonresidents not carrying on business in Canada.

Quarterly Financial and Stock Trading Data

	1993				1992			
	three months ended				three months ended			
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
Financial data (millions of dollars)								
Total revenues	2 179	2 272	2 243	2 209	2 076	2 339	2 350	2 382
Total expenses	2 021	2 047	2 063	2 082	1 957	2 205	2 182	2 249
Unusual items	(5)	(103)	(12)	(2)	(9)	(13)	(63)	(16)
Earnings before income taxes	153	122	168	125	110	121	105	117
Income taxes	80	54	84	71	70	63	59	66
Net earnings	73	68	84	54	40	58	46	51
Segmented earnings								
Natural resources	20	66	15	(9)	7	57	31	56
Petroleum products	69	4	96	69	58	13	27	(4)
Chemicals	5	19	1	10	1	14	–	(1)
Corporate and other	(21)	(21)	(28)	(16)	(26)	(26)	(12)	–
Net earnings	73	68	84	54	40	58	46	51
Per-share information (dollars)								
Net earnings	0.38	0.35	0.43	0.28	0.21	0.30	0.23	0.27
Cash provided from operating activities	1.49	2.03	1.81	2.09	0.90	1.93	2.14	2.44
Dividends (declared quarterly)	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Share prices (dollars) (1)								
Toronto Stock Exchange								
High	47 7/8	49 1/2	50 1/4	50 1/4	43 3/4	47 1/4	48 1/8	45 1/2
Low	40 1/8	45 5/8	43 1/8	44	37 3/4	38 1/8	43	39 3/4
Close	47 7/8	47 5/8	47 7/8	44 3/4	38 1/4	43 7/8	43 1/8	40 5/8
American Stock Exchange ($U.S.)								
High	38 1/2	39	38 1/4	38 1/2	36 5/8	39 1/2	39 7/8	36 1/2
Low	31 1/4	36 1/4	34	32 7/8	31 7/8	32	34 1/2	31
Close	38	37 1/8	36	33 7/8	32	36 5/8	34 1/2	31 3/4
Shares traded (thousands) (2)	11 374	8 087	9 015	8 860	9 802	8 499	5 451	8 096

(1) Imperial's shares are listed on the Montreal, Toronto and Vancouver stock exchanges, and are admitted to unlisted trading on the American Stock Exchange, in New York. The symbol on these exchanges for Imperial's common shares is IMO. Share prices were obtained from stock-exchange records.

(2) The number of shares traded is based on transactions on all the above stock exchanges.

Board of Directors

Imperial's board of directors has the primary responsibility for the long-term strategic governance of the corporation in the interest of all shareholders. The relatively small number of board members facilitates a close working partnership and provides an effective forum for the resolution of a broad range of issues of concern to the company. Imperial elected its first three nonemployee directors in 1977, and each of these directors is still serving. The five nonemployee directors are chosen not only for their business and professional skills but for their regional diversity, which the company regards as essential for a corporation doing business from coast to coast in Canada.

The long-term commitment of Imperial's directors to the corporation and its many stakeholders is reflected in the fact that, in the last 10 years, attendance at all meetings has averaged more than 93 percent. In 1993, attendance was 95 percent for directors' meetings and 96 percent for committee meetings.

Committees of Directors

Audit Committee

J.B. (Bruce) Buchanan, chair

The committee, composed of the five nonemployee directors and Mr. Brenneman, reviews the company's annual and quarterly financial statements, accounting practices, and business and financial controls. The internal audit program and its findings are reviewed with the committee. It also recommends to the directors the external auditors to be appointed by the shareholders at each annual meeting, reviews their audit work plan and approves their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met eight times in 1993.

Environment, Health and Safety Committee

W.A. (Bill) Macdonald, chair

The committee, composed of the five nonemployee directors and Mr. Peterson, reviews policies and programs for corporate environmental, health and safety matters. The committee oversees the company's performance in this area and monitors compliance with regulatory and corporate standards in the company's operations. It also monitors trends, and reviews current and emerging policy in these areas. The committee met five times in 1993.

Executive Resources Committee

P. (Pierre) Des Marais II, chair

The committee, composed of the five nonemployee directors and Mr. Peterson, is responsible for decisions on the compensation of senior management above the level of vice-president and for reviewing the executive development system, including specific succession plans for senior management positions. It also reviews corporate policy on compensation. The committee met five times in 1993.

Nominations Committee

R.J. (Dick) Currie, chair

The committee, composed of the five nonemployee directors and Mr. Peterson, recommends to the directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends guidelines for the selection and tenure of directors and specific director candidates when vacancies are expected. The committee met once in 1993.

Imperial Oil Charitable Foundation

M. (Muriel) Kovitz, chair

In January 1994, the Imperial Oil Charitable Foundation began operation, taking over the activities of the long-standing contributions committee of the board, which met four times in 1993. The foundation's board of directors consists of the five nonemployee directors of Imperial and Mr. Brenneman. Imperial's contributions program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, culture and sport.

