DOME PETROLEUM LIMITED

NOTICE OF SPECIAL MEETING, NOTICE CONCERNING APPLICATION AND INFORMATION CIRCULAR AND PROXY STATEMENT

pertaining to a proposed Plan of Arrangement involving

DOME PETROLEUM LIMITED

AND

AMOCO CANADA PETROLEUM COMPANY LTD.

AND

AMOCO ACQUISITION COMPANY LTD.

DATED APRIL 26, 1988

DOME PETROLEUM LIMITED

BOX 200
CALGARY, ALBERTA, CANADA
T2P 2H8

(403) 231–3000

April 26, 1988

Dear Dome Shareholder:

You are invited to attend a special meeting of the holders of Common Shares and 7.76% Cumulative Redeemable Preferred Shares Series A, 7.76% Cumulative Redeemable Preferred Shares Series B and Cumulative Redeemable Preferred Shares Series C of Dome Petroleum Limited to be held at 10:00 o'clock a.m. (Calgary time), on June 8, 1988, in Calgary, Alberta.

The shareholder meeting is being held, pursuant to an order of the Court of Queen's Bench of Alberta, to consider and vote upon a resolution to approve the proposed Plan of Arrangement involving Amoco Canada Petroleum Company Ltd., Amoco Acquisition Company Ltd. and the Company. Enclosed is an Information Circular and Proxy Statement containing a detailed description of the proposed transaction. Please give the material your thoughtful consideration.

Pursuant to the terms of the Plan of Arrangement, holders of Common Shares are being offered approximately U.S. $1.13 (approximately equivalent to Cdn. $1.39) principal amount per share, and holders of Preferred Shares are being offered approximately U.S. $5.60 (approximately equivalent to Cdn. $6.88) principal amount per share, of a 25-year 7⅜% subordinated exchangeable debenture of Amoco Canada, plus certain cash payments equal to interest that would have accrued on the debenture from December 1, 1987. The debenture is exchangeable at any time for common stock of Amoco Corporation at an exchange price of U.S. $105 per share. Given current economic and market conditions, the debenture may initially trade at a discount from its principal amount.

The Plan of Arrangement represents the culmination of many months of lengthy negotiations with the Company's creditors, Amoco Canada and other prospective purchasers of the Company. Management and the Board of Directors believe that the Plan of Arrangement presents the best available solution to the Company's current financial difficulties and that it will provide fair treatment to the Company's shareholders and creditors.

To become effective, the Plan of Arrangement, among other things, must be approved by the Court. The order calling the meeting also sets a shareholder approval level, subject to further order of the Court, of at least two-thirds of the votes cast by the holders of the Common Shares and Preferred Shares, voting together, in person or by proxy, at the shareholder meeting and approval levels for various classes of secured and unsecured creditors of the Company and its subsidiaries.

After careful consideration, the Board of Directors, including an independent special committee thereof, has approved the Plan of Arrangement and unanimously recommends that you vote to approve the Plan of Arrangement. In arriving at their recommendation, the Board of Directors and the special committee considered, among other things, fairness opinions of Morgan Stanley & Co. Incorporated and Shearson Lehman Brothers Inc., copies of which are attached hereto. Should the Plan of Arrangement be rejected, the Company's ability to continue as a going concern could be jeopardized and a liquidation might result.

Please complete, sign, date and return the enclosed proxy in the accompanying envelope at your earliest convenience. You may, of course, attend the shareholder meeting and vote in person even if you have already returned your proxy.

Yours sincerely,

DOME PETROLEUM LIMITED

J. HOWARD MACDONALD
Chairman,
Chief Executive Officer and
Chief Financial Officer

DOME PETROLEUM LIMITED

Notice of Special Meeting

of Holders of
Common Shares ("Common Shares") and
7.76% Cumulative Redeemable Preferred Shares Series A,
7.76% Cumulative Redeemable Preferred Shares Series B and
Cumulative Redeemable Preferred Shares Series C
(together, "Preferred Shares")
to be Held on June 8, 1988

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "Interim Order") of the Court of Queen's Bench of Alberta dated February 4, 1988, a Special Meeting (the "Meeting") of the holders of Common Shares and Preferred Shares (the "Shareholders") of Dome Petroleum Limited (the "Company") will be held at the Calgary Convention Centre, 110-9th Avenue S.E., Calgary, Alberta on Wednesday, June 8, 1988 at 10:00 a.m. (Calgary time) for the following purposes:

(a) to consider and, if thought advisable, to pass, with or without variation, a resolution approving a Plan of Arrangement pursuant to Section 185.1 of the Canada Business Corporations Act ("CBCA"), all as more particularly described in the attached Information Circular and Proxy Statement, such resolution to be substantially as follows:

"RESOLVED THAT (I) the Plan of Arrangement concerning the Company and its Shareholders, among others, which has been presented to this Meeting and which is substantially in the form reproduced in Appendix C to the Information Circular and Proxy Statement of the Company prepared for use in connection with the Meeting, is hereby authorized, approved and agreed to and (II) the proper officers of the Company be and they are hereby authorized and directed for and on behalf of the Company to perform all acts and execute and deliver all such documents as in their opinion are necessary or desirable to give full force and effect to the Plan of Arrangement with such amendments and variations thereto and deletions therefrom as the persons (authorized as aforesaid) executing such documents may approve, such execution to be conclusive evidence of such authorization and approval; and

(b) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular and Proxy Statement accompanying this Notice of Meeting.

Pursuant to the provisions of the Interim Order, Shareholders have been granted the right to dissent with respect to the resolution approving the Plan of Arrangement. This right is described in the accompanying Information Circular and Proxy Statement.

Shareholders are invited to attend the Meeting. Only Shareholders of record at the close of business on April 22, 1988 will be entitled to a notice of, and to vote at, the Meeting either in person or by proxy, except to the extent that a person has transferred any shares of the Company after that date and the new holder of such shares establishes proper ownership and requests, not later than ten days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting.

BY ORDER OF THE BOARD OF
DIRECTORS AND THE COURT OF
QUEEN'S BENCH OF ALBERTA

J. F. Scott
Corporate Secretary

Dated: April 26, 1988
Calgary, Alberta, Canada

Shareholders are requested to date, sign and return the accompanying proxy for use at the Meeting or any adjournment thereof whether or not they are able to attend personally. To be effective, the enclosed proxy must be deposited at The Royal Trust Company, 700 The Dome Tower, 333 7th Ave. S.W., Calgary, Alberta T2P 2Z3 or The Bank of New York, 15 West Broadway, New York, New York 10004 for Common Shares, National Trust Company, 150 Toronto-Dominion Square, 320 8th Avenue S.W., Calgary, Alberta T2P 3B2 for Series A Preferred Shares and Series B Preferred Shares and Canada Trust Company, 505 3rd Street S.W., Box 2523, Station M, Calgary, Alberta T2P 3Y8 for Series C Preferred Shares, in each case not later than 10:00 a.m. (Calgary time) on June 6, 1988 or be presented to the Chairman of the Meeting at the Meeting or any adjournment thereof.

NOTICE CONCERNING AN APPLICATION TO THE COURT OF QUEEN'S BENCH OF ALBERTA

On Thursday, March 17, 1988 the Honourable Mr. Justice G. R. Forsyth of the Court of Queen's Bench of Alberta, Judicial District of Calgary, ordered as follows:

1. The Application by Amoco Acquisition Company Ltd. for an order approving the Plan of Arrangement under Section 185.1 of the Canada Business Corporations Act ("CBCA") (the "Final Application") shall be made on Monday, June 13, 1988 at 10:00 a.m. at the Court House, 611—4th Street S.W., Calgary, Alberta, Canada.

2. Any interested persons may make submissions on the Final Application if they have filed and served notice of their intention to appear, including their address for service, on Amoco Canada Petroleum Company Ltd., Amoco Acquisition Company Ltd. and Dome Petroleum Limited, on or before June 10, 1988.

3. Service on Amoco Canada Petroleum Company Ltd., Amoco Acquisition Company Ltd. and Dome Petroleum Limited is to be effected by delivery at the addresses set forth below:

Messrs. Bennett Jones
Barristers and Solicitors
3200 Shell Centre
400—4th Avenue S.W.
Calgary, Alberta
Canada T2P 0X9

Attention: Mr. Anthony L. Friend
Solicitors for Dome Petroleum Limited

Messrs. Howard, Mackie
Barristers and Solicitors
700, 801—7th Avenue S.W.
Calgary, Alberta
Canada T2P 3S4

Attention: Ms. Marina S. Paperny
Solicitors for Amoco Canada Petroleum Company Ltd. and
Amoco Acquisition Company Ltd.

4. In the event that the Final Application is adjourned, only those persons who have filed and served a notice of intention to appear on the Final Application shall be served with notice of the adjourned date.

On the Final Application Amoco Acquisition Company Ltd. intends to seek the following:

(i) a declaration that the terms and conditions of the Plan of Arrangement are fair to the persons affected;

(ii) an order approving the Plan of Arrangement pursuant to the provisions of Section 185.1 of the CBCA;

(iii) a declaration that the Plan of Arrangement will, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Amendment, pursuant to the provisions of Section 185.1 of the CBCA, become effective in accordance with its terms and will be binding on and after the Effective Date; and

(iv) such other and further orders, declarations and directions as the Honourable Court may deem just.

Amoco Canada Petroleum Company Ltd. and Amoco Acquisition Company Ltd. intend that the order of the Court of Queen's Bench of Alberta, if granted, will constitute the basis for an exemption from the registration requirements under the Securities Act of 1933 of the United States of America.

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The following table sets forth the aggregate principal amount of Series A SEDs (in U.S. dollars) to be received under the Plan of Arrangement by Shareholders holding the number of Common Shares and Preferred Shares indicated:

Number of Common Shares	Aggregate Principal Amount of Series A SEDs(1)	Principal Amount of Series A SEDs(2)	Principal Amount of a Fractional Series A SED	Principal Amount of a Right(3)
50	$ 56.64	$ —	$ —	$56.64
100	113.28	—	100.00	13.28
500	566.39	—	500.00	66.39
1,000	1,132.77	1,000.00	100.00	32.77
5,000	5,663.83	5,000.00	600.00	63.83
10,000	11,327.66	11,000.00	300.00	27.66
Number of Preferred Shares				
50	$ 280.25	$ —	$200.00	$80.25
100	560.49	—	500.00	60.49
500	2,802.43	2,000.00	800.00	2.43
1,000	5,604.86	5,000.00	600.00	4.86
5,000	28,024.30	28,000.00	—	24.30
10,000	56,048.59	56,000.00	—	48.59

(1) Does not include the Cash Amount.

(2) In denominations of U.S. $1,000 or integral multiples thereof.

(3) No Series A SEDs or Fractional Series A SEDs will be issued in these amounts; Rights will instead be combined and sold by the Depositary and holders will receive their pro rata portion of the proceeds from the sale (which may be less than the amounts shown).

The Series A SEDs of Amoco Canada will have the terms and conditions described below under "DESCRIPTION OF NEW SECURITIES—SEDs". For a discussion of certain factors taken into account in arriving at the above-mentioned consideration, see "PLAN OF ARRANGEMENT—Treatment of Creditors, Shareholders and Others Under the Arrangement—Factors in Establishing Consideration to Be Paid to Shareholders."

The Parties

Dome is engaged in the exploration for and production of crude oil, natural gas and natural gas liquids ("NGL") in Canada, transportation and wholesale marketing of NGL in Canada and the United States, and offshore contract drilling through its fleet of drillships and supply vessels. Dome's major oil and gas producing properties are located in the provinces of Alberta, British Columbia and Saskatchewan, with exploration activities carried out principally in western Canada. Dome holds a major interest in, and operates, an integrated NGL system which includes extraction plants, gathering systems, storage facilities, pipelines and fractionation plants in Alberta and processing and distribution facilities in eastern Canada and the United States. Dome is also a major participant in and operator of an ethane gathering system which supplies ethane within Alberta and a pipeline which transports ethane, ethylene, propane and NGL in Canada and the United States. See "DOME PETROLEUM LIMITED".

Amoco Canada is engaged in the exploration for and the production of crude oil, natural gas and NGL in Canada, and the transportation of NGL and wholesale marketing of crude oil and NGL to serve Canadian and United States markets; and mining operations in Canada. Amoco Canada markets natural gas and also produces and markets sulphur derived from the processing of natural gas. Amoco Canada's major oil and gas producing properties are located in the provinces of Alberta and British Columbia as well as in the Northwest Territories. Exploration activities are carried out principally in western Canada and the Beaufort Sea and to a lesser extent on the east coast of Canada. Amoco Canada holds a substantial interest in a number of NGL facilities, including extraction, gathering and processing facilities in Alberta and fractionation, storage and distribution facilities in eastern Canada. Amoco

Canada does not engage in crude oil refining or retail marketing of refined petroleum products. See "AMOCO CANADA PETROLEUM COMPANY LTD."

Amoco Corporation owns 100% of the outstanding shares of Amoco Canada. Amoco Corporation and its consolidated subsidiaries form a large integrated petroleum and chemical enterprise that conducts operations on a worldwide basis, including the exploration for and the development and production of crude oil and natural gas, the refining, marketing and transportation of petroleum and related products and the manufacture and sale of chemical products. See "AMOCO CORPORATION". **Amoco Corporation is not an obligor on, or a guarantor of, or liable in any manner with respect to payments on, the New Securities. Amoco Corporation has no obligation to provide financial support to Amoco Canada with respect to debt service obligations on the New Securities or otherwise.**

Current Financial Condition of Dome

As at December 31, 1987, Dome had outstanding indebtedness, including accrued and deferred interest, of $6,166 million, a shareholders' deficiency of $2,623 million and a net loss for the year then ended of $318 million. Dome also reported an unaudited net loss of $111 million for the three months ended March 31, 1988. Since June 30, 1987, Dome has been in default under substantially all of its loan agreements and, accordingly, the holders of substantially all of Dome's debt instruments can demand payment of all amounts owing thereunder. As of the date hereof, no lender, other than the holders of SFr 290 million aggregate principal amount of publicly issued debt, has given notice of acceleration under its debt instrument. If the Plan of Arrangement is not successfully concluded, the Company's ability to continue as a going concern could be jeopardized and a liquidation might result.

The Plan of Arrangement

Amoco Canada and the Company have signed an Arrangement Agreement which provides for the acquisition of the Company by a wholly owned subsidiary of Amoco Canada pursuant to the Plan of Arrangement to be approved by the Court. Pursuant to the Plan of Arrangement, holders of Common Shares and Preferred Shares will be entitled to receive Series A SEDs of Amoco Canada and certain Cash Amounts, as described herein. In addition, New Securities and, in certain circumstances, cash will be exchanged by Amoco Canada for certain existing indebtedness of Dome. Certain other indebtedness, including trade indebtedness, will remain outstanding and unaffected by the Plan of Arrangement.

The following table illustrates the face value of the consideration proposed under the Plan of Arrangement based on Dome's debt balances as at December 31, 1987. The values shown for all New Securities reflect their aggregate principal amounts. Given current economic and market conditions, Series A SEDs may initially trade at a discount from their principal amounts. **The amount of the actual settlements will be based on Dome Indebtedness as of the Settlement Date and on an average of exchange rates for the five business days preceding the Pricing Date, and, accordingly, will vary from the amounts set forth below, which are provided solely for purposes of illustration:**

(Millions of U.S. Dollars, Except as Noted) (1)

	Debt Balance	Average Percentage Payout	ATNs	Senior Notes	Share Loan Notes	Marubeni Note	Unaffected Credit Facilities	Junior Notes	SEDs/ Subordinated Notes (2)	Cash	Total Consideration
Secured Creditors (3)	$2,770.3	91.2%	$1,699.5	$352.6	$162.4	$7.5	$ —	$ 68.7	$158.2	$ 77.0(4)	$2,525.9
Institutional Unsecured Creditors	1,066.8	45.0	—	—	—	—	—	240.1	—	240.1	480.2
Public Unsecured Creditors	476.6	45.0	—	—	—	—	—	—	—	214.5	214.5
Total Affected Credit Facilities	4,313.7	74.7	1,699.5	352.6	162.4	7.5	—	308.8	158.2	531.6	3,220.6
Unaffected Credit Facilities	288.9	100.0	—	—	—	—	288.9	—	—	—	288.9
Shareholders (5)	—	—	—	—	—	—	—	—	438.9	10.1(6)	449.0
Total	$4,602.6	—	$1,699.5	$352.6	$162.4	$7.5	$288.9	$308.8	$597.1	$541.7	$3,958.5
Total (Cdn. Dollars)	$5,984.4	—	$2,209.7	$458.5	$211.2	$9.8	$375.6	$401.5	$776.4	$704.3	$5,147.0

(1) All amounts are based upon Dome Indebtedness, including accrued and deferred interest, as at December 31, 1987, but excluding any amounts relating to the settlement of the outstanding issues

under the APC/J Contract and Placer Dome's unsecured claims against Dome that will be released and discharged pursuant to the Placer Dome Settlement. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome" and "Negotiations with APC/J". Foreign exchange rates used to convert debt balances to U.S. dollars are U.S. $0.7691 per Cdn. dollar, U.S. $0.6366 per DM, and U.S. $0.7865 per SFr. ATNs, Senior Notes, Share Loan Notes and the Marubeni Note will be secured by various assets of Amoco Canada and Dome and rank prior to the Junior Notes, Subordinated Notes and SEDs. Junior Notes will be unsecured subordinated obligations of Amoco Canada ranking senior to the Subordinated Notes and SEDs and subordinate to the ATNs, Senior Notes, Share Loan Notes and Marubeni Note. Subordinated Notes will be unsecured subordinated obligations of Amoco Canada ranking equally with the SEDs and subordinate to the ATNs, Senior Notes, Share Loan Notes, Junior Notes and Marubeni Note. The aggregate consideration set forth in the table reflects the sale, in December 1987, of the shares of Encor held by Dome.

(2) Certain lenders may elect to receive Subordinated Notes in lieu of, or in exchange for, SEDs.

(3) Includes the secured and unsecured portion of indebtedness under the Secured Affected Credit Facilities, including the Marubeni indebtedness.

(4) Includes U.S. $7.4 million to be paid to Marubeni and U.S. $1.0 million to be paid to creditors under the Insurance Facility.

(5) Includes Placer Dome. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome".

(6) Represents amounts to be paid to holders of Dome Options and Lenders' Shares, but excludes Cash Amounts to be paid to Shareholders.

The Shareholder Meeting

The Shareholder Meeting will be held on Wednesday, June 8, 1988, at 10:00 a.m. (Calgary time), at the Calgary Convention Centre, 110-9th Avenue S.E., Calgary, Alberta, Canada. Only Shareholders of record on April 22, 1988 are entitled to vote at the Shareholder Meeting unless the ownership of Common Shares or Preferred Shares has been transferred after such date and the transferee establishes proper ownership and requests, not later than 10 days before the Shareholder Meeting, that his name be placed on the voting list. Subject to further order of the Court, the Company must seek approval of the Plan of Arrangement by the affirmative vote of not less than two-thirds of the votes cast in person or by proxy at the Shareholder Meeting by the Common Shareholders and Preferred Shareholders voting as a single class. See "PLAN OF ARRANGEMENT—Conditions to the Arrangement Becoming Effective—Shareholder Approval". Placer Dome, a Shareholder holding approximately 18.5% of the outstanding Common Shares (which constitutes approximately 18.2% of the total votes entitled to be cast at the Shareholder Meeting), has agreed with Amoco Canada to vote its Common Shares in favour of the Plan of Arrangement. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders— Placer Dome".

A Shareholder is not entitled to dissent with respect to any Common Shares or any Preferred Shares voted in favour of the Resolution. See "DISSENTING SHAREHOLDERS".

The Interim Order establishes levels of approval for the creditors under the Affected Credit Facilities as follows: Secured Group—the unanimous approval of each class; Institutional Unsecured Group—the approval of the creditors holding not less than two-thirds of the Institutional Unsecured Debt; and Public Unsecured Group—subject to further order of the Court, the approval of not less than two-thirds of the outstanding debt under the Public Unsecured Affected Credit Facilities and the unsecured portion of the Insurance Facility voted in respect of the Plan of Arrangement, as well as certain other approvals. See "PLAN OF ARRANGEMENT—Conditions to the Arrangement Becoming Effective—Creditor Approvals".

Court Approval

The Plan of Arrangement is subject to Court approval. The Court will commence a hearing with respect to the Arrangement at 10:00 a.m. (Calgary time) on June 13, 1988 at which the Court will consider, among other things, the fairness of the Arrangement and the adequacy of disclosure provided to Shareholders, and at which all Shareholders, including Shareholders who exercise their rights of dissent, and all other persons who will receive New Securities or cash under the Arrangement will have the right to appear. Any interested person intending to appear and make a submission must serve notice of such intent to appear as stated in the Notice Concerning an Application to the Court of Queen's Bench of Alberta contained in this Proxy Statement. The Court may exercise its discretion under certain exceptional circumstances to approve the Plan of Arrangement even though the requisite levels of approval have not been obtained from the Public Unsecured Group or the Shareholders. In addition, as the authority and discretion of the Court are very broad, the Court may amend all or any of the terms of the Plan of Arrangement or approve such plan subject to such terms and conditions as it thinks fit. The granting by the Court of a Final Order satisfactory to Amoco Canada is a condition to the consummation of the Arrangement. The Plan of Arrangement provides that it may be amended or supplemented at any time prior to the Effective Date if the Court, the Company and Amoco Canada determine that the proposed amendment or supplement would not be prejudicial to the interests under the Plan of Arrangement of the Shareholders, the creditors under the Affected Credit Facilities or APC/J. In the event that the Court approves a plan substantially different from the Plan of Arrangement, Amoco Canada and the Company would seek the direction of the Court respecting the notification of Shareholders and requirements for additional approvals, if any. See "PLAN OF ARRANGEMENT—Conditions to the Arrangement Becoming Effective".

Securities to be Issued

As part of the Plan of Arrangement, U.S. dollar-denominated debt securities of Amoco Canada will be issued to Shareholders and various classes of creditors of Dome. These securities are more fully described under the respective subsections under "DESCRIPTION OF NEW SECURITIES".

SEDs will be issued by Amoco Canada in two series: the 7⅜% Subordinated Exchangeable Debentures, Series A, due 2013 to be issued by Amoco Canada to the Shareholders and to certain creditors, and to holders of Subordinated Notes upon the exchange thereof in certain circumstances, and the 7⅜% Subordinated Exchangeable Debentures, Series B, due 2013 to be issued by Amoco Canada to one creditor of Dome pursuant to the Plan of Arrangement. The SEDs of each series will be unsecured subordinated obligations of Amoco Canada, will bear interest at the rate of 7⅜% per annum payable semi-annually and will mature on the twenty-fifth anniversary of the Settlement Date. The payment of principal or premium, if any, and interest on the SEDs is subordinated to the prior payment in full of all Prior Indebtedness of Amoco Canada, which includes the ATNs, Senior Notes, Share Loan Notes, Junior Notes and Marubeni Note. The aggregate principal amount of such Prior Indebtedness after giving effect to the Arrangement is expected to be approximately U.S. $2,819.7 million, based on Dome's debt balances as of December 31, 1987, using year-end foreign exchange rates and excluding any amounts relating to the settlement of outstanding issues under the APC/J Contract. The SED Indenture does not contain a limit on the amount of Prior Indebtedness that may be incurred by Amoco Canada. The holders of the SEDs of either series may, subject to prior redemption, exchange their SEDs prior to maturity for Common Shares of Amoco Corporation at an exchange price of U.S. $105.00 per share (subject to anti-dilution adjustments). On April 26, 1988, the closing price of Amoco Corporation Common Shares on the New York Stock Exchange was U.S. $79 per share.

The Series A SEDs are redeemable at Amoco Canada's option on or after the seventh anniversary of the Settlement Date at the prices listed under "DESCRIPTION OF NEW SECURITIES—SEDs—Redemption and Related Provisions". The Series A SEDs are subject to mandatory redemption at 100% of the principal amount thereof, plus accrued interest to the date of redemption, to the extent of 5% of the issued amount (subject to adjustment) during each twelve-month period ending on the eleventh anniversary of the Settlement Date through the twenty-fourth anniversary of the Settlement Date.

Series A SEDs will be issued to Shareholders in exchange for their Common Shares and Preferred Shares and to certain creditors of the Company and will bear interest from the day after the Effective Date, but computed as if the day after the Effective Date had occurred on the Settlement Date. Series A SEDs will also be issued upon exchange, in certain circumstances, for Subordinated Notes, and such Series A SEDs will bear interest from the date of such exchange. Series B SEDs will be issued to one creditor of the Company, will bear interest from the day after the Effective Date, but computed as if the day after the Effective Date had occurred on the Settlement Date, will permit Amoco Canada to purchase any or all of the Series B SEDs at any time on or before the third anniversary of the Settlement Date and will require Amoco Canada to purchase all Series B SEDs outstanding on such date unless such requirement is waived by the holder thereof, in each case at 100% of the principal amount plus accrued interest. Series B SEDs outstanding after such date will be automatically exchanged for Series A SEDs.

ATNs (Series A and Series B), *Senior Notes* (Series A and Series B), *Share Loan Notes* and the *Marubeni Note* will be issued by Amoco Canada to various secured creditors and will be secured by various assets of Amoco Canada and Dome and rank prior to the Junior Notes, Subordinated Notes and SEDs. *Junior Notes* will be issued by Amoco Canada to certain unsecured and secured creditors of Dome and will be unsecured subordinated obligations of Amoco Canada ranking senior to the Subordinated Notes and SEDs and subordinate to the ATNs, Senior Notes, Share Loan Notes and Marubeni Note. *Subordinated Notes* will be issued by Amoco Canada to certain institutional lenders electing to receive Subordinated Notes in lieu of, or in exchange for, SEDs and will be unsecured subordinated obligations of Amoco Canada ranking equally with the SEDs and subordinate to the ATNs, Senior Notes, Share Loan Notes, Junior Notes and Marubeni Note. Amoco Canada does not, as of the date hereof, have outstanding any indebtedness ranking prior to any of the New Securities. The existing intercompany indebtedness of Amoco Canada to Amoco Corporation in the principal amount of $499 million and the additional intercompany loan of not in excess of U.S. $250 million to be made prior to the Effective Date will rank junior to the New Securities. See "AMOCO CANADA PETROLEUM COMPANY LTD.—Dividends to and Advances from Amoco Corporation".

Amoco Corporation Common Shares will be issued by Amoco Corporation from time to time upon exchange of SEDs. See "AMOCO CORPORATION—Description of Amoco Corporation Common Shares".

Conditions to the Arrangement Becoming Effective

Consummation of the Arrangement is subject to the satisfaction or, in certain instances, waiver of a number of conditions, including the following. All secured creditors affected by the Arrangement must consent to, and the requisite percentages of affected unsecured creditors and Shareholders as contemplated by the Arrangement Agreement must approve, the Arrangement. The Court must have issued a Final Order in form and substance satisfactory to Amoco Canada and certain Canadian income tax rulings relating to the Arrangement must have been granted. Further, clearances and approvals by various other United States and Canadian government authorities or agencies must have been received. See "PLAN OF ARRANGEMENT—Conditions to the Arrangement Becoming Effective".

Certain Considerations

Ownership of the SEDs is subject to certain risks, including the large amount of indebtedness which Amoco Canada will have outstanding following consummation of the Arrangement and the subordinated nature of the SEDs. For a discussion of these and other factors which should be considered by Shareholders before voting to approve the Plan of Arrangement, see "CERTAIN CONSIDERATIONS".

Opinions of Financial Advisors

Morgan Stanley and Shearson have rendered fairness opinions with respect to the treatment of the Shareholders under the Plan of Arrangement. See "BACKGROUND TO THE ARRANGEMENT—Fairness Opinions".

Recommendation of the Special Committee and the Board of Directors

The Board of Directors, upon recommendation of the Special Committee, unanimously approved the terms of the Arrangement and authorized (with six of the twelve directors abstaining due to association with various parties interested in the transaction) the execution of the Arrangement Agreement. **The Board of Directors unanimously recommends that Shareholders vote *FOR* the Resolution approving the Plan of Arrangement.**

Dissenting Shareholders

As provided in the Interim Order, each Shareholder has the right to dissent in respect of the Arrangement by sending the Company a written objection thereto at or before the Shareholder Meeting and by otherwise complying with the procedures applicable to the exercise of such right of dissent. If the Arrangement becomes effective, each Shareholder who so dissents will be entitled to receive the fair value of his Common Shares or Preferred Shares payable in an amount of Series A SEDs and the Cash Amount in respect thereof determined by a court of competent jurisdiction. There can be no assurance that such fair value will be greater than or equivalent to the consideration offered to Shareholders under the Arrangement. A Shareholder is not entitled to dissent with respect to any Common Shares or any Preferred Shares voted in favour of the Resolution. Amoco Canada may terminate the Arrangement Agreement on written notice to the Company if holders of more than 10% of the aggregate number of Common Shares and Preferred Shares issued and outstanding on the day of the Shareholder Meeting have sent to the Company, at or before the Shareholder Meeting, a written objection to the Resolution pursuant to the dissent procedure set forth in the Interim Order. See "DISSENTING SHAREHOLDERS".

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent prescribed by the Interim Order based on the evidence presented at such hearing and may, among other things, remove such dissent rights or order that payment by the Company of the fair value of dissenting Shareholders' shares be made in cash rather than Series A SEDs and Cash Amounts.

Certain Tax Consequences

Certain Canadian Federal Income Tax Consequences

Canadian residents who hold Common Shares and Preferred Shares as capital property may realize a capital gain or capital loss on the redemption of certain transitory preferred shares, issued during the course of the Arrangement, for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts. Interest on Series A SEDs, Fractional Series A SEDs and Rights must be included in income as it is received or becomes receivable, depending upon the method regularly followed in computing income. If the market prices of the Series A SEDs and Fractional Series A SEDs are significantly less than their principal amounts, it is possible that such discount will be required to be recognized as interest income by the Canadian resident holders thereof. Holders of Series A SEDs and Fractional Series A SEDs may realize a capital gain or capital loss on the exchange thereof for Amoco Corporation Common Shares. The Series A SEDs and Fractional Series A SEDs will be foreign property for purposes of trusts governed by registered retirement savings plans. See "CERTAIN TAX CONSEQUENCES—Certain Canadian Federal Income Tax Consequences" and "CERTAIN CONSIDERATIONS—Tax Considerations—Canada".

Certain United States Federal Tax Consequences

United States Persons. United States Persons will recognize gain or loss for United States federal income tax purposes on the exchange of Common Shares or Preferred Shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts. Interest paid on Series A SEDs and Fractional Series A SEDs to United States Persons will be taxable. If the market prices of the Series A SEDs and Fractional Series A SEDs on the Effective Date are significantly less than their principal amounts, the Series A SEDs and Fractional Series A SEDs will have original issue discount, which United States holders will be required to accrue as income over the terms of the Series A SEDs and Fractional Series A SEDs. This current accrual of original issue discount could require holders to include amounts in gross income in advance of the receipt of cash attributable to such income. United States Persons will recognize gain or loss on the exchange of Series A SEDs and Fractional Series A SEDs for Amoco Corporation Common Shares.

Non-United States Persons. Persons who are not United States Persons will have special tax consequences applicable to them. See "CERTAIN TAX CONSEQUENCES—Certain United States Federal Tax Consequences."

Summary Financial Information

Amoco Canada and Dome

The following selected financial data, insofar as they relate to the years 1983 through 1987, have been derived from the annual consolidated financial statements and notes thereto and unaudited supplementary data of Amoco Canada and Dome. Consolidated financial statements and unaudited supplementary data of Dome and Amoco Canada are set forth as Appendices A and B to this Proxy Statement. See also "DOME PETROLEUM LIMITED—Selected Financial Data", "AMOCO CANADA PETROLEUM COMPANY LTD.—Selected Financial Data" and "DOME PETROLEUM LIMITED—Management's Discussion and Analysis of Results of Operations and Financial Condition".

	1987	1986	1985	1984	1983
		(Millions of Canadian Dollars, Except Per Share Amounts and Ratios)			
Amoco Canada (1)					
Income Statement Data—Year Ended December 31					
Sales and other operating revenues	$1,480	$ 1,325	$1,990	$1,646	$1,501
Net income	146	159	232	194	182
Ratio of earnings to fixed charges	6.1	13.9	42.9	80.2	20.6
Balance Sheet Data—At December 31					
Total assets	$2,157	$ 1,981	$2,140	$2,123	$1,955
Advance from Amoco Corporation	499	499	—	—	—
Shareholder's equity	808	663	1,190	1,158	964

For the three months ended March 31, 1988, Amoco Canada had unaudited sales and other operating revenues of $395 million and net income of $26 million, compared with sales and other operating revenues of $348 million and net income of $45 million for the three months ended March 31, 1987.

	1987	1986	1985	1984	1983
		(Millions of Canadian Dollars, Except Per Share Amounts and Ratios)			
Dome (2) (3)					
Income Statement Data—Year Ended December 31					
Revenue	$1,489	$ 1,541	$2,424	$2,440	$2,590
Net income (loss)	(318)	(2,199)	7	(197)	(1,105)
Per Common Share					
Before extraordinary item	(1.21)	(6.94)	(0.02)	(0.84)	(4.72)
Net income (loss)	(0.96)	(6.94)	(0.02)	(0.84)	(4.72)
Balance Sheet Data—At December 31					
Total assets	$4,152	$ 4,904	$8,179	$7,916	$8,178
Debt	5,745	6,080	6,270	6,303	5,987
Accrued and deferred interest	421	209	52	60	82
Redeemable preferred shares	34	316	446	318	318
Shareholders' equity (deficiency)	(2,623)	(2,429)	(266)	(420)	(231)
Book value per Common Share (deficiency)	(7.65)	(7.48)	(1.12)	(1.90)	(1.65)

(1) The consolidated financial statements of Amoco Canada have been prepared in accordance with accounting principles generally accepted in Canada, which for Amoco Canada conform in all material respects with those applicable in the United States.

(2) Reference should be made to Note 2 to the Dome Financial Statements regarding Dome's ability to continue as a going concern.

(3) The consolidated financial statements of Dome have been prepared in accordance with accounting principles generally accepted in Canada. These principles differ in some respects from those applicable in the United States (see Note 21 to the Dome Financial Statements). If the financial

statements had been prepared in accordance with accounting principles generally accepted in the United States, certain of the selected financial data would be restated as follows:

	1987	1986	1985	1984	1983
	(Millions of Canadian Dollars, Except Per Share Amounts)				
Income Statement Data—Year Ended December 31					
Net income (loss)	$ (69)	$(2,205)	$ (167)	$ (270)	$ (757)
Per Common Share					
Before extraordinary item	(0.48)	(6.96)	(0.62)	(1.14)	(3.24)
Net income (loss)	(0.24)	(6.96)	(0.62)	(1.14)	(3.24)
Balance Sheet Data—At December 31					
Total assets	$4,598	$ 5,107	$8,372	$8,252	$8,583
Redeemable preferred shares	159	433	551	427	431
Shareholders' equity (deficiency)	(2,392)	(2,440)	(259)	(243)	16
Book value per Common Share (deficiency)	(6.66)	(7.17)	(0.78)	(0.87)	0.06

For the three months ended March 31, 1988 Dome reported, on an unaudited basis, revenue of $406 million and a net loss of $111 million ($0.32 per Common Share) compared with revenue of $387 million and net income of $77 million ($0.22 per Common Share) for the three months ended March 31, 1987. Under United States generally accepted accounting principles the net loss for the three months ended March 31, 1988 would have been $72 million ($0.21 per Common Share) compared with a net income of $77 million ($0.22 per Common Share) for the three months ended March 31, 1987.

Amoco Canada Pro Forma Financial Data

The following selected pro forma income statement and balance sheet data have been derived from the unaudited pro forma condensed combined financial information of Amoco Canada and notes thereto appearing elsewhere in this Proxy Statement. This pro forma information gives effect to the Arrangement and certain related transactions. See "PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF AMOCO CANADA PETROLEUM COMPANY LTD."

	Pro Forma Combined
	(Millions of Canadian Dollars, Except Ratio)
Income Statement Data—Year Ended December 31, 1987	
Sales and other operating revenues	$3,340
Net income (loss) (*)	(27)
Ratio of earnings to fixed charges	1.2
Balance Sheet Data—At December 31, 1987	
Total assets	$7,482
Long-term debt	4,202
Advance from Amoco Corporation	779
Shareholder's equity	808

(*) Pro forma combined net income for the year ended December 31, 1987 determined in accordance with accounting principles generally accepted in the United States would have been $146 million.

Amoco Corporation

The following selected financial data for 1987 have been derived from the Selected Financial Data and the Summary Pro Forma Combined Financial Data of Amoco Corporation and the consolidated financial statements of Dome appearing elsewhere in this Proxy Statement. The data is expressed in U.S. dollars and prepared in accordance with accounting principles generally accepted in the United States. The pro forma information gives effect to the Arrangement and certain related transactions. See "AMOCO CORPORATION" and Amoco Corporation's Annual Report on Form 10-K for the year ended December 31, 1987 which accompanies this Proxy Statement.