Directors, Officers and Senior Management

Directors

D.D. (Doug) Baldwin
Senior vice-president, resources division
Imperial Oil Limited
Calgary, Alberta

R.A. (Ron) Brenneman
President
Imperial Oil Limited
Toronto, Ontario

J.B. (Bruce) Buchanan
President
Coastwise Developments Inc.
Vancouver, British Columbia

D.J. (Dan) Cacchio
Vice-president and comptroller
Imperial Oil Limited
Toronto, Ontario

R.J. (Dick) Currie
President
Loblaw Companies Limited
Toronto, Ontario

P. (Pierre) Des Marais II
President and chief executive officer
UniMédia Inc.
Montreal, Quebec

B.J. (Brian) Fischer
Senior vice-president,
products and chemicals division
Imperial Oil Limited
Toronto, Ontario

M. (Muriel) Kovitz
President
Murko Investments Ltd.
Calgary, Alberta

W.A. (Bill) Macdonald
President
W.A. Macdonald Associates Inc.
Toronto, Ontario

R.B. (Bob) Peterson
Chairman and chief executive officer
Imperial Oil Limited
Toronto, Ontario

Senior Management and Officers

R.B. (Bob) Peterson
Chairman and chief executive officer

R.A. (Ron) Brenneman
President

D.D. (Doug) Baldwin
Senior vice-president, resources division

B.J. (Brian) Fischer
Senior vice-president, products and chemicals division

D.J. (Dan) Cacchio
Vice-president and comptroller

J.F. (John) Kyle
Vice-president and treasurer

R.C. (Ron) Walker
Vice-president and general counsel

J. (John) Zych
Corporate secretary

Information for Investors

Head Office

Imperial Oil Limited
111 St. Clair Avenue West
Toronto, Ontario, Canada M5W 1K3

For More Information

About Your Shares

If you have a question about dividend payments, dividend reinvestment, lost dividend cheques, settling an estate, or transferring or replacing share certificates, you can use Imperial's toll-free service to obtain information 24 hours a day.

In Canada call: 1-800-267-9515
In the United States call: 1-800-388-1518

Employees with shares in the Imperial Oil savings plan should contact the benefits helpline.

About the Company

To receive the following documents, you can leave a message with your request at (416) 968-5076. The material will be mailed to you within three business days.

- Annual and interim reports
- *Form 10-K*
- *Information for Investors* (a factbook that describes the company and its operations in detail — it also includes the most current financial information and executive speeches)

For other financial information write to the investor relations manager at Imperial's head office.

In addition, investors with access to a computer and modem can use Imperial's Investor Instant Information Service (4IS). If you wish to access the computer-based information service, the number is (416) 968-8465 (up to 2400 baud modem) (N-8-1) or, if you require assistance, please call the investor communications administrator at (416) 968-8145.

The Annual Meeting

The annual meeting of shareholders will be held in The Westin Harbour Castle Hotel, Conference Centre, 1 Harbour Square, Toronto, Ontario, Canada, on Wednesday, April 20, 1994, at 11 a.m. local time. The annual meeting record date is March 11, 1994.

Dividend Payments

Imperial has a long record of uninterrupted dividend payments. Anyone who is a registered owner of shares on the record date is paid the dividend. Record dates normally fall in the last month of each calendar quarter — i.e., March, June, September and December. The dividend payment date is normally the first day of the following month. For the first quarter of 1994, the record date was March 4, and the payment date is April 1.

To Increase Your Shareholdings

The dividend reinvestment and share purchase 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 a calendar quarter in additional shares at an average market price.

To Transfer Shares

To transfer Imperial Oil shares, contact the principal offices of our transfer agents: Montreal Trust Company of Canada in St. John's, Charlottetown, Halifax, Saint John, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver; and Mellon Securities Trust Company in New York.

Shareholder Account Updates

To change your address, eliminate multiple mailings, elect direct-deposit of cash dividends or for other shareholder account inquiries, please write to our transfer agent, Montreal Trust Company of Canada at:

Montreal Trust Company of Canada
151 Front Street West, 8th Floor
Toronto, Ontario, Canada M5J 2N1

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, 111 St. Clair Avenue West, Toronto, Canada M5W 1K3.

Imperial's success depends on how effectively the company responds to the expectations of the millions of Canadians who have a direct or indirect stake in the company.

Our customers are fundamentally important to our success, and the company strives to retain their valued business and loyalty by providing them with quality goods and services at competitive prices.

Our shareholders can reasonably expect returns that are competitive with other investments of similar risk. For them, the company is working to provide total returns — in capital appreciation and dividends — that are equal to, or better than, investments of a comparable nature.

Employees expect a safe and stimulating workplace where they can progress toward known objectives in ways that provide scope for job satisfaction and personal development. The company's response is to foster an organization of accountable people, focused on superior performance and supported by the resources needed to outperform the competition.

The communities in which Imperial operates major facilities can rightfully expect that those facilities will be designed and operated in a way that minimizes risks and hazards. That is why Imperial has established the "operations integrity" program, with demanding expectations of safe and reliable performance of facilities and a requirement that our operating-site management communicate with neighbors on a regular basis.

Our business colleagues have a right to expect that Imperial will maximize the benefit of its activities to the Canadian economy. In response, the company pursues an active program to identify and support Canadian suppliers. In 1993, more than 80 percent of the goods and services Imperial purchased — representing expenditures of about $5 billion — came from Canadian sources.

All stakeholders have a right to be dealt with in an ethical manner. That is why Imperial has had a written code of ethics for more than 20 years and ensures that the code is adhered to.

The company recognizes that many Canadians take an active interest in protecting the environment of this wonderful country. Imperial shares in that interest and pursues environmental excellence in all of its operations and activities.

Canadians also expect companies like Imperial to make a positive contribution to the broader life of their communities. The company's most recent response to that expectation has been the creation of the Imperial Oil Charitable Foundation, which carries on a tradition of corporate giving dating to the beginning of the century.

The foundation will administer Imperial's contributions budget, which in 1993 provided more than $5 million to more than 800 worthwhile projects and ventures in every region of the country. Particular emphasis is placed on programs that enhance the lives and experiences of young Canadians.

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A Caring Company IMAGINE

Imperial has been designated a "caring company" by the Imagine campaign.

Imperial Oil

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