	Amoco Corporation	Pro Forma Combined
	(Millions of U.S. Dollars, Except Per Share Data)	
Income Statement Data—Year Ended December 31, 1987		
Sales and other operating revenues (excluding consumer excise taxes)	$20,174	$21,577
Net income	1,360	1,250
Net income per common share	5.31	4.88
Balance Sheet Data—At December 31, 1987		
Total assets	$24,827	$28,705
Long-term obligations (excluding current portion)	3,081	6,311
Shareholders' equity	12,107	12,107
Book value per common share	46.99	46.99

	Per Amoco Corporation Common Share		Per Equivalent Dome Common Share	
	Amoco Corporation	Pro Forma Combined	Dome	Pro Forma Combined(*)
	(U.S. Dollars)			
Year Ended December 31, 1987				
Net income (loss)	$ 5.31	$ 4.88	$(0.18)	$0.05
Cash dividends	3.30	3.30	—	0.04
At December 31, 1987				
Book value (deficiency)	$46.99	$46.99	$(5.12)	$0.52

(*) Represents the portion of Amoco Corporation's pro forma per share amounts attributable to each equivalent Dome Common Share assuming all SEDs would be exchanged for Amoco Corporation Common Shares as of December 31, 1987. This information has been derived from the note to "Summary Pro Forma Combined Financial Data" under "AMOCO CORPORATION."

For the three months ended March 31, 1988, Amoco Corporation reported estimated unaudited sales and other operating revenues of U.S. $5.1 billion and net income of U.S. $469 million (U.S. $1.82 per Amoco Corporation Common Share), compared with sales and other operating revenues of U.S. $4.7 billion and net income of U.S. $260 million (U.S. $1.02 per Amoco Corporation Common Share) for the three months ended March 31, 1987.

Market Prices

For information concerning the market prices of Common Shares and Preferred Shares, see "DOME PETROLEUM LIMITED—Market for the Company's Common and Preferred Shares and Related Shareholder Matters."

The closing price of the Common Shares on The Toronto Stock Exchange and on the American Stock Exchange on April 16, 1987, the business day before the public announcement of the Arrangement, was $1.50 and U.S. $1.18, respectively, and of the Series A Preferred Shares and the Series B Preferred Shares on The Toronto Stock Exchange on such date was $6.75 and $6.75, respectively. On April 26, 1988 the closing price of the Common Shares on The Toronto Stock Exchange was $1.30 and on the American Stock Exchange was U.S. $1.06 and the closing price of the Series A Preferred Shares and the Series B Preferred Shares on The Toronto Stock Exchange was $6.25 and $6.63, respectively.

GLOSSARY OF TERMS

For the assistance of Shareholders, the following is a glossary of certain terms used frequently in this Proxy Statement. Certain terms relating principally to the New Securities are defined elsewhere in this Proxy Statement (see "DESCRIPTION OF NEW SECURITIES—Certain Definitions"), and certain other terms are defined in the sections of this Proxy Statement in which they are used.

Affected Credit Facilities ...	The credit facilities and obligations of Dome described in Appendix G to this Proxy Statement that will be affected by the Plan of Arrangement
Amoco Acquisition	Amoco Acquisition Company Ltd., a CBCA corporation and a wholly owned subsidiary of Amoco Holdings
Amoco Canada	Amoco Canada Petroleum Company Ltd., a CBCA corporation and a wholly owned subsidiary of Amoco Corporation
Amoco Corporation	Amoco Corporation, an Indiana corporation
Amoco Corporation Common Shares or Common Shares of Amoco Corporation	The common shares, without par value, of Amoco Corporation
Amoco Holdings	Amoco Canada Holdings Ltd., a CBCA corporation and a wholly owned subsidiary of Amoco Canada
APC/J	Arctic Petroleum Corporation of Japan, a Japanese corporation
APC/J Contract	Agreements among the Company, certain of its subsidiaries, Encor and APC/J relating to the exploration and development of Dome's Beaufort Sea properties
Arrangement	The acquisition of the Company by Amoco Canada and the other transactions relating to such acquisition set forth in the Plan of Arrangement
Arrangement Agreement....	The Original Arrangement Agreement as amended by separate amending agreements dated as of June 15, July 15, September 15, October 15 and November 19, 1987 and April 22, 1988
Arrangement Consent	A written consent to the Arrangement executed by a creditor of Dome and acceptable to Amoco Acquisition, Amoco Canada and Dome
ATNs	The Adjustable Term Notes to be issued by Amoco Canada to certain creditors of Dome pursuant to the Plan of Arrangement
Beaufort Obligations	The credit facilities and obligations of Dome described in item C.2 of Appendix G to this Proxy Statement
Board of Directors	The board of directors of the Company
Cash Amount..............	An amount of cash equal to the interest at the rate of 7.375% per annum that would have accrued, without compounding, on each U.S. $1.132766 principal amount of a Series A SED (exchanged for a Common Share) or U.S. $5.604859 principal amount of a Series A SED (exchanged for a Preferred Share) from and including December 1, 1987 to but not including the Settlement Date if such Series A SED had been outstanding during such period
CBCA	Canada Business Corporations Act, S.C. 1974-75, c. 33, as amended, including the regulations promulgated thereunder
Common Shareholder	A holder of record of Common Shares
Common Shares	The common shares of the Company

Company	Dome Petroleum Limited, a CBCA corporation
Court	The Court of Queen's Bench of Alberta
Depositary	The Royal Trust Company, as depositary with respect to the Common Shares and the Preferred Shares, pursuant to the Shareholder Deposit Agreement with the Company, Amoco Acquisition and Amoco Canada
Dome	The Company and its consolidated subsidiaries
Dome Indebtedness	In respect of each Affected Credit Facility, any and all amounts due or to become due, whether actual or contingent
Effective Date	The date of the consummation of the Arrangement
Encor	ENCOR Energy Corporation Inc., an Alberta corporation
Eurodollar Facilities	The credit facilities and obligations of Dome described in items C. 1, C. 3, C. 4, C. 5 and C. 6 of Appendix G to this Proxy Statement
Final Order	The order of the Court approving the Plan of Arrangement, to be granted pursuant to the provisions of Section 185.1 of the CBCA, as such order may have been amended or modified by any court of competent jurisdiction
Fractional Series A SED	A Series A SED in a denomination of U.S. $100 or an integral multiple thereof, up to U.S. $900
Institutional Unsecured Affected Credit Facilities	The credit facilities and obligations of Dome described in part B of Appendix G to this Proxy Statement
Interim Order	The interim orders of the Court dated February 4, 1988 and March 17, 1988, set forth in Appendix D to this Proxy Statement
Interim Plan	The plan effective as of May 1, 1986, as amended from time to time, among Dome and the banks, insurance companies and other lenders parties thereto
Investment Canada	The agency established under the Investment Canada Act to, among other things, review certain proposed acquisitions, directly or indirectly, by non-Canadians (as defined in such Act) of control of existing Canadian businesses and the establishment by non-Canadians of new businesses in Canada
Junior Notes	The 13.50% Junior Notes to be issued by Amoco Canada to certain creditors of Dome pursuant to the Plan of Arrangement
Marubeni	Marubeni Corporation, a Japanese corporation
Marubeni Note	The Note to be issued by Amoco Canada to Marubeni pursuant to the Plan of Arrangement
Morgan Stanley	Morgan Stanley & Co. Incorporated, financial advisors to the Company
New Securities	The SEDs, Junior Notes, ATNs, Subordinated Notes, Senior Notes, Share Loan Notes and Marubeni Note
Notice of Meeting	The notice of special meeting of holders of Common Shares and Preferred Shares dated April 26, 1988 accompanying this Proxy Statement
Original Arrangement Agreement	The agreement dated as of May 12, 1987 between the Company and Amoco Canada with respect to the Arrangement

PGRT	Petroleum and Gas Revenue Tax
Placer Dome	Placer Dome Inc., a CBCA corporation
Plan of Arrangement	The formal plan, substantially in the form set forth in Appendix C to this Proxy Statement, pursuant to which the Arrangement will be effected under Section 185.1 of the CBCA
Preferred Shareholder	A holder of record of Preferred Shares
Preferred Shares	The Series A Preferred Shares, the Series B Preferred Shares and the Series C Preferred Shares
Pricing Date	A date after the date of the Final Order, determined by Amoco Canada on not less than five business days' notice to the lenders under the Secured Affected Credit Facilities, which date shall be a business day not more than 10 days prior to the Effective Date
Proxy Statement	This Information Circular and Proxy Statement, dated April 26, 1988, being furnished by the Board of Directors and management of the Company
Public Unsecured Affected Credit Facilities	The credit facilities and obligations of Dome described in part C of Appendix G to this Proxy Statement
Resolution	A resolution of Shareholders, the full text of which is set out in the attached Notice of Meeting
Rights	Entitlements to Series A SEDs in denominations less than U.S. $100 under the Plan of Arrangement, which will be aggregated to the extent possible into Series A SEDs in denominations of U.S. $1,000 or integral multiples thereof and sold by the Depositary and the proceeds of sale thereof remitted to the holders of such entitlements on a pro rata basis
SEC	The United States Securities and Exchange Commission
Secured Affected Credit Facilities	The credit facilities and obligations of Dome described in part A of Appendix G to this Proxy Statement
SEDs	The Series A SEDs and the Series B SEDs
Senior Notes	The Senior Notes to be issued by Amoco Canada to one creditor of Dome pursuant to the Plan of Arrangement
Series A Preferred Shares	The 7.76% Cumulative Redeemable Preferred Shares Series A of the Company
Series B Preferred Shares	The 7.76% Cumulative Redeemable Preferred Shares Series B of the Company
Series C Preferred Shares	The Cumulative Redeemable Preferred Shares Series C of the Company
Series A SEDs	The $7\frac{3}{8}$% Subordinated Exchangeable Debentures, Series A, due 2013 to be issued by Amoco Canada to the Shareholders and to certain creditors pursuant to the Plan of Arrangement, and to holders of Subordinated Notes upon exchange therefor
Series B SEDs	The $7\frac{3}{8}$% Subordinated Exchangeable Debentures, Series B, due 2013 to be issued by Amoco Canada to one creditor of Dome pursuant to the Plan of Arrangement

Settlement Date	The first day of the month in which the Effective Date occurs
Shareholder Meeting	The special meeting of Shareholders of the Company to be held on June 8, 1988
Shareholders	The Common Shareholders and Preferred Shareholders
Share Loan Notes	The Share Loan Note (4 Bank) and Share Loan Note (TD)
Share Loan Note (4 Bank)	The Note to be issued by Amoco Canada to the lenders under the Secured Affected Credit Facility referred to in item A.1 of Appendix G to this Proxy Statement
Share Loan Note (TD)	The Note to be issued by Amoco Canada to The Toronto-Dominion Bank as lender under the Secured Affected Credit Facility referred to in item A.5 of Appendix G to this Proxy Statement
Shearson	Shearson Lehman Brothers Inc., financial advisors to the Company
Special Committee	A special committee of the Board of Directors established to assist the Board of Directors in assessing proposals for the acquisition of Dome
Subordinated Notes	The Subordinated Notes which may be issued by Amoco Canada to certain creditors of Dome pursuant to the Plan of Arrangement
Swiss Francs Facilities	The credit facilities and obligations of Dome described in items C.7, C.8 and C.9 of Appendix G to this Proxy Statement
Unaffected Credit Facilities	The credit facilities and obligations of Dome described in Appendix H to this Proxy Statement that will not be affected by the Plan of Arrangement
Unaffected Group	The creditors under the Unaffected Credit Facilities and certain trade creditors of Dome. (Debt balances shown herein as owed to the Unaffected Group do not include amounts owed to those trade creditors of Dome included in the Unaffected Group.)

EXCHANGE RATES FOR CANADIAN DOLLAR

In this Proxy Statement, unless otherwise indicated, all dollar amounts are stated in Canadian dollars. The following table sets forth, for each of the periods indicated, the exchange rate of the United States dollar into the Canadian dollar at the noon buying rate in New York City for cable transfers in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York:

	Year Ended December 31,				
	1987	1986	1985	1984	1983
	(U.S. $ per Cdn. $1.00)				
Rate at end of year	.7691	.7241	.7151	.7566	.8035
Average rate	.7564	.7188	.7310	.7712	.8108
High rate	.7712	.7331	.7575	.8033	.8201
Low rate	.7254	.6954	.7130	.7492	.7993

On April 26, 1988, the noon buying rate in New York City for cable transfers in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York, was U.S. $.8137 = Cdn. $1.00.

All amounts denominated in a currency other than Canadian dollars and included in the consolidated financial statements of Amoco Canada or Dome were translated into Canadian dollars on the basis described in the respective consolidated financial statements of Amoco Canada and Dome.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Proxy Statement is being furnished by the Board of Directors and management of the Company in connection with their solicitation of proxies for use at the Shareholder Meeting to be held on June 8, 1988, and at any and all recesses and adjournments thereof.

The principal office of the Company is located at 3300 The Dome Tower, Toronto-Dominion Square, 333 Seventh Avenue S.W., Calgary, Alberta, Canada, T2P 2Z1, and its telephone number is (403) 231-3000.

It is anticipated that this Proxy Statement, accompanying Notice of Meeting and Notice Concerning Application and form of proxy will first be mailed to Shareholders on or about April 29, 1988.

The cost of this solicitation of proxies will be borne by the Company. The Company will compensate brokers, custodians, nominees and other intermediaries in Canada in accordance with applicable Canadian regulatory requirements relating to the forwarding of proxy material to beneficial owners of Common Shares and Preferred Shares. The Company will reimburse brokers, custodians, nominees and other intermediaries outside of Canada for their reasonable charges and expenses incurred in forwarding proxy material to beneficial owners of the Common Shares and Preferred Shares. In addition to solicitation by mail, officers, directors and regular employees of the Company may, without additional compensation, solicit proxies personally or by telephone.

Georgeson & Company Inc., Wall Street Plaza, New York, New York, 10005, U.S.A., has been retained by the Company to assist in the solicitation of proxies in the United States at an estimated fee of U.S. $20,000 plus reimbursement for out-of-pocket expenses. The solicitation by Georgeson & Company Inc. will focus primarily on the solicitation of proxies from brokers, banks and institutions.

The Company has retained the services of RBC Dominion Securities Inc. ("Dominion Securities"), 4th Floor, 707—7th Avenue S.W., Calgary, Alberta, Canada, T2P 3H6, to form and manage a soliciting dealer group to solicit proxies on behalf of management of the Company from holders of Common Shares and Preferred Shares in Canada and Europe for the Shareholder Meeting. In consideration of such services Dominion Securities will receive an initial fee of $200,000 and, assuming the Resolution is passed, Dominion Securities will be paid an additional fee of $300,000. The soliciting dealer group, including Dominion Securities, will also be paid a solicitation fee for each proxy in favour of the Resolution solicited by a member of the soliciting dealer group of $0.02 for each Common Share and $0.11 for each Preferred Share represented thereby, subject in all cases to a minimum fee of $30 and a maximum fee of $2,500 for each beneficial holder. In addition, the Company has agreed to reimburse Dominion Securities for reasonable out-of-pocket expenses incurred in connection with the solicitation of proxies and to indemnify Dominion Securities in respect of certain liabilities. Based on a number of assumptions, the Company estimates that such fees may approximate $2 million. See "BACKGROUND TO THE ARRANGEMENT—Interest of Management and Others in the Arrangement" and "OTHER MATTERS AFFECTING THE ARRANGEMENT—Miscellaneous."

Appointment of Proxies

All holders of Common Shares and Preferred Shares represented at the Shareholder Meeting by properly executed proxies which have been received in a timely manner and not revoked will be voted at the Shareholder Meeting in accordance with the instructions therein. **If no instructions are indicated, proxies will be voted in favour of the Resolution.** The persons named in the form of proxy are officers or directors of the Company. Each Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated by management to attend and act for such holder at the Shareholder Meeting. To exercise this right, a Shareholder should insert the name of the desired person in the blank space provided in the form of proxy or complete another appropriate form of proxy. In order to be effective, the proxy must be deposited at the office indicated thereon not later than 10:00 a.m. (Calgary time) on June 6, 1988.

The Interim Order requires that the votes of the holders of each of the Common Shares, Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares and that the number of shares represented at the Shareholder Meeting in person or by proxy be separately recorded. To facilitate compliance with the Interim Order, a colour coded form of proxy has been designed for use at the Shareholder Meeting. White forms of proxy are for use only by holders of Common Shares, blue forms of proxy are for use only by holders of Series A Preferred Shares, pink forms of proxy are for use only by holders of Series B Preferred Shares and yellow forms of proxy are for use only by holders of Series C Preferred Shares in order to compile the votes for each class as required by the Interim Order.

Revocation of Proxies

Proxies given by Shareholders for use at the Shareholder Meeting may be revoked at any time prior to their use. A Shareholder giving a proxy may revoke it by instrument in writing (including any later dated proxy) executed by the Shareholder or by his attorney authorized in writing and deposited either at the registered office of the Company (set forth above) at any time up to and including the last business day preceding the day of the Shareholder Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Shareholder Meeting on the day of the Shareholder Meeting, or adjournment thereof, or in any other manner permitted by law. Voting in person at the Shareholder Meeting will also constitute a revocation of any previously delivered proxy.

Exercise of Discretion by Proxy Holders

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the Resolution set forth in the Notice of Meeting and with respect to other matters which may properly come before the Shareholder Meeting. At the date hereof, the Board of Directors and management of the Company know of no such amendments, variations or other matters to come before the Shareholder Meeting. If any such other matter or if any amendments to or variations of the matters identified in the Notice of Meeting should properly come before the Shareholder Meeting, proxies given pursuant to this solicitation will be voted on such amendments, variations and other matters in accordance with the best judgment of the persons voting the proxies.

Shareholder Meeting Procedure and Voting of Common Shares and Preferred Shares

An unlimited number of Common Shares are authorized and at April 22, 1988, 358,987,896 Common Shares have been issued and are outstanding. The Preferred Shares consist of the Series A Preferred Shares, the Series B Preferred Shares and the Series C Preferred Shares. As of April 22, 1988, 5,250,000 Series A Preferred Shares have been authorized and 3,901,806 are outstanding, 5,250,000 Series B Preferred Shares have been authorized and 473,147 are outstanding and 1,450,000 Series C Preferred Shares have been authorized and 1,377,500 are outstanding.

Pursuant to the Interim Order:

(i) each Common Shareholder will be entitled at the Shareholder Meeting to one vote for each Common Share held;

(ii) each Preferred Shareholder will be entitled at the Shareholder Meeting to one vote for each Series A Preferred Share, Series B Preferred Share or Series C Preferred Share held;

(iii) subject to further order of the Court, the majority required to pass the Resolution approving the Plan of Arrangement shall be not less than two-thirds of the votes cast by the holders of Common Shares and Preferred Shares, voting together as a single class, in person or by proxy at the Shareholder Meeting;

(iv) the votes of Amoco Canada, if any, the votes of Placer Dome, a Shareholder holding approximately 18.5% of the outstanding Common Shares (constituting approximately 18.2% of the total votes entitled to be cast at the Shareholder Meeting) which has agreed with Amoco Canada to vote its Common Shares in favour of the Plan of Arrangement (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome"), the votes of each of the Common Shares, Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares and the number of shares represented at the Shareholder Meeting in person or by proxy will be separately recorded, the results of such votes will be announced at the Shareholder Meeting and such records and results will be made available to the Court on the application for the Final Order;

(v) Shareholders representing in person or by proxy at least 25% of the outstanding Common Shares and Preferred Shares, in the aggregate, in respect of which the holders thereof are entitled to vote will constitute a quorum at the Shareholder Meeting;

(vi) if no quorum is present within 30 minutes of the appointed Shareholder Meeting time, the Shareholder Meeting will stand adjourned to a day which is not less than 14 days and not more than 30 days thereafter and at such adjourned meeting those Shareholders present, in person or by proxy, will constitute a quorum for the adjourned meeting;

(vii) Shareholders who are employees of the Company or any of its subsidiaries will be provided with a method of casting their votes at the Shareholder Meeting on a confidential basis;

(viii) representatives of Amoco Acquisition, Amoco Canada and Amoco Corporation will be permitted to attend and speak at the Shareholder Meeting, provided that such representatives will on request leave the Shareholder Meeting upon completion of all discussions prior to the vote being taken on the Resolution; and

(ix) the Shareholder Meeting will be otherwise held and conducted in accordance with the By-Laws of the Company.

Amoco Canada has advised the Company that, as at the date hereof, neither Amoco Canada, Amoco Corporation nor any of their subsidiaries beneficially own, directly or indirectly, or exercise control or direction over, any Common Shares or Preferred Shares. No beneficial owner of more than five percent of any class or series of the Company's capital stock (except Placer Dome) has indicated to the Company how it will vote with regard to the Resolution. Certain creditors of Dome (including Placer Dome) have indicated to Amoco Canada that they will vote any Common Shares or Preferred Shares beneficially owned by such creditors in favour of the Plan of Arrangement. The Company cannot determine with certainty the number of Common Shares or Preferred Shares beneficially owned by such creditors.

Only Shareholders of record at the close of business on April 22, 1988 will be entitled to receive notice of the Shareholder Meeting and to vote at the Shareholder Meeting, unless ownership of Common Shares or Preferred Shares has been transferred after such date and the transferee of such Shares establishes ownership and requests, not later than 10 days before the Shareholder Meeting, that his name be placed on the voting list. A person who is not the registered owner of the Common Shares or Preferred Shares beneficially owned by him must obtain and produce at the Shareholder Meeting a letter of representation or appointment from the registered owner in order to attend the Shareholder Meeting.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that Common Shareholders and Preferred Shareholders vote *FOR* the Resolution approving the Plan of Arrangement.

BACKGROUND TO THE ARRANGEMENT

Financial Condition of Dome

From its inception until 1978, Dome's growth resulted primarily from the development of its oil and gas assets and its natural gas liquids ("NGL") operations. At December 31, 1977, Dome had assets with a book value of $1,198 million and debt of $543 million, and for the year ended December 31, 1977, had net income of $104 million.

From 1978 until 1982, Dome engaged in a series of acquisitions which resulted in significant increases in its asset base and operating income. Substantially all of these acquisitions were financed by bank borrowings. On March 10, 1982, Dome completed the acquisition of Hudson's Bay Oil and Gas Company Limited ("HBOG") at an aggregate cost (net of the proceeds of the dispositions of certain of HBOG's assets) of approximately $2,680 million, financed almost entirely by bank borrowings. At

December 31, 1982, Dome had assets with a book value of $9,917 million and debt of $6,521 million, and for the year ended December 31, 1982, had a net loss of $369 million.

Debt Rescheduling Agreement

During 1982, current maturities of debt, high interest rates and lower than anticipated revenues resulted in a severe cash flow shortfall. In an attempt to resolve its financial difficulties, Dome developed a debt rescheduling plan which was presented to Dome's lenders on December 1, 1983. After considerable negotiation, the plan became the basis of an agreement between Dome and certain of its lenders on August 1, 1984, which was subsequently amended by agreements dated as of August 17, September 28 and December 31, 1984 (collectively, the "Debt Rescheduling Agreement"). The Debt Rescheduling Agreement was closed February 5, 1985 and had an effective date of December 31, 1984. Pursuant to the Debt Rescheduling Agreement, repayment of approximately $5,300 million of Dome's debt under existing credit facilities was rescheduled over a 12-year period.

Interim Plan

In early 1986, the international price of crude oil declined significantly to below U.S. $12.00 per barrel, which was less than half of its 1985 level. The failure of crude oil prices and prices for natural gas and NGL to recover to their 1985 levels had a material adverse impact on Dome's revenue, cash flow and asset values. To avoid a significant reduction in its liquidity and to ensure its continued operation, Dome sought and gained agreement from certain lenders who were parties to the Debt Rescheduling Agreement, Dome Mines Limited (one of the predecessor corporations to Placer Dome) and Encor (an affiliate of Dome at that time) to the Interim Plan. The Interim Plan, which was effective May 1, 1986, was to expire on October 28, 1986, but was subsequently extended to June 30, 1987 (the "Interim Period").

Under the Interim Plan, payments of interest and principal to lenders whose debt was secured by assets which generated cash flow were limited to the extent of the cash flow generated by such assets, after the deduction of certain amounts, including amounts allocated for general and administrative expenses and capital expenditures. Lenders having indebtedness, the repayment of which was secured by assets which did not generate cash flow, agreed, with one exception relating to indebtedness secured by shares of Encor owned by the Company, to the deferral by the Company of the payment of principal and interest otherwise due during the Interim Period. All amounts deferred pursuant to the Interim Plan became due and payable at the termination of the Interim Plan. As part of the Interim Plan, payments to unsecured creditors (other than trade creditors and holders of publicly issued unsecured debt) were suspended on May 1, 1986 and on June 1, 1986 Dome suspended dividend payments on, and redemptions and purchases of, Preferred Shares.

In late 1986, Dome obtained waivers of payments due and of rights of cross-default and prospective waivers of certain events of default from certain lenders and other parties, including the holders of the Eurodollar Debt and the holders of a majority of the Swiss Francs Debt (as such terms are defined in the Plan of Arrangement set forth in Appendix C to this Proxy Statement) for a period ending no later than June 30, 1987. Such public unsecured debt was not affected under the Debt Rescheduling Agreement. On February 2, 1987, Mr. P. Isler, a holder of a SFr 50,000 6% Note constituting a portion of the Swiss Francs Debt who did not sign a waiver, commenced legal proceedings in the Commercial Court of Zurich, Switzerland seeking payment of the amount due pursuant to such Note. As a result, all waivers previously obtained from holders of the Swiss Francs Debt were automatically terminated in accordance with their terms. Since that time, six additional holders of Swiss Francs Debt have taken steps in Swiss courts and one holder has commenced an action in the Province of Alberta to enforce payment of the amounts owing to such holders. The waivers previously obtained from holders of the Eurodollar Debt expired in accordance with their terms on June 30, 1987.

In late June 1987, Dome forwarded agreements providing for the extension of the Interim Plan to the parties to the Interim Plan. These agreements were not executed by certain parties, and as a result the Interim Plan expired on June 30, 1987, putting Dome in default under substantially all of its loan agreements. Accordingly, the holders of substantially all of Dome's debt instruments can demand payment of all amounts owing to them, including those amounts previously deferred under the Interim Plan. In connection with the Arrangement, certain creditors have agreed not to demand payment of such amounts. See "Agreements in Principle and Arrangement Consents". Since June 30, 1987, Dome has continued making payments to creditors substantially in accordance with the provisions of the Interim Plan and has not made any payments in respect of dividends on, or redemptions or purchases of, any Preferred Shares, as prescribed by the Interim Plan.

As of the date hereof, no lender, other than the holders of SFr 290 million aggregate principal amount of publicly issued debt, has given notice of acceleration under its debt instrument.

Proposed Debt Restructuring Plan

The Interim Plan was intended to be a short-term solution to Dome's financial difficulties while a long-term debt restructuring plan was being developed. Negotiation of the details of a plan to restructure Dome's debt commenced in May 1986, and in March 1987 a proposed plan (the "Debt Restructuring Plan") was circulated to all lenders. Lenders, throughout the course of the negotiations, had proposed placing many financial and operating restrictions on Dome in addition to those already in effect. Such restrictions would have made future operations very difficult. In addition, the reductions in capital spending contemplated by the Debt Restructuring Plan would likely have resulted in the continued erosion of Dome's asset base, particularly in the event of continued depressed crude oil and natural gas prices.

Dome's survival under the Debt Restructuring Plan would have depended heavily on the strength of world crude oil prices. Given present crude oil and natural gas prices, the eventual solution to Dome's financial difficulties would have required a substantial conversion of debt to equity and, as a result, Shareholders would have experienced significant dilution.

Discussions Regarding Sale of the Company

Concurrently with the development of the Debt Restructuring Plan, discussions were held with potential purchasers to determine whether any financially strong company would be interested in acquiring Dome upon more advantageous terms than those proposed under the Debt Restructuring Plan. As a result of those discussions, five companies expressed a desire to review confidential and proprietary information of Dome to ascertain their interest and entered into confidentiality agreements. After a preliminary analysis of the information provided by Dome, two of the parties ceased discussions with Dome. The three remaining parties were Amoco Canada, TransCanada PipeLines Limited ("TransCanada") and Imperial Oil Limited ("Imperial").

To permit Amoco Canada, TransCanada and Imperial to analyze Dome's business and affairs, Dome provided each with access to additional information and data. All three parties were given access to the same information and to Dome's management to respond to their inquiries and enable them to formulate their proposals.

At a meeting of the Board of Directors on March 26, 1987, Mr. Macdonald stated that discussions were taking place with respect to the potential purchase of an interest in Dome by third parties. To assist the Board of Directors in assessing any proposal which might be received, the Special Committee was established. The Special Committee consisted of the following Board members, none of whom were or are employees or officers of the Company or officers, directors or employees of Amoco Canada, TransCanada or Imperial:

—Mr. Harold Bridges, who served as Chairman of the Special Committee, is also a director of Inco Ltd. and was formerly Chairman of the Board of Geosource Inc., an oil service company based in Houston, Texas. Mr. Bridges was formerly Chief Executive Officer of Shell Oil Company (U.S.).

—Mr. Marshall A. Crowe is President of M.A. Crowe Consultants, Inc., an energy consulting firm based in Ottawa. He is also a director of Gulf Applied Technologies. Mr. Crowe was formerly the Chairman of the National Energy Board of Canada.

—Mr. H. Michael Burns is President of Crownx Inc., a financial services, health care and information technology service company. He is also a director of Algoma Central Railway, American Eagle Petroleums Ltd., Crown Life Insurance Company, Crowntek Inc., Denison Mines Limited and Ivy Fund, Inc.

In addition, because Morgan Stanley, the Company's financial advisor, had been closely involved in the discussions and negotiations with all three parties and because Mr. F. B. Whittemore, a managing director of Morgan Stanley, is also a director of the Company, the Company retained Shearson to deliver a second fairness opinion on any proposal which might be received.

The Board of Directors, the Special Committee and both of the financial advisors determined that for a proposal to be acceptable it must be better than the Debt Restructuring Plan for both Shareholders and creditors. The objectives of the Company were to generate such proposals and to assess any proposals received as to: (i) the value of the consideration being proposed for creditors and Shareholders; (ii) the nature of, and documentation and implementation process for, the proposal; (iii) the degree of potential acceptability by Dome's creditors; and (iv) required governmental approvals. It was determined that management of the Company and the Company's financial advisors would jointly review and assess the financial terms of any proposal and that internal and outside counsel would assess the implementation process and proposed documentation for any proposal. For purposes of consistency, the reviews and assessments of the financial terms were to be presented to the Special Committee and to the Board of Directors by Morgan Stanley. The Special Committee held an initial meeting on April 2, 1987 and a further meeting on April 10, 1987, at which meetings the status of negotiations with the potential purchasers was discussed.

Receipt, Negotiation and Consideration of Proposals

On April 10, 11 and 13, 1987, respectively, Amoco Canada, TransCanada and Imperial submitted initial acquisition proposals to the Company. During that period and through April 14, 15 and 16, negotiations were conducted with each of the three companies making the proposals. Commencing April 14, 1987 the Special Committee and the Board of Directors met to consider the terms of each proposal and the status of the negotiations thereon. Further meetings of the Special Committee were held on April 15, 1987 and on the morning of April 16, 1987. During the afternoon of April 16, 1987, the Board of Directors convened for the purposes of considering the three proposals.

As a result of the negotiations held between April 10 and 16, 1987, each of the initial proposals was improved. The primary features of the revised proposals, as submitted to the Board of Directors, were as follows:

Amoco Canada. The Company and its financial advisors estimated that, for purposes of comparison with the other proposals received, the value of the consideration proposed by Amoco Canada was approximately $4,757 million, of which $600 million was to be allocated to equity holders. The consideration to be offered to Shareholders was to be in the form of subordinated debentures of Amoco Canada exchangeable for Amoco Corporation Common Shares. Amoco Canada indicated that it was prepared to attempt to implement its proposal under the arrangement provisions of the CBCA.

TransCanada. The Company and its financial advisors estimated that the comparable value of the consideration proposed by TransCanada was approximately $4,557 million, of which $428 million was to be allocated to equity holders. The consideration to be offered to Shareholders was to be in the form of shares in a new TransCanada subsidiary. TransCanada indicated that its proposal was to be structured as an asset purchase under insolvency legislation. In addition, the proposal included a pricing collar whereby the consideration allocated to creditors would be reduced if the price of oil fell below U.S. $15 per barrel and would be increased if the price of oil exceeded U.S. $20 per barrel. As a result of the proposed structure as an asset sale, the Company would have incurred a substantial income tax liability requiring Canadian federal and provincial income tax remission orders before the allotted consideration could be distributed to unsecured creditors and Shareholders.

Imperial. The Company and its financial advisors estimated that the comparable value of the consideration proposed by Imperial was approximately $4,400 million, of which $428 million was to be allocated to equity holders. The consideration to be offered to Shareholders was to be in the form of common stock of Imperial at market value. Imperial proposed implementation of its proposal under insolvency legislation.

In determining the estimated value of the securities comprising the consideration under each proposal, a discount was applied primarily to those securities allocated to creditors which constituted a contingent payment based upon future crude oil and natural gas prices which Dome and its advisors did not believe would be reached. In each case, the amount to be allocated to equity holders included an amount to be allocated to holders of Dome stock options and certain lenders having the right under the Interim Plan to receive fees in connection with their credit facilities in Common Shares instead of cash, as well as amounts to be allocated to Shareholders.

After having carefully considered the terms and conditions of all proposals, and after consulting with Company management, legal counsel, Morgan Stanley and Shearson, the Special Committee presented its recommendations to the Board of Directors. The Special Committee, Company management, Morgan Stanley and Shearson each concluded that the Amoco Canada proposal was superior to the Debt Restructuring Plan and other proposals in terms of value and implementation and the Special Committee recommended to the Board of Directors that the Amoco Canada proposal be accepted. The Board of Directors, upon further consideration, unanimously endorsed acceptance of the Amoco Canada proposal and authorized (with Messrs. Beddome, Fell, Jones, Lambert and Macdonald abstaining due to association with various affected creditors and Mr. Whittemore abstaining due to Morgan Stanley's role in the transaction) entering into an agreement with Amoco Canada.

In reaching the conclusions with respect to, making the recommendations on, endorsing acceptance of, and authorizing proceeding with, the Amoco Canada proposal, the Board of Directors took into consideration the following factors, among others:

(a) the Amoco Canada proposal had the highest estimated value to both creditors and Shareholders;

(b) the implementation process to be employed by Amoco Canada to acquire the Company under the CBCA was preferable to the implementation process to be employed as part of the other two proposals under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). A proposal under the CCAA would have required that Dome declare itself insolvent, which would have risked the loss of the right to operate a substantial number of Dome's oil and gas properties. Further, had the proposal under the CCAA been rejected by creditors or Shareholders, bankruptcy may have resulted;

(c) both the Amoco Canada and Imperial proposals would have required approval by Investment Canada, whereas income tax remission orders would be required under the TransCanada proposal; and

(d) because of the anticipated length of time it would take to implement any proposal, the pricing collar included in the TransCanada proposal would have prejudiced acceptability by creditors and Shareholders.

The Board of Directors and the Special Committee did not assign relative weights to the factors they considered.

Original Arrangement Agreement

Pursuant to the authorization of the Board of Directors, on April 18, 1987, the Company and Amoco Canada executed a Memorandum of Agreement with respect to the proposed acquisition of the Company by Amoco Canada.

As part of the Memorandum of Agreement, Amoco Canada and the Company agreed to (i) a commitment by the Company not to solicit other potential purchasers or enter into another acquisition agreement following execution of the Memorandum of Agreement, and (ii) the grant of an option to purchase the Company's interest in the Primrose bitumen field in northwestern Alberta (the "Primrose Properties") at a price of $79 million if the proposed transactions were not consummated. Although no appraisal was done for the purpose of establishing the option price, that price represented the Company's view of the fair market value of the Primrose Properties at the date of grant of such option.

For the next several weeks, representatives of Amoco Canada and the Company negotiated a draft arrangement agreement. On May 11, 1987, the Special Committee met to consider the draft agreement. The proposal contained in the draft agreement was reviewed in detail and the Special Committee was advised that the aggregate estimated value of the consideration had been increased to approximately $4,813 million. Shareholders were to receive approximately U.S. $439 million face amount of Series A SEDs, or approximately U.S. $1.13 face amount for each Common Share and U.S. $5.60 face amount for each Preferred Share (equivalent to approximately $579 million, and $1.50 and $7.40, respectively, based on exchange rates at that time). The terms of the debentures were to be set so as to result in their having an estimated value equal to their face amount as at May 11, 1987. On May 12, 1987, the Board of Directors authorized the execution of the Original Arrangement Agreement following a full review thereof and on the same day the two companies signed the Original Arrangement Agreement.

The Original Arrangement Agreement provided, among other things, for an exchange of securities of Shareholders and indebtedness of certain creditors of Dome under a plan of arrangement to be proposed under the CBCA and also provided that the agreement could be terminated by either party in certain circumstances if all secured lenders (as to both the secured and unsecured portions of the indebtedness owed to them) had not consented to participate in the arrangement by November 30, 1987, or if the transaction had not closed by March 31, 1988. The terms of the securities of Amoco Canada to be offered to creditors of Dome would have resulted in an average face value payment to secured creditors of approximately 88.5 cents on the dollar and to unsecured creditors of approximately 35.7 cents on the dollar. The Series A SEDs to be received by the Shareholders would mature in 25 years, bear an interest rate of 7⅜% per annum and be exchangeable by the holders into Amoco Corporation Common Shares. The number of Amoco Corporation Common Shares to be received would have been determined by dividing the principal amount of the Series A SEDs exchanged by U.S. $105.00. On May 11, 1987, the date on which the terms of the Series A SEDs were established, the closing price for Amoco Corporation Common Shares on the NYSE was U.S. $86⅞ per share.

On May 14, 1987, the Company and Amoco Canada presented the Original Arrangement Agreement to the lenders affected thereby. A number of such lenders expressed dissatisfaction with their proposed treatment under the Original Arrangement Agreement and one lender, Bank of Montreal, commenced legal proceedings to have certain provisions of the Original Arrangement Agreement set aside (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Certain Litigation Relating to the Arrangement" for details of this and other litigation relating to the Arrangement). In an effort to resolve these matters, the Company and Amoco Canada conducted negotiations with certain affected lenders throughout the summer and fall of 1987.

Amended Amoco Canada Proposal

In mid-November 1987, as a result of negotiations with Dome's lenders, Amoco Canada proposed to the Company certain amendments to the Original Arrangement Agreement which increased the consideration being offered to creditors, thereby increasing the total Amoco Canada proposal to a face value of U.S. $4,176 million or $5,509 million (at an exchange rate of U.S. $0.758 cents per Canadian dollar) (based on estimated Dome debt balances as of December 31, 1987, and not reflecting the Encor share sale or the Marubeni settlement each as described below). The terms of most of the securities to be offered to creditors of the Company were amended, resulting in an average payment to secured creditors of approximately 95 cents on the dollar (including amounts to be received by such creditors as part of the Placer Dome Settlement described in "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome") and to unsecured creditors of 45 cents on the dollar. However, the date from which the Cash Amount to be paid to Shareholders was to be calculated was to be changed to December 1, 1987 from July 1, 1987. The price at which SEDs could be exchanged for Amoco Corporation Common Shares was to remain at U.S. $105.00. The closing price for Amoco Corporation Common Shares on the NYSE on November 17, 1987 was U.S. $67⅞ per share. As a result of the decline in the market value of the Amoco Corporation Common Shares, and in light of then current market conditions, the Company and its financial advisors estimated that the value of the SEDs being offered to Shareholders under the Arrangement had decreased to approximately U.S. $369 million, or U.S. $0.96 per Common Share and U.S. $4.71 per Preferred Share, as of November 18, 1987 (or $486 million, and $1.26 and $6.22, respectively, based on exchange rates at that time), in all cases excluding Cash Amounts. These values are without giving effect to the right of certain banks (which, pursuant to the Placer Dome Settlement and proposed arrangements with such banks, will receive the Series A SEDs to be issued with respect to the Common Shares presently held by Placer Dome) to exchange such Series A SEDs for other Amoco Canada securities with a value expected to be approximately equal to the face value of such Series A SEDs (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome"). Further, the change in the date from which the Cash Amount was to be calculated would result in a decrease in the aggregate Cash Amount to be paid to Shareholders of U.S. $13.5 million, or U.S. $0.04 per Common Share and U.S. $0.17 per Preferred Share (or $17.8 million, and $0.05 and $0.23, respectively, based on exchange rates at that time). The dates on which each party had the right to terminate the Arrangement Agreement were to be extended to January 31, 1988 (for receipt of Arrangement Consents from secured lenders relating to at least 75% of the outstanding secured indebtedness owed to such lenders, instead of consents of all the secured creditors relating to all outstanding indebtedness owed to such creditors, as was previously the case) and June 30, 1988 (for consummation of the Arrangement). The Special Committee convened on November 17 and 18, 1987 to consider the proposed amendments. Morgan Stanley and Shearson each advised the Special Committee that they were prepared to confirm their earlier opinions as to the fairness of the transaction. The Special Committee decided to recommend to the Board of Directors that the proposed amendments be approved as being in the best interests of the Company and its Shareholders.

On November 18, 1987, the Board of Directors met and reviewed the proposed amendments in detail. Morgan Stanley gave its oral opinion that the consideration offered by Amoco Canada in its amended proposal was fair to the Shareholders from a financial point of view. Shearson gave its oral opinion that the economic value offered to both the Common Shareholders and the Preferred Shareholders was fair. Morgan Stanley later delivered its written opinion that the consideration being offered to the Common Shareholders and the Preferred Shareholders, respectively, from a financial point of view, was fair. Shearson later delivered its written opinion that the consideration being offered to holders of the Company's capital stock, from a financial point of view, was fair. The Board discussed the alternatives available to it, concluded that agreeing to the amendments would be in the best interests of the Company, its Shareholders and creditors, and approved the proposed amendments. On November 19, 1987, the Company and Amoco Canada executed an amendment to the Original Arrangement Agreement, incorporating the foregoing amendments, among others. On December 8, 1987, Dome sold its shareholdings in Encor for $398.5 million and used $363 million of the sale proceeds to repay indebtedness which was secured by such shares.

The aggregate face value of the consideration offered under the Arrangement Agreement, when restated to reflect actual rather than estimated December 31, 1987 Dome debt balances, December 31, 1987 foreign exchange rates, the effect of the Encor share sale and subsequent loan repayment and the effect of a negotiated settlement with Marubeni, totals U.S. $3,959 million or $5,147 million, resulting in an average payment to secured creditors of approximately 94 cents on the dollar (including amounts to be received by such creditors as part of the Placer Dome Settlement and reflecting the reclassification of certain indebtedness as secured rather than either unaffected or unsecured) and to unsecured creditors of 45 cents on the dollar.

As of April 15, 1988, the Company and its financial advisors estimated that, in light of then current market conditions, the value of the SEDs being offered to Shareholders under the Arrangement was approximately U.S. $410 million, or U.S. $1.06 per Common Share and U.S. $5.24 per Preferred Share (or $508 million, and $1.31 and $6.48, respectively, based on exchange rates at that time), in all cases excluding Cash Amounts.

All amounts referred to in this section exclude any amounts relating to the settlement of the outstanding issues under the APC/J Contract. See "PLAN OF ARRANGEMENT—Consideration" and "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Negotations with APC/J".

Agreements in Principle and Arrangement Consents

The Original Arrangement Agreement required, among other things, that the parties obtain agreements in principle from certain lenders by June 30, 1987. Although agreements in principle had not been obtained from all secured lenders by that date, Amoco Canada continued to negotiate intensively. By January 25, 1988, all of the lenders under the Secured Affected Credit Facilities had signed agreements in principle. In addition, an agreement in principle had been reached with a committee representing 25 institutional unsecured creditors. Although certain agreements in principle expired pursuant to their terms on January 31, 1988, Amoco Canada believes that, based on discussions with the creditors executing such agreements, such creditors are willing to continue to negotiate final documentation on the basis of such agreements.

The provisions of the agreements in principle vary, but under each such agreement the lender consents in principle to the exchange of its Dome Indebtedness for specified amounts of the New Securities and, in certain instances, cash to be distributed pursuant to the Plan of Arrangement. The lenders' obligations under the agreements in principle to sign Arrangement Consents are subject to various conditions, including approval by the lenders of the forms of documentation contemplated by the Arrangement. Meetings were convened by Amoco Canada, commencing in December 1987 and continuing to date, to receive lenders' comments on the indentures, note agreements, security instruments and other documentation contemplated by the Arrangement. Amoco Canada has proposed a form of Arrangement Consent which lenders have been asked to execute. The Arrangement Consent conforms to the means of obtaining approval from secured creditors and institutional unsecured creditors ordered by the Court and evidences a lender's consent to the Arrangement and to the exchange of all of such lender's Dome Indebtedness for such lender's allocation of New Securities and, in certain circumstances, cash.

Amoco Canada is continuing to negotiate with Dome's lenders concerning Arrangement Consents. The form of Arrangement Consent proposed for signature by institutional unsecured lenders provides that the consent may be terminated by the lender in certain events, including the following: (i) the documents creating and constituting the New Securities to be received by the lender executing such Arrangement Consent are not executed and delivered substantially in the form of the drafts thereof referred to in the Arrangement Consent or there are any changes to the Plan of Arrangement to which the lender objects, (ii) any of the conditions relating to the issuance of such securities contained in such documentation or in the Arrangement Consent has not been satisfied, (iii) the Final Order is not issued adopting in all material respects the Plan of Arrangement or the Effective Date does not occur on or before December 31, 1988, (iv) there shall have occurred any material adverse change (other than that resulting from a decline in hydrocarbon prices) in the financial condition of Amoco Canada, or Amoco Canada and Dome considered as an entirety, from that disclosed pursuant to the

Arrangement Consent other than as a result of events contemplated by such disclosure, (v) the requirements for obtaining approval of such voting group as set forth in the Interim Order are not met, (vi) any judgment creditor shall have commenced proceedings to enforce a judgment, or any bankruptcy or similar proceeding is commenced, in each case against the Company or its subsidiaries, (vii) there shall have been any variation, modification, amendment or change to the compensation to be received pursuant to the Plan of Arrangement by any creditor or Shareholder, or any change in the New Securities to be received by any creditor or Shareholder, or (viii) the lender's Arrangement Consent relating to another Affected Credit Facility held by such lender does not become effective or is terminated. The Arrangement Consent to be signed by institutional creditors restricts, until the Effective Date, the lender's ability to transfer its Dome Indebtedness unless the transferee is also bound by the Arrangement Consent.

In addition to the foregoing termination events, creditors under the Secured Affected Credit Facilities requested inclusion in their Arrangement Consents of additional termination events relating to their current position as secured creditors of Dome or to the New Securities they will receive pursuant to the Plan of Arrangement, including a provision that Dome's failure to continue to make payments to a secured lender substantially in accordance with the Interim Plan will afford such secured lender the opportunity to terminate its Arrangement Consent.

Arrangement Consents signed by lenders receiving ATNs or Senior Notes are subject to completion, to the satisfaction of the lenders, of note exchange agreements and security documentation relating thereto. The lenders propose that such agreements and documentation, which are still being negotiated, contain provisions relating to (i) indemnification of the lenders by Amoco Canada for events relating to the Plan of Arrangement and (ii) the right of a lender to terminate the agreement in the event other lenders terminate, or have the right to terminate, their note exchange agreements.

A number of the Arrangement Consents also require that certain inter-lender issues be resolved prior to the Effective Date.

Pursuant to the Arrangement Agreement, the parties had the right to terminate such Agreement on January 31, 1988 if binding Arrangement Consents had not been obtained by such date from secured creditors relating to 75% of the outstanding secured indebtedness owed to them. By amendment to the Arrangement Agreement dated as of April 22, 1988, Dome and Amoco Canada agreed that if on or after April 30, 1988 any of the creditors under the Secured Affected Credit Facilities have not executed an Arrangement Consent, either party would have the right to deliver notice requiring that such consents be obtained within 15 days of the delivery of the notice. The failure to obtain all Arrangement Consents from such creditors by the expiration of such 15 day period would give each of Dome and Amoco Canada the right to terminate the Arrangement Agreement.

Reasons for the Transaction

As described above under "Financial Condition of Dome", Dome and certain of its lenders entered into the Debt Rescheduling Agreement effective as of December 31, 1984. Dome was no longer able to comply with this agreement as a result of the large and sudden decline in crude oil prices experienced in early 1986. Accordingly, Dome commenced negotiations with its lenders with respect to the Debt Restructuring Plan in an attempt to resolve Dome's financial difficulties. After lengthy discussions and negotiations, management and the Board of Directors concluded that due to the uncertain economic conditions in the oil and gas industry, continuing fluctuations in prices for crude oil and natural gas and uncertainty surrounding interest rates, the likelihood of the development of a favourable Debt Restructuring Plan was reduced. Management and the Board of Directors concluded that it would be preferable to seek a prospective purchaser having the capital and ability to develop Dome's asset base and which would be willing to provide more value and certainty to Dome's Shareholders and creditors. Accordingly, while the Company continued its efforts to develop and negotiate the Debt Restructuring Plan, discussions were commenced with potential purchasers to determine whether there would be interest in acquiring Dome as a going concern. As indicated above, expressions of interest were sought from interested parties and, following a detailed analysis of the proposals submitted, it was concluded that the proposal submitted by Amoco Canada represented the preferable solution for Shareholders and creditors.

Fairness Opinions

The Board of Directors has obtained independent opinions from both Morgan Stanley and Shearson as to the fairness of the consideration being offered to the Common Shareholders and Preferred Shareholders. The Morgan Stanley opinion dated May 12, 1987 concluded that the consideration being offered to the Common Shareholders and Preferred Shareholders, respectively, from a financial point of view, is fair. The Shearson opinion dated May 12, 1987 concluded that the consideration being offered to holders of the Company's capital stock, from a financial point of view, is fair. The Morgan Stanley opinion was subsequently updated on November 18, 1987 and the Shearson opinion was subsequently updated on November 17, 1987, in each case confirming the opinions originally given. Copies of the opinions of Morgan Stanley and Shearson, including the updates thereto, are set forth as Appendices E and F, respectively, to this Proxy Statement. Shareholders are urged to read each opinion in its entirety.

In arriving at their opinion and their updated opinion, Morgan Stanley, among other things: (i) reviewed the consolidated financial statements of Dome for recent years and subsequent interim periods; (ii) reviewed certain internal financial and operating data, and mineral and hydrocarbon reserve information (including the report of independent petroleum engineers regarding hydrocarbon reserves), relating to Dome, including historical operating results and financial projections prepared by the management of Dome; (iii) discussed the business and prospects of Dome with the senior management of Dome; (iv) analyzed the values of the assets and liabilities of Dome in a going concern context and in liquidation; (v) reviewed reported market prices and trading volumes of the Common Shares, Series A Preferred Shares, Series B Preferred Shares and Amoco Corporation Common Shares for recent periods; (vi) compared the recent financial and stock market performance of Dome with that of certain other oil and gas companies; (vii) reviewed the consolidated financial statements of Amoco Canada for recent years and subsequent interim periods, and discussed with the management of Amoco Canada its business and prospects; (viii) reviewed the consolidated financial statements of Amoco Corporation for recent years and subsequent interim periods, and discussed with the management of Amoco Corporation its business and prospects; (ix) analyzed the pro forma financial impact of the transaction on Amoco Canada; (x) studied the terms of the SEDs; (xi) reviewed the trading values and yields of certain publicly traded issues of debentures and notes deemed comparable from a credit perspective with the SEDs; (xii) reviewed the draft dated March 9, 1987 of the Debt Restructuring Plan provided to various creditors of Dome in connection with a proposed debt and equity restructuring of Dome; (xiii) reviewed the Original Arrangement Agreement and the subsequent amendment thereto; and (xiv) performed such other analyses and investigations as they deemed appropriate.

In connection with their review, Morgan Stanley assumed and relied upon the accuracy and completeness of the information furnished to them by Amoco Corporation and Dome, and did not undertake any independent verification of such information. In addition, they relied as to all legal matters upon advice of counsel to Dome. Morgan Stanley assisted Dome in a program of contacting knowledgeable and financially qualified companies deemed to have a potential interest in acquiring Dome. Potentially interested and qualified purchasers were provided with the opportunity to make a thorough evaluation of Dome in order that they might submit proposals for the acquisition of Dome. The transaction with Amoco Canada arose from this program.

In arriving at their opinion and their updated opinion, Shearson reviewed and analyzed: (i) the Original Arrangement Agreement and subsequent amendment thereto, including the terms and conditions of the SEDs; (ii) such publicly available information concerning Dome, Amoco Canada and Amoco Corporation which they believed to be relevant to their inquiry, including the Form 10-Ks of Dome and Amoco Corporation for the fiscal year ended December 31, 1986 and, for their revised opinion, the Form 10-Qs of Dome and Amoco Corporation as of March 31, 1987 and June 30, 1987; (iii) their valuation of the assets of Dome as of December 31, 1986; (iv) financial results of other oil and gas industry companies which they deemed to be comparable to either Dome or Amoco Corporation; (v) financial and operating information with respect to the business operations and prospects of Dome furnished to them by Dome, including the proposed Debt Restructuring Plan; (vi) a trading history of the Common Shares and publicly traded Preferred Shares from April 27, 1984 to the time of their opinions and a comparison of that trading history with those of companies which they deemed to be comparable to Dome; (vii) a trading history of Amoco Corporation's Common Shares from April 27, 1984 to the date of their opinions; and (viii) a comparison of the financial terms of the proposed transaction with the terms of certain other recent transactions which they deemed to be relevant. In addition, they had discussions with the management of Dome and Amoco Canada concerning their businesses and operations, assets, present condition and future prospects, and undertook such other studies, analyses and investigations as they deemed appropriate.

Shearson relied upon the accuracy and completeness of the financial and other information used by them in arriving at their opinions without independent verification. In arriving at their opinions, they did not conduct a physical inspection of the properties and facilities of Dome. Their opinions were necessarily based upon conditions as they existed and could be evaluated as of the date of their opinion and revised opinion.

Morgan Stanley and Shearson are internationally recognized investment banking firms. As part of their respective investment banking activities, Morgan Stanley and Shearson are frequently engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities and valuations for estate, corporate and other purposes.

The Company has paid to Morgan Stanley fees aggregating U.S. $2.5 million with respect to the delivery of its fairness opinion referred to above and certain financial advisory services rendered in connection with such opinion and has agreed to reimburse Morgan Stanley for all out-of-pocket expenses incurred by it as a result of providing such services. The Company has agreed to indemnify Morgan Stanley against certain liabilities and expenses which may arise in connection with the provision of such opinion and financial advisory services. The Company has also agreed to pay to Morgan Stanley a fee of U.S. $11.5 million upon consummation of the Arrangement. Mr. F. B. Whittemore, a managing director of Morgan Stanley, is a director of the Company. Morgan Stanley is the holder of an option to acquire 2,750,000 Common Shares at $5.60 per share, which option expires on November 3, 1988. As part of the Plan of Arrangement, such option will be cancelled without payment to Morgan Stanley.

The Company has paid to Shearson fees aggregating U.S. $1 million with respect to the delivery of its fairness opinion referred to above and certain financial advisory services, including the valuation referred to below, rendered in connection with such opinion and has agreed to reimburse Shearson for all out-of-pocket expenses incurred by it as a result of providing such services. The Company has agreed to pay to Shearson a fee of U.S. $2 million if Dome is acquired or if the Debt Restructuring Plan is consummated. The Company has agreed to indemnify Shearson against certain liabilities and expenses which may arise in connection with the provision of such opinion and financial advisory services.

The Company has paid other amounts to Shearson and Morgan Stanley for financial advisory services not directly associated with the fairness opinions referred to above. Morgan Stanley and Shearson also acted as co-lead underwriters in connection with a public offering of securities of the Company in May 1985. Morgan Stanley has provided investment banking services in the past to Amoco Corporation.

Lancaster Financial Advisors Inc. ("Lancaster") has rendered an opinion to the holders of, and one of the trustees with respect to, the Public Unsecured Affected Credit Facilities. In completing its engagement in connection with such opinion Lancaster conducted such financial analysis, investigations and research as it determined appropriate or necessary. In addition, Lancaster determined and considered the value to such holders arising from a number of possible alternatives to the Plan of Arrangement, including, without limitation, the sale of Dome as a going concern to another third party, a sale of the assets of Dome and its subsidiaries under a court ordered receivership or bankruptcy, or a long term orderly realization of such assets. Lancaster opined that the consideration which the holders of such securities will be entitled to receive under the Plan of Arrangement is fair, from a financial point of view, to such holders.

Lancaster was previously engaged during the period from July 28, 1987 to September 21, 1987 as financial advisor to the holders of certain Institutional Unsecured Affected Credit Facilities of Dome. In the course of that engagement, Lancaster provided, among other advice, the valuation of Dome described below under "Valuations—Lancaster Valuation". In completing its engagement with respect to its fairness opinion, Lancaster considered the value of Dome and its valuation report dated September 17, 1987 in the light of current circumstances, but was not asked to nor did it prepare a new formal valuation report.

The Company has paid to Lancaster a fee of $425,000 with respect to the delivery of its fairness opinion and has agreed to reimburse Lancaster for all out-of-pocket expenses incurred in connection with its engagement. The Company has also agreed to indemnify Lancaster against certain liabilities and expenses which may arise in connection with the provision of its fairness opinion.

Mr. H. Michael Burns, a director of the Company and a member of the Special Committee, is President of Crownx Inc., which owns a 49% voting interest in Lancaster.

Valuations

Summarized below are valuations of Dome prepared by Shearson and by Lancaster in 1987. The values reported in the Shearson valuation are not necessarily indicative of the actual values that could be realized from the sale or liquidation of such business segments and assets and are based upon a number of assumptions and conditions that may not be capable of being realized. Lancaster stated that its valuation was the aggregate of the values which a purchaser should have been willing to pay for each of Dome's assets or business segments as at September 17, 1987, the date of the delivery of its valuation report.

Shearson Valuation

On March 26, 1987, the Company engaged Shearson to perform a valuation of Dome (the "Shearson Valuation") in addition to providing the fairness opinion referred to above. In addition to paying to Shearson the fee referred to in "Fairness Opinions", the Company has agreed to indemnify Shearson from certain liabilities which may be incurred in connection with the provision of the Shearson Valuation. See "Fairness Opinions".

Scope of Review. Shearson valued the Company as at December 31, 1986, based upon information available to Shearson through May 12, 1987, the date of its report to the Company. In preparing the Shearson Valuation, Shearson conducted discussions with the management of Dome and with representatives of Coles, Nikiforuk, Pennell Associates Ltd. ("CNP"), Dome's independent petroleum engineers. To assist Shearson in valuing Dome's undeveloped land holdings, Shearson employed Seaton Jordan & Associates Ltd. ("Seaton Jordan"), an Alberta-based independent Canadian appraiser. In preparing its valuation, Shearson relied on the accuracy and completeness of all information available publicly or provided to it by the management of the Company or by CNP and did not conduct any separate investigation for the purpose of verifying the accuracy or completeness of this information. Shearson did not solicit any offers or inquiries with respect to the appraised assets or businesses from potential purchasers, and therefore Shearson did not suggest that the amounts reflected in the Shearson valuation could be obtained upon a sale of Dome, or any of its assets or businesses, to unrelated third parties other than Amoco Canada.

Valuation Methodology. In preparing the Shearson Valuation, Shearson utilized the methodology which it deemed most appropriate to valuing an oil and gas exploration and production company. Assets with existing or projected cash flows were valued utilizing a discounted after-tax cash flow analysis with risk adjustments made to some asset categories. Assets with no existing cash flow were valued on the basis of current market value or estimates of current market value.

The total asset value of Dome was increased for the estimated value of the Company's existing tax pools and reduced by an estimate of the cost of administering the Company's assets over time. Both of these adjustments were made utilizing discounted after-tax cash flow analysis.

The estimate of the total value of Dome utilizing this methodology was then compared to values realized in other recent sales of North American exploration and production companies deemed by Shearson to be comparable to Dome and to the total market values of publicly traded North American independent exploration and production companies deemed by Shearson to be comparable to Dome. Both of these comparable analyses supported the valuation of Dome utilizing the discounted cash flow and market value methodology utilized by Shearson.

In reviewing Dome's oil and gas reserves, Shearson relied extensively on analyses of oil and gas reserves prepared by CNP. Future revenues for Dome's oil and gas reserves, Syncrude reserves and NGL system were projected utilizing (i) West Texas Intermediate crude oil prices per barrel assumed by Shearson to be U.S. $17.00 in 1987, U.S. $18.00 in 1988, U.S. $19.00 in 1989 and increasing at 5% per year thereafter until reaching a cap of U.S. $40.00 and (ii) natural gas prices assumed to be $1.70 per thousand cubic feet in 1987 and 1988, $1.90 in 1989, and increasing by 5% per year thereafter until reaching a cap of $5.50. The revenues were then discounted utilizing a 50.5% combined federal and provincial Canadian tax rate and a 34% U.S. tax rate, where applicable, and a 12% after-tax discount rate. Certain risk adjustments were made to the computed values of oil and gas production which was currently not producing and to the Syncrude reserves.

The Company's land holdings, Primrose Properties, investments, mineral assets and working capital were valued on the basis of the market value of securities or estimates of the market value of assets.

Valuation Conclusions. The following table sets forth a summary of the Shearson Valuation:

	Valuation (Millions of Canadian Dollars)
Oil and Gas Properties	$2,141.8
Land Holdings	305.6
Liquid Systems (NGL)	754.0
Oil Sands:	
Syncrude	27.0
Primrose (1)	79.0
Frontier (Contract Drilling)	24.8
Investments:	
Dome Mines Limited	445.9
Encor (2)	366.2
Tax Pools (3)	543.0
Minerals	41.3
Miscellaneous Assets	72.2
Working Capital	308.5
Unallocated General and Administrative Expense (4)	(670.5)
Total Valuation	$4,438.8

(1) In estimating the value of the Primrose Properties, Shearson initially used a cash flow analysis that yielded a substantially lower value than the $79 million exercise price of the Amoco Canada option. Notwithstanding its analysis, Shearson concluded that the exercise price of the Amoco Canada option was a reasonable representation of the fair market value of the Primrose Properties.

(2) The Company's investment in Encor was disposed of effective December 9, 1987 for an aggregate consideration of $398.5 million.

(3) Tax pools are pools of income tax deductions arising as a result of investments in property, plant and equipment which are used according to defined schedules to reduce taxable income.

(4) Unallocated general and administrative expense is the net present value of projected expenses which are not allocable to any specific assets or business segments, but which reduce the aggregate value of Dome's assets.

Lancaster Valuation

Lancaster was engaged as financial advisor to certain of the creditors under the Institutional Unsecured Affected Credit Facilities represented by a committee thereof (the "Unsecured Creditors Committee") pursuant to an engagement letter dated July 28, 1987 among Lancaster, the Unsecured Creditors Committee and the Company.

Lancaster's engagement included advising the Unsecured Creditors Committee on the following matters:

1. the value of Dome for the purposes of the transaction contemplated by the Original Arrangement Agreement;

2. the value of the various securities offered as consideration to the Shareholders and creditors of Dome under the Original Arrangement Agreement; and

3. the merits, from a financial point of view, of the transaction contemplated by the Original Arrangement Agreement from the perspective of certain of the unsecured creditors.

Lancaster's advice was delivered to the Unsecured Creditors Committee on September 17, 1987 and a copy of its valuation report outlining its advice on the first two matters described above was subsequently delivered, at the direction of the Unsecured Creditors Committee, to Dome for information purposes. The Lancaster valuation represented Lancaster's opinion of the fair market value of Dome's assets or business segments. Lancaster stated in its report that its valuation represented the aggregate of the values which a purchaser should have been willing to pay for each of Dome's assets or business segments. The Company has not been advised as to Lancaster's advice on the third matter described above. Lancaster's mandate did not include determining the fairness of the consideration to be paid to Shareholders under the Original Arrangement Agreement.

The Company agreed to pay a fee of $750,000 to Lancaster for the provision of its services under the engagement letter and agreed to reimburse Lancaster for all out-of-pocket expenses incurred in connection with its engagement. The Company also agreed to indemnify Lancaster from certain liabilities which may be incurred in connection with the provision of its services. Lancaster is currently engaged as a financial advisor to the board of directors of a publicly traded subsidiary of the Company and will receive a fee for its services.

Lancaster is an internationally recognized independent Canadian merchant banking firm whose principals have extensive experience in mergers, acquisitions, valuations and fairness opinions.

Scope of Review. In its report dated September 17, 1987, Lancaster valued Dome as at June 30, 1987, except for the valuation of its publicly traded investments and subsidiaries, which reflected stock market values as at August 24, 1987. Lancaster also valued, effective September 8, 1987, the cash and securities offered by Amoco Canada pursuant to the Original Arrangement Agreement. Dome provided Lancaster with all material public and nonpublic information which it requested and did not limit the scope of Lancaster's investigation. Lancaster had access to the same consultants, documents and information which were provided to Shearson with respect to the Shearson Valuation. Lancaster conducted discussions with the management of Dome concerning all aspects of Dome's business. Lancaster held discussions with representatives of CNP regarding Dome's oil and gas reserves. To assist Lancaster in valuing Dome's undeveloped land holdings, Lancaster employed Seaton Jordan. In preparing its valuation, Lancaster relied on the accuracy and completeness of all information available publicly or provided to it by the management of Dome or by CNP and did not conduct any separate investigation for the purpose of verifying the accuracy or completeness of this information. Lancaster also referred to and relied upon opinions and advice from outside experts retained by it, principally with respect to the derivation of oil and gas price forecasts which Lancaster applied to certain of Dome's assets in its valuation.

Valuation Methodology. In preparing its valuation, Lancaster utilized the methodologies which it deemed most appropriate to valuing an oil and gas exploration and production company, including discounted cash flow analyses, capitalization of current and future earnings and cash flow, stock market values, values derived from comparable transactions and book values.

In reviewing Dome's oil and gas reserves, Lancaster relied extensively on analyses of oil and gas reserves prepared by CNP. Future revenues for Dome's oil and gas reserves, Syncrude reserves, Primrose Properties, and NGL system were projected utilizing (i) West Texas Intermediate crude oil prices per barrel in nominal dollars assumed by Lancaster to be U.S. $20.00 in 1987, U.S. $20.40 in 1988, U.S. $20.81 in 1989, rising to U.S. $72.75 in 2005 and increasing thereafter at 6.5% per year and (ii) natural gas prices assumed to be $1.79 per thousand cubic feet in 1987, $1.84 in 1988, $2.19 in 1989, rising to $9.99 in 2005 and increasing thereafter at 6.5% per year. The revenues were then discounted utilizing a 50.5% combined federal and provincial Canadian tax rate and after-tax discount rates of 11% to 15% depending on the risks and costs associated with the assets or business segments being valued. Certain risk adjustments were made to the computed values of oil and gas production which was currently not producing and to the Syncrude reserves and Primrose Properties.

In projecting future cash flows from Dome's NGL system, Lancaster used Dome's internal forecasting model, with certain modifications, including those suggested by an independent consulting firm.

Dome's land holdings, investments, and working capital were valued on the basis of the current market value or estimates of the market value.

The total asset value of Dome was increased for the estimated value of Dome's existing tax pools and reduced by an estimate of the cost of administering Dome's assets over time. Both of these adjustments were made utilizing discounted after-tax cash flow analysis.

The estimate of the total value of Dome utilizing this methodology was then compared to values realized in other recent sales of North American exploration and production companies deemed by Lancaster to be comparable to Dome.

At Lancaster's request, prior to the delivery of its advice to the Unsecured Creditors Committee, Dome represented and warranted to Lancaster that Dome was not aware of any material facts not made available to Lancaster which would reasonably be expected to affect the value of Dome.

Value of Dome's Assets to Amoco Canada. This valuation represented Lancaster's opinion of the fair market value of Dome's assets as at September 17, 1987 to a purchaser which effected the purchase as contemplated by the Original Arrangement Agreement. Using its conclusions on the value of Dome's assets, Lancaster made adjustments to arrive at the value of Dome's assets to Amoco Canada. The first adjustment reflected the increase in asset value that would accrue to an industry purchaser which, because of synergies, would be able to achieve general and administrative expense savings. The second adjustment reflected the decrease in asset value that would have resulted, based on Lancaster's understanding of the transaction at that time, if Amoco Canada could not have succeeded to certain of Dome's tax pools. The effective date of this valuation was June 30, 1987, except for the valuation of Dome's publicly traded investments and subsidiaries, which reflected stock market values as at August 24, 1987.

Canada (such as a significant decline in crude oil prices or foreclosure by holders of certain of the New Securities should a default occur on such securities), Amoco Canada's results of operations and financial condition could be materially adversely affected. The subordination of the Series A SEDs to Prior Indebtedness (see "DESCRIPTION OF NEW SECURITIES—SEDs—Subordination") increases the possibility that under such circumstances holders of Series A SEDs would not receive payments of principal and interest. The Company believes, however, that any investment risk to the Shareholders posed by such events should be considered in light of, and weighed by Shareholders against, the severe economic hardship which Dome is presently experiencing and the material adverse impact on the Company and the Shareholders which could result if the Arrangement were not consummated. See "BACKGROUND TO THE ARRANGEMENT—Financial Condition of Dome".

Borrowing Level and Debt Structure

The indebtedness to be incurred in connection with the Arrangement will result in a substantial increase in Amoco Canada's debt as a percent of total capitalization. As a result of the Arrangement, on a pro forma combined basis as of December 31, 1987, Amoco Canada would have had approximately $5,272 million of indebtedness (consisting of short-term debt, long-term debt, including the current portion thereof, and advances from Amoco Corporation) and approximately $808 million of shareholder's equity. Accordingly, debt as a percent of total capitalization would have been 87 percent compared with debt to total capitalization of 38 percent for Amoco Canada on an actual basis as of December 31, 1987.

After the consummation of the Arrangement and the issuance of the New Securities, Amoco Canada will also have significantly increased interest expense. After giving effect to the Arrangement, Amoco Canada's pro forma combined interest expense for the year ended December 31, 1987 would have been approximately $557 million compared to Amoco Canada's actual interest expense of approximately $51 million for such year. See "PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF AMOCO CANADA PETROLEUM COMPANY LTD."

In connection with the Arrangement, Amoco Canada will grant to the holders of the ATNs security interests in properties representing approximately one-third of the oil and gas production of Amoco Canada and in substantially all of the oil and gas producing properties of Dome. In addition, Amoco Canada will grant to the holders of the Senior Notes security interests in substantially all of the NGL assets of Dome. See "DESCRIPTION OF NEW SECURITIES—ATNs" and "Senior Notes". The Marubeni Note will be secured by a security interest in one specific asset of the Company and the Share Loan Notes will be secured by a security interest in a portion of the shares of Placer Dome owned by Dome. See "DESCRIPTION OF NEW SECURITIES—Marubeni Note" and "Share Loan Notes". In the event of a default on such secured indebtedness (whether as a result of the failure to make a payment or comply with a covenant, a cross-default or otherwise), the holders thereof will be entitled to foreclose on such assets of Amoco Canada and its subsidiaries, including assets of Dome, in which such holders have security. If such holders should attempt to foreclose on their collateral, Amoco Canada's financial condition and the value of the Series A SEDs would be materially impaired.

The New Securities contain certain provisions requiring Amoco Canada, among other things, to comply with restrictions on its operations and ability to incur additional indebtedness. Amoco Canada's ability to comply with such provisions may be affected by events beyond Amoco Canada's control. In the event Amoco Canada fails to comply with any of these provisions, it could be in default under certain or all of the New Securities, and, by virtue of cross-default provisions, could also be in default under other agreements covering a substantial portion of its other indebtedness. In such event, a substantial portion of Amoco Canada's indebtedness could be accelerated, certain secured holders would be entitled to foreclose on their collateral and Amoco Canada would be prohibited by the terms of the Series A SEDs from making any payments on the Series A SEDs.

AMOCO CORPORATION IS NOT AN OBLIGOR ON, OR A GUARANTOR OF, OR LIABLE IN ANY MANNER WITH RESPECT TO PAYMENTS ON, THE NEW SECURITIES. AMOCO CORPORATION HAS NO OBLIGATION TO PROVIDE FINANCIAL SUPPORT TO AMOCO CANADA

WITH RESPECT TO DEBT SERVICE OBLIGATIONS ON THE NEW SECURITIES OR OTHERWISE.

Pro Forma Operating Results and Impact on Cash Flow

After giving effect to the Arrangement, Amoco Canada would have had a pro forma combined net loss of $27 million for the year ended December 31, 1987, compared to Amoco Canada's actual reported net income of $146 million for such year. On a pro forma combined basis, Amoco Canada and Dome would have reported a ratio of earnings to fixed charges of 1.2 to 1 for the year ended December 31, 1987 compared with Amoco Canada's actual ratio of 6.1 to 1 for the year ended December 31, 1987. See "PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF AMOCO CANADA PETROLEUM COMPANY LTD."

Based upon current levels of operations, it is expected that Amoco Canada and Dome on a combined basis will be able to generate sufficient cash flow from operations to make all of the required payments when due on the New Securities and to fund ongoing operating and capital expenditures. Should there be a significant decline in crude oil prices, Amoco Canada believes that spending would be correspondingly reduced so as to enable cash flow to adequately service indebtedness. In addition, certain debt service requirements under the ATNs would be automatically adjusted. Should the foregoing measures be insufficient to provide cash flow required to service indebtedness, Amoco Canada would be required to consider selling certain assets or engaging in other transactions. There can be no assurance that any such asset dispositions or other transactions could be accomplished on favourable terms. Any adverse developments affecting Amoco Canada's businesses after the Arrangement (whether as a result of price fluctuations, general economic developments or otherwise) will likely have a greater adverse effect on Amoco Canada's cash flow and its ability to make required payments on its indebtedness, including the Series A SEDs, than would have been the case prior to the Arrangement. As a result of the increased indebtedness, Amoco Canada's liquidity and its ability to incur additional indebtedness or otherwise raise capital may also be restricted.

SEDs

Subordination

The SEDs, including the Series A SEDs, will be junior in right of payment to Prior Indebtedness. Immediately following the consummation of the Arrangement, Prior Indebtedness is expected to be approximately U.S. $2,819.7 million, based on Dome's debt balances as of December 31, 1987, using year-end foreign exchange rates and excluding any amounts relating to settlement of outstanding issues under the APC/J Contract. Moreover, the SED Indenture does not restrict the ability of Amoco Canada to incur additional Prior Indebtedness. By reason of the subordination provisions contained in the SEDs, in the event of the insolvency, liquidation, reorganization, dissolution or other winding-up of Amoco Canada or upon the acceleration of any Prior Indebtedness, the creditors who are holders of Prior Indebtedness must be paid in full before the holders of the SEDs may receive any payment on the SEDs. See "DESCRIPTION OF NEW SECURITIES—SEDs".

Marketability

The Toronto Stock Exchange (the "TSE") has conditionally approved the listing of the Series A SEDs. Listing is subject to Amoco Canada fulfilling all of the requirements of the TSE on or before August 1, 1988, including distribution of the Series A SEDs to a minimum number of public security holders. Application will also be made by Amoco Canada to list the Series A SEDs on the New York Stock Exchange (the "NYSE"). The Series A SEDs are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any market that may develop for the Series A SEDs. Further, there will be less liquidity for (and higher commission rates for executing trades with respect to) Fractional Series A SEDs because such Fractional Series A SEDs will not be eligible for trading on the NYSE or the TSE. See "PLAN OF ARRANGEMENT—Deposit Arrangements and Procedure for Exchange of Securities and Payment of Creditors and Shareholders—Factors Affecting the Series A SEDs and Fractional Series A SEDs".

Given current economic and market conditions, Series A SEDs may initially trade at a discount from their principal amounts. The market price of the Series A SEDs is expected to fluctuate to some extent with changes in the market price for the Amoco Corporation Common Shares issuable in exchange therefor, and with changes in prevailing interest rates, market conditions, credit ratings that may be assigned to the Series A SEDs and other factors which generally influence the price of securities.

Effect of the Arrangement on Non-Assenting Creditors

The Arrangement, if implemented, will result in the contractual rights of creditors under the Affected Credit Facilities being transferred to Amoco Canada. If the Arrangement is approved by a sufficient number of creditors, the contractual rights of creditors of Dome who do not support the Arrangement will be transferred without their approval.

In general, the Arrangement will not prevent creditors under those of the Affected Credit Facilities not governed by the laws of Canada and who have not otherwise become subject to Canadian law in respect of the Arrangement ("Non-Assenting Creditors") from suing in or obtaining judgment from a court outside of Canada (a "Foreign Court") that does not recognize the Arrangement, in respect of the Dome Indebtedness transferred to Amoco Canada under the Plan of Arrangement which was formerly owing to such creditors under their Affected Credit Facilities. As a result, assets of Dome situated outside of Canada may therefore be subject to attachment or seizure in order to satisfy such a judgment of a Foreign Court if a court of the jurisdiction in which such assets are located recognizes and enforces such judgment.

The Company and Amoco Canada have been advised by Bennett Jones, counsel to the Company, that, upon the Arrangement becoming effective, no judgment entered by a Foreign Court in respect of any Dome Indebtedness owed, prior to the Arrangement, to a Non-Assenting Creditor would be enforced by a court in Canada against Amoco Canada, the Company or any of its subsidiaries, or their respective assets, nor would such court grant judgment in favour of such Non-Assenting Creditor in respect of such indebtedness.

Economic and Industry Conditions

General Conditions in the Oil and Gas Industry

In recent years there has been a significant decline in the prices of crude oil and natural gas from previous levels. Crude oil and natural gas prices will continue to be determined by market forces and other factors over which Amoco Canada has no control. Sales volume of natural gas will continue to be dependent on the supply of and demand for natural gas, which in turn will in part be dependent upon natural gas prices, over which Amoco Canada has no control. There can be no assurance that the recent adverse trends in the oil and gas industry will not continue or that conditions will not worsen.

The Canadian oil and gas industry operates under a comprehensive system of regulations governing land tenure, drilling activity, royalties, production rates, environmental protection, exports, taxation and other matters. See "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME".

Competition and Marketing

Amoco Canada experiences significant competition in marketing its crude oil and natural gas production. The ability to market production will continue to depend on a number of factors, including the level of Canadian and foreign production, demand, exports of crude oil and natural gas, marketing practices for competitive fuels, general national and worldwide economic conditions, proximity and capacity of pipelines and governmental regulations. Amoco Canada, therefore, may experience delays in marketing production, which would adversely affect its operations and the cash flow from, and market value of, its properties.

Capital Expenditures

Significant capital expenditures will be required to explore and develop oil and gas properties of Amoco Canada and Dome and to maintain oil and gas reserves near current levels. Amoco Canada has undertaken to Investment Canada, based on certain assumptions and conditions, to make capital expenditures of at least $2,500 million in Canada during the five-year period following the Effective Date. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Capital Expenditures".

Upon the occurrence of certain economic events beyond Amoco Canada's control (such as substantially lower crude oil and natural gas prices), Amoco Canada believes that capital spending would be reduced from otherwise desired levels as required to provide sufficient cash flow to service and repay debt. Capital spending plans would be re-evaluated should economic conditions improve, since failure to spend significant amounts for exploration and development over a prolonged period would have an adverse impact on Amoco Canada's reserve base and earnings potential.

Tax Considerations

Canada

If certain draft income tax legislation is enacted and applied to the Arrangement, a Shareholder may be deemed to have received a dividend on the redemption of certain transitory shares issued during the course of the Arrangement equal to the amount, if any, by which the aggregate of the fair market value of the Series A SEDs, Fractional Series A SEDs, Rights and Cash Amount to which such Shareholder is entitled exceeds the amount determined to be the appropriate paid-up capital of such transitory shares. In the case of a Shareholder who is a non-resident of Canada, if the Company later determines that the draft legislation will apply in the manner set forth above, then the Company will withhold and remit tax to Revenue Canada equal to 25% of such deemed dividend, subject to reduction under applicable income tax treaties. Funds for the remittance of such tax will be deducted from the Cash Amount otherwise payable and, if insufficient, will be generated by a sale of Rights, Fractional Series A SEDs or Series A SEDs on behalf of a Shareholder. The Company believes that even if the draft income tax legislation is enacted there would be strong arguments in support of the view that the transactions contemplated by the Arrangement should not be affected thereby. See "PLAN OF ARRANGEMENT—Deposit Arrangements and Procedure for Exchange of Securities and Payment of Creditors and Shareholders" and "CERTAIN TAX CONSEQUENCES—Certain Canadian Federal Income Tax Consequences—Exchange of Common Shares and Preferred Shares for Series A SEDs."

If the market value of the Series A SEDs, Fractional Series A SEDs and Rights is less than the principal amount thereof, Shareholders may be required to include such difference in income as interest. If a Shareholder exchanges Series A SEDs or Fractional Series A SEDs for Amoco Corporation Common Shares between interest payment dates, such Shareholder may be required to include accrued interest in income although Amoco Corporation will not make any payment or adjustment in respect thereof. Amendments have been proposed to the Income Tax Act (Canada) which, if enacted, may affect the tax consequences to Shareholders of the transactions contemplated by the Arrangement. The Series A SEDs and Fractional Series A SEDs will constitute foreign property to trusts governed by Registered Retirement Savings Plans and may give rise to a special tax in respect of foreign property. See "CERTAIN TAX CONSEQUENCES—Certain Canadian Federal Income Tax Consequences—Exchange of Common Shares and Preferred Shares for Series A SEDs" and "Ownership and Sale or Redemption of the Series A SEDs" and "Registered Retirement Savings Plans".

United States

If the market prices of the Series A SEDs and Fractional Series A SEDs on the Effective Date are significantly less than their principal amounts, the Series A SEDs and Fractional Series A SEDs will have original issue discount. A holder of a Series A SED or Fractional Series A SED who is a United States Person (as defined herein) or a non-United States Person engaged in trade or business within the United States would be required to accrue this excess amount as income for tax purposes over the life of the Series A SED or Fractional Series A SED without receipt of any cash. See "CERTAIN TAX CONSEQUENCES—Certain United States Federal Tax Consequences—Treatment of United States Persons—Ownership and Sale or Redemption of Series A SEDs" and "Treatment of Non-United States Persons—Ownership and Sale or Redemption of Series A SEDs".

Payments of dividends on Amoco Corporation Common Shares to persons who are not United States Persons and who are not engaged in a United States trade or business will be subject to a 30 percent United States withholding tax unless a lower tax rate is provided for in a United States tax treaty with the payee's country of residence. Under the income tax treaty between Canada and the United States, the rate of United States withholding tax rate on dividends paid to a holder of Amoco Corporation Common Shares who, or which, is a resident of Canada and does not own 10 percent or more of the Amoco Corporation Common Shares is reduced to 15 percent of the gross amount of the dividends. See "CERTAIN TAX CONSEQUENCES—Certain United States Federal Tax Consequences—Treatment of Non-United States Persons—Ownership of Amoco Corporation Common Shares".

Risk of Non-Consummation of the Arrangement

As noted above, the Company had been negotiating a Debt Restructuring Plan with its lenders until mid-April 1987 in an attempt to resolve its financial difficulties. These negotiations were terminated when the Company concluded that the Arrangement was a preferable solution to its financial difficulties. In the event that the Arrangement is not successfully concluded, the Company would either attempt to revive negotiations concerning the Debt Restructuring Plan or consider other alternatives, including soliciting further acquisition proposals. No assurance can be given that in these circumstances the Debt Restructuring Plan or any other restructuring plan could be concluded, or, if concluded, that the terms thereof would be such as would allow the Company to continue to operate as a viable entity. In view of the passage of time since negotiations were terminated, the continuing uncertain economic climate in the oil and gas industry generally and depressed world crude oil and natural gas prices in particular, the successful conclusion of the Debt Restructuring Plan or other alternatives could be considered less likely and therefore the prospect of liquidation of the Company could be greater than would otherwise have been the case. In the event of any such liquidation, unsecured creditors and Shareholders would be likely to receive substantially less than the consideration being offered to them pursuant to the Plan of Arrangement, if anything. See "BACKGROUND TO THE ARRANGEMENT—Reasons for the Transaction".

There are numerous conditions to the consummation of the Arrangement, some of which may not be satisfied or waived on a timely basis, or at all, thus increasing the risk that the Arrangement will not be consummated. The Company has granted Amoco Canada an option, subject to certain conditions, to purchase the Primrose Properties for $79 million in the event the Arrangement is not consummated. See "PLAN OF ARRANGEMENT—Conditions to the Arrangement Becoming Effective" and "Amendment and Termination Rights".

PLAN OF ARRANGEMENT

Introduction

The following is a summary of the material provisions of, and transactions contemplated by, the Arrangement and is qualified in its entirety by reference to the Plan of Arrangement which is to be substantially in the form set forth in Appendix C to this Proxy Statement. Each of the transactions contemplated by the Arrangement is integral to the implementation of the Arrangement. Unless the Plan of Arrangement is approved by the Court and the remaining conditions contained in the Arrangement Agreement are satisfied, or waived to the extent capable of being waived by the party entitled to the benefit thereof, no part of the Arrangement will be implemented.

Treatment of Creditors, Shareholders and Others Under the Arrangement

The indebtedness of Dome to certain creditors, aggregating approximately U.S. $288.9 million as at December 31, 1987, using year-end exchange rates, will not be affected by the Plan of Arrangement, these being the creditors under the Unaffected Credit Facilities. This total excludes any amounts relating to the settlement of outstanding issues under the APC/J Contract. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Negotiations with APC/J". The indebtedness of Dome to certain other creditors, aggregating approximately U.S. $4,313.7 million as at December 31, 1987, using year-end exchange rates, will be affected by the Plan of Arrangement, these being the creditors under the Affected Credit Facilities.

Creditors Under the Affected Credit Facilities

The Plan of Arrangement generally provides that the creditors under the Affected Credit Facilities will sell, assign and transfer all of their right, title and interest in and to such Affected Credit Facilities and the Dome Indebtedness thereunder to Amoco Canada in exchange for cash, certain of the New Securities or a combination of cash and certain of the New Securities. The actual amount of cash to be paid and New Securities to be issued will depend upon the amount of indebtedness outstanding under the Affected Credit Facilities as of the Settlement Date, the applicable percentage payout for each facility and foreign exchange rates for the five business days preceding the Pricing Date.

For the purposes of the Plan of Arrangement, the indebtedness of Dome under the Affected Credit Facilities has been classified into the following categories: Secured Affected Credit Facilities, Institutional Unsecured Affected Credit Facilities and Public Unsecured Affected Credit Facilities.

Secured Affected Credit Facilities.

The Secured Affected Credit Facilities comprise indebtedness of Dome owing to 38 financial institutions and other lenders. As at December 31, 1987, the approximate amount of such indebtedness (converted where necessary into U.S. dollars at year-end exchange rates) was U.S. $2,770.3 million. Based on such amount, creditors under the Secured Affected Credit Facilities would receive under the Plan of Arrangement certain of the New Securities in the aggregate principal amount of U.S. $2,455.6 million, plus cash in the amount of U.S. $7.4 million in respect of Marubeni, with respect to the secured portion of their indebtedness, including approximately U.S. $75.4 million resulting from the Placer Dome Settlement (as defined in "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreement with Dome Creditors and Shareholders—Placer Dome"). With respect to such secured portion, such creditors would receive ATNs, Senior Notes, Share Loan Notes, Series A SEDs (or Subordinated Notes or Series B SEDs in lieu thereof or exchange therefor) or, in the case of Marubeni, cash and the Marubeni Note. In the event that the method of calculating the amount of ATNs to be distributed to such creditors would result in the aggregate principal amount of the ATNs to which such creditors would be entitled exceeding U.S. $1,700 million, each such creditor will receive cash equal to its pro rata share of such excess. In the event that the method of calculating the amount of SEDs to be distributed to such creditors would result in the aggregate principal amounts of the SEDs to which such creditors would be entitled exceeding U.S. $236.5 million, each such creditor will receive cash equal to its pro rata share of such excess (except that the SEDs to be received by certain creditors pursuant to the Placer Dome Settlement shall not be so reduced). Amoco Canada does not expect such cash payments in respect of the ATNs or the SEDs to be a material amount. See "DESCRIPTION OF NEW SECURITIES" for a summary of the principal terms of the aforementioned New Securities.

Certain creditors under the Secured Affected Credit Facilities are unsecured as to a portion of their indebtedness. The unsecured portion of the indebtedness owed to such creditors (other than a syndicate of insurance companies under the Secured Affected Credit Facility described in item A.10 of Appendix G to this Proxy Statement (the "Insurance Facility")), which was approximately U.S. $305.1 million as at December 31, 1987 (converted where necessary into U.S. dollars at year-end exchange rates), will be treated under the Plan of Arrangement in the same manner as the indebtedness owed to creditors under the Institutional Unsecured Affected Credit Facilities. Accordingly, such creditors (other than creditors under the Insurance Facility) will receive under the Plan of Arrangement equal principal amounts of Junior Notes and cash, in an aggregate amount equal to 45% of the amount of such unsecured portion owed on the Settlement Date to such creditors. See "DESCRIPTION OF NEW SECURITIES—Junior Notes" for a summary of the principal terms of the Junior Notes. The unsecured portion of the indebtedness owed to creditors under the Insurance Facility, which was approximately U.S. $2.2 million as at December 31, 1987, will be treated under the Plan of Arrangement in the same manner as the indebtedness owed to creditors under the Public Unsecured Affected Credit Facilities.

Accordingly, creditors under the Insurance Facility will receive cash in an aggregate amount equal to 45% of the amount of such unsecured portion owed on the Settlement Date to such creditors under the Insurance Facility.

The percentage payout to creditors or creditor groups under the Secured Affected Credit Facilities in respect of their outstanding indebtedness, the portion of such indebtedness to be treated as an unsecured portion and the New Securities to be issued to individual creditors or creditor groups vary as between the Secured Affected Credit Facilities as a result of the settlements negotiated with such creditors in obtaining their agreements in principle to the Arrangement. Such settlements were based upon, among other things, the nature and value of the security held by such creditors under the Affected Credit Facilities to which they are parties.

Institutional Unsecured Affected Credit Facilities.

The Institutional Unsecured Affected Credit Facilities comprise indebtedness of Dome owing to 32 financial institutions and other lenders. Certain of these lenders are also creditors under the Secured Affected Credit Facilities by virtue of the indebtedness owing to them being deemed to be secured in part and unsecured as to the remainder. As at December 31, 1987, the approximate amount of such indebtedness (converted where necessary into U.S. dollars at year-end exchange rates) was U.S. $1,371.9 million, including U.S. $305.1 million of indebtedness owed to creditors who are also creditors under the Secured Affected Credit Facilities. Creditors under the Institutional Unsecured Affected Credit Facilities will receive under the Plan of Arrangement equal principal amounts of Junior Notes and cash in an aggregate amount equal to 45% of the amount of indebtedness owed on the Settlement Date to such creditors. See "DESCRIPTION OF NEW SECURITIES—Junior Notes" for a summary of the principal terms of the Junior Notes.

Public Unsecured Affected Credit Facilities.

The Public Unsecured Affected Credit Facilities comprise indebtedness of Dome owing under the following unsecured credit facilities: the Beaufort Obligations, the Eurodollar Facilities and the Swiss Francs Facilities. The Beaufort Obligations are owed by the Company to three corporations. The indebtedness owing by the Company under the Eurodollar Facilities and the Swiss Francs Facilities was issued in Europe and Switzerland, respectively, generally in bearer form as notes, bonds or debentures. The Company estimates that there are in excess of 400 holders of the indebtedness under the Eurodollar Facilities and in excess of 1,000 holders of the indebtedness under the Swiss Francs Facilities. As at December 31, 1987, the approximate amount of indebtedness owing to creditors under the Public Unsecured Affected Credit Facilities (converted where necessary into U.S. dollars at year-end exchange rates) was U.S. $476.6 million. Such indebtedness is comprised of U.S. $245.2 million with respect to the Swiss Francs Facilities, U.S. $227.4 million with respect to the Eurodollar Facilities and U.S. $4.0 million with respect to the Beaufort Obligations. An additional U.S. $2.2 million, which is owed to creditors under the Insurance Facility, will be treated in the same manner as indebtedness owed to creditors under the Public Unsecured Affected Credit Facilities. Creditors under the Public Unsecured Affected Credit Facilities will receive under the Plan of Arrangement cash in an aggregate amount equal to 45% of the amount of indebtedness owed on the Settlement Date to such creditors.

Holders of Common Shares and Preferred Shares

Each Common Shareholder will be entitled to receive Series A SEDs in the principal amount of U.S. $1.132766 for each Common Share held and each Preferred Shareholder will be entitled to receive Series A SEDs in the principal amount of U.S. $5.604859 for each Preferred Share held, plus, in each case, the Cash Amount to which such Shareholder is entitled. As described elsewhere herein, in certain circumstances Shareholders will receive the cash proceeds of the sale of their Series A SEDs in lieu of Series A SEDs. See "Deposit Arrangements and Procedure for Exchange of Securities and Payment of Creditors and Shareholders—Right to Receive Series A SEDs" and "DESCRIPTION OF NEW SECURITIES—SEDs" for a summary of the principal terms of the SEDs.

As at April 22, 1988, 358,987,896 Common Shares, an aggregate of 4,374,953 Series A Preferred Shares and Series B Preferred Shares and 1,377,500 Series C Preferred Shares were issued and outstanding as fully paid and non-assessable shares in the capital of the Company. The Series A Preferred Shares and the Series B Preferred Shares are convertible into one another at any time on a share-for-share basis at the option of the holder and are redeemable at the option of the Company at $25.40 per share after August 31, 1987, declining thereafter by $0.20 per share annually to $25.00 after August 31, 1989. The Company is required to redeem 72,500 Series C Preferred Shares annually at a redemption price of $25.00 per share. The Company suspended dividends on, and redemptions and purchases of, all of its Preferred Shares on June 1, 1986.

As at December 31, 1987, dividends in arrears on the Preferred Shares amounted to $21 million. Pursuant to the Plan of Arrangement, no separate consideration will be received by Preferred Shareholders in respect of such arrearages.

Factors In Establishing Consideration to be Paid to Shareholders

In soliciting acquisition proposals for Dome, bidders were advised that for a proposal to be acceptable it must be more favourable than the Debt Restructuring Plan to the Shareholders as well as the creditors of Dome. In negotiations, the Company and its financial advisors strongly encouraged bidders to purchase Dome on a going concern basis and to submit a proposal in which the consideration allocated to the Shareholders represented a premium over market value.

The face value of the consideration to be made available to the Shareholders in the Original Arrangement Agreement represented a premium of approximately 23% over the weighted average of the prevailing market prices for the publicly traded Common Shares and Preferred Shares during the 20 trading days preceding April 11, 1987. While the Series C Preferred Shares are not traded publicly, the holders thereof are being offered the same consideration as the other Preferred Shareholders, as all three series of Preferred Shares were originally issued at the same price. See "CERTAIN CONSIDERATIONS—SEDs—Marketability".

Amoco Canada will realize certain benefits by acquiring Dome as a going concern, such as maintenance of existing business and contractual relationships (including operatorships), and preservation of a highly-regarded work force. In addition, the method of acquisition under the Plan of Arrangement allows, to the extent possible, for the preservation of Dome's tax pools. Amoco Canada believes, nevertheless, that an acquisition of Dome structured as a purchase of assets in the context of an insolvency proceeding—which could be accomplished without any consideration being paid to the Shareholders—would be more advantageous from a tax perspective to a purchaser than the Plan of Arrangement since in an asset purchase the acquiring company would be allowed to deduct for future tax purposes depreciation or amortization based upon the higher book value of the assets attributable to the purchase price.

Holders of Dome Options and Lenders' Shares

As at December 31, 1987 there were outstanding options ("Dome Options") to purchase 8,904,010 Common Shares, exercisable at prices ranging from $1.95 to $5.60 per share and for varying periods of time through October 1, 1996. Mr. J. H. Macdonald, the Chairman of the Board of the Company, holds options to purchase 1,500,000 Common Shares at a price of $2.75 per share and Morgan Stanley holds an option to purchase 2,750,000 Common Shares at a price of $5.60 per share. The remainder of the Dome Options are held by former or present officers and employees of Dome. Pursuant to the Plan of Arrangement, holders of the Dome Options (other than Morgan Stanley, whose option will be cancelled upon consummation of the Arrangement) will be entitled to receive a cash payment of $0.15 per option share. See "DOME PETROLEUM LIMITED—Executive Compensation—Other Plans".

In connection with the implementation of the Interim Plan, the Company granted to certain of its lenders an option to receive fees in connection with their credit facilities payable in Common Shares instead of cash. These shares (the "Lenders' Shares") were to have been issued at market prices prevailing at the time of expiration of certain waivers granted by such lenders pursuant to the Interim Plan. Under the Plan of Arrangement, the lenders entitled to receive Lenders' Shares will receive cash payments totalling approximately U.S. $3.2 million and $7.0 million in exchange for their right to receive such shares.

Consideration

The following table illustrates the face value of the consideration proposed under the Plan of Arrangement based on Dome's debt balances as at December 31, 1987. The values shown for all New Securities reflect their aggregate principal amounts. Given current economic and market conditions, Series A SEDs may initially trade at a discount from their principal amounts. **The amount of the actual settlements will be based on Dome Indebtedness as of the Settlement Date and on an average of exchange rates for the five business days preceding the Pricing Date, and, accordingly, will vary from the amounts set forth below, which are provided solely for purposes of illustration:**

Consideration
(Millions of U.S. Dollars, Except as Noted) (1)

	Debt Balance	Average Percentage Payout	ATNs	Senior Notes	Share Loan Notes	Marubeni Note	Unaffected Credit Facilities	Junior Notes	SEDs/ Subordinated Notes(2)	Cash	Total Consideration
Secured Creditors(3)	$2,770.3	91.2%	$1,699.5	$352.6	$162.4	$7.5	$ —	$ 68.7	$158.2	$ 77.0(4)	$2,525.9
Institutional Unsecured Creditors	1,066.8	45.0	—	—	—	—	—	240.1	—	240.1	480.2
Public Unsecured Creditors	476.6	45.0	—	—	—	—	—	—	—	214.5	214.5
Total Affected Credit Facilities	4,313.7	74.7	1,699.5	352.6	162.4	7.5	—	308.8	158.2	531.6	3,220.6
Unaffected Credit Facilities	288.9	100.0	—	—	—	—	288.9	—	—	—	288.9
Shareholders(5)	—	—	—	—	—	—	—	—	438.9	10.1(6)	449.0
Total	$4,602.6	—	$1,699.5	$352.6	$162.4	$7.5	$288.9	$308.8	$597.1	$541.7	$3,958.5
Total (Cdn. Dollars)	$5,984.4	—	$2,209.7	$458.5	$211.2	$9.8	$375.6	$401.5	$776.4	$704.3	$5,147.0

(1) All amounts are based upon Dome Indebtedness, including accrued and deferred interest, as at December 31, 1987, but excluding any amounts relating to the settlement of the outstanding issues under the APC/J Contract and Placer Dome's unsecured claims against Dome that will be released and discharged pursuant to the Placer Dome Settlement. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome" and "Negotiations with APC/J". Foreign exchange rates used to convert debt balances to U.S. dollars are U.S. $0.7691 per Cdn. dollar, U.S. $0.6366 per DM, and U.S. $0.7865 per SFr. ATNs, Senior Notes, Share Loan Notes and the Marubeni Note will be secured by various assets of Amoco Canada and Dome and rank prior to the Junior Notes, Subordinated Notes and SEDs. Junior Notes will be unsecured subordinated obligations of Amoco Canada ranking senior to the Subordinated Notes and SEDs and subordinate to the ATNs, Senior Notes, Share Loan Notes and Marubeni Note. Subordinated Notes will be unsecured subordinated obligations of Amoco Canada ranking equally with the SEDs and subordinate to the ATNs, Senior Notes, Share Loan Notes, Junior Notes and Marubeni Note. The aggregate consideration set forth in the table reflects the sale, in December 1987, of the shares of Encor held by Dome.

(2) Certain lenders may elect to receive Subordinated Notes in lieu of, or in exchange for, SEDs.

(3) Includes the secured and unsecured portion of indebtedness under the Secured Affected Credit Facilities, including the Marubeni indebtedness.

(4) Includes U.S. $7.4 million to be paid to Marubeni and U.S. $1.0 million to be paid to creditors under the Insurance Facility.

(5) Includes Placer Dome. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome".

(6) Represents amounts to be paid to holders of Dome Options and Lenders' Shares, but excludes Cash Amounts to be paid to Shareholders.

Description of the Plan of Arrangement

The Plan of Arrangement provides for a series of related transactions to take place in a particular sequence on the Effective Date, none of which will occur unless all occur. These transactions include charter amendments, amalgamations, amendments to the terms of certain of the Affected Credit Facilities and the securities exchanges with, and cash payments to, creditors of Dome and Shareholders described above under "Treatment of Creditors, Shareholders and Others Under the Arrangement." These transactions, together with certain transfers of shares of various subsidiaries of the Company and of selected properties and assets within the Dome group of companies which are to occur prior to the Effective Date, have been designed to, among other things, achieve a desired recapitalization of the Company and certain of its subsidiaries, combine certain indebtedness of the Company and its subsidiaries that will be acquired by Amoco Canada into one corporation so that it may be dealt with in a common manner under the Arrangement, and, to the extent possible, allow for the preservation of Dome's tax pools so that such pools will be available to reduce future taxable income of Dome. The Plan of Arrangement will be substantially in the form set forth as Appendix C to this Proxy Statement.

The following is a summary of the principal transactions provided for in the Plan of Arrangement affecting Shareholders:

1. The Company will amalgamate with a number of its wholly owned subsidiaries, after which holders of Common Shares and Preferred Shares will hold shares of the amalgamated company identical to the Common Shares and Preferred Shares.

2. Following the foregoing amalgamation, the Company will amalgamate with Amoco Acquisition and another of the Company's wholly owned subsidiaries. Upon such amalgamation, Common Shares and Preferred Shares will be converted into transitory Class X preferred shares ("Class X Preferred Shares") of the new amalgamated company, which shares will be outstanding only momentarily prior to their redemption as described below. Amoco Holdings will receive common shares of the new amalgamated company in the amalgamation.

3. Amoco Canada will acquire all of the Dome Indebtedness from the holders thereof in exchange for certain of the New Securities and, in certain instances, cash.

4. The Class X Preferred Shares will be redeemed in accordance with their terms by the transfer to the Depositary, for the benefit of the former Common Shareholders and Preferred Shareholders, of up to U.S. $438.9 million aggregate principal amount of Series A SEDs and cash in an amount sufficient to pay the aggregate Cash Amount due in respect of the Common Shares and Preferred Shares to be exchanged, in the manner set forth under "Deposit Arrangements and Procedure for Exchange of Securities and Payment of Creditors and Shareholders". As a result, the new amalgamated company will become an indirect wholly owned subsidiary of Amoco Canada and each former holder of Common Shares will be entitled to receive approximately U.S. $1.13 principal amount of Series A SEDs for each Common Share formerly held and each former holder of Preferred Shares will be entitled to receive approximately U.S. $5.60 principal amount of Series A SEDs for each Preferred Share formerly held, plus, in each case, the Cash Amount to which such Shareholder is entitled.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, the following must have occurred:

(a) the Plan of Arrangement must have received the requisite levels of approval set forth in the Interim Order of the various groups or classes of creditors under the Affected Credit Facilities and of the Shareholders as described under "Creditor Approvals" and "Shareholder Approval" below. The Interim Order provides that Amoco Acquisition shall not proceed with an application for the Final Order unless the requisite levels of approval have been obtained from the Secured Group and the Institutional Unsecured Group (each as defined below); however, the Court may exercise its discretion, under certain exceptional circumstances, to approve the Plan of Arrangement even though the requisite levels of approval have not been obtained from the Public Unsecured Group (as defined below) or the Shareholders;

(b) the Plan of Arrangement must have been approved by the Court as described under "Court Approval" below; and

(c) certain other conditions as described under "Other Conditions to the Implementation of the Arrangement" below must have been fulfilled.

Upon fulfillment or, in certain cases, waiver of the foregoing conditions, Articles of Arrangement will be filed under the CBCA together with such other material as may be required and a Certificate of Amendment giving effect to the Arrangement will be issued. It is expected that this would occur as soon as possible after the Final Order approving the Arrangement is obtained and the other conditions to the Arrangement are satisfied or waived. The precise timing of the Effective Date will be publicly announced when known.

Creditor Approvals

For the purposes of voting upon or otherwise approving the Plan of Arrangement, the Interim Order has divided the creditors under the Affected Credit Facilities into the following groups or classes:

(a) the creditors holding the secured portions of the Secured Affected Credit Facilities constitute a single group (the "Secured Group"), with each such facility constituting a separate class;

(b) the creditors holding the unsecured portions of the Secured Affected Credit Facilities, other than the creditors under the Insurance Facility, and the creditors under the Institutional Unsecured Affected Credit Facilities constitute a single group (the "Institutional Unsecured Group"); and

(c) the creditors under the Public Unsecured Affected Credit Facilities and the creditors holding the unsecured portion of the Insurance Facility constitute a single group (the "Public Unsecured Group").

For the purposes of voting upon or otherwise approving the Plan of Arrangement, the Interim Order establishes levels of approval for various groups or classes of creditors under the Affected Credit Facilities and sets forth the manner of obtaining such approval as follows:

(a) Secured Group—the approval of each of the classes in the Secured Group is required and is to be obtained by the execution of Arrangement Consents. As of the date hereof, each of the creditors in the Secured Group has signed an Arrangement Consent, except for the three creditors under the Insurance Facility.

(b) Institutional Unsecured Group—the approval of not less than two-thirds of the aggregate outstanding debt (the "Institutional Unsecured Debt") under the Institutional Unsecured Affected Credit Facilities and unsecured portions of the Secured Affected Credit Facilities (except the unsecured portion of the Insurance Facility) is required and is to be obtained by the execution of Arrangement Consents. As of the date hereof, creditors within the Institutional Unsecured Group representing at least 66⅔% of the Institutional Unsecured Debt have executed and delivered Arrangement Consents. Members of the creditor group represented by the Unsecured Creditors Committee executed their Arrangement Consents based on an earlier draft of the Plan of Arrangement than that set forth in Appendix C, and, accordingly, such creditors have reserved the right in their Arrangement Consents to review any changes to the Plan of Arrangement since such earlier draft. Amoco Canada intends to formally submit the Plan of Arrangement to such creditors for their approval as soon as practicable. In the event the required approval level is not maintained Amoco Acquisition may apply to the Court for further directions regarding the calling of a meeting for this group for the purpose of obtaining approval of the Plan of Arrangement by vote.

(c) Public Unsecured Group—subject to further order of the Court, the approval of not less than two-thirds of the principal of the aggregate outstanding debt under the Public Unsecured Affected Credit Facilities and the unsecured portion of the Insurance Facility voted in respect of the Plan of Arrangement is required, provided that the approval of not less than three-quarters of the principal of the aggregate outstanding debt under the Eurodollar Facilities voted in respect of the Plan of Arrangement is required and provided further that the holders of not less than two-thirds of the principal of the aggregate outstanding debt under the Swiss Francs Facilities consent to the Plan of Arrangement. The approval of the creditors holding the unsecured portion of the Insurance Facility and the creditors under the Beaufort Obligations will be obtained by the execution and delivery of Arrangement Consents. The approval of the creditors under the Eurodollar Facilities will be obtained by votes to be recorded at meetings of such creditors to be held on May 24, 1988 in accordance with the provisions of the applicable trust deed or indenture, as the case may be. The approval of the creditors under the Swiss Francs Facilities will be obtained by the execution and delivery of appropriate written consents. In the event the required approval level is not obtained from the creditors under the Swiss Francs Facilities in accordance with the foregoing, Amoco Acquisition may apply to the Court for further directions in respect of the approval process for such creditors.

Shareholder Approval

The Interim Order provides that, subject to further order of the Court, the Company shall seek the approval of the Plan of Arrangement by the Shareholders in the manner set forth therein.

For the purposes of voting upon the Plan of Arrangement, the Interim Order has classified the Shareholders, being comprised of the Common Shareholders and the Preferred Shareholders, as a single group (the "Shareholder Group").

The Interim Order further provides that, for the purposes of the Shareholder Group, and subject to further order of the Court, the majority required to pass a resolution approving the Plan of Arrangement shall be not less than two-thirds of the votes cast in person or by proxy at the Shareholder Meeting. Placer Dome, a Shareholder holding approximately 18.5% of the outstanding Common Shares (which constitutes approximately 18.2% of the total votes entitled to be cast at the Shareholder Meeting), has agreed with Amoco Canada to vote its Common Shares in favour of the Arrangement. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome".

Court Approval

An arrangement under the CBCA requires court approval. On December 1, 1987, Amoco Acquisition obtained a preliminary order (the "Preliminary Order") of the Court providing directions as to the time for, and manner of, service of notice on the creditors under the Affected Credit Facilities, Shareholders and others of an interim application of Amoco Acquisition relating to the Arrangement. Following the giving of notice of the interim application in accordance with the Preliminary Order, Amoco Acquisition obtained an interim order of the Court dated February 4, 1988, (i) declaring that a plan of arrangement in substantially the form of the draft plan of arrangement filed with the Court is an arrangement within the meaning of the CBCA, (ii) declaring that the Court has the jurisdiction to approve such plan of arrangement and that, in the event that the Court grants the Final Order, then upon the filing of the Articles of Arrangement and the issuance of the Certificate of Amendment, the Plan of Arrangement will be effective under the CBCA in accordance with its terms, (iii) providing for the calling and the holding of the Shareholder Meeting and the other meetings or consent procedures of creditors within the Public Unsecured Group and the Institutional Unsecured Group, and (iv) dealing with other procedural matters.

On March 17, 1988, Amoco Acquisition obtained a second interim order scheduling the hearing to approve the Plan of Arrangement and establishing certain procedures regarding dissenting Shareholders. Pursuant to such order, the hearing in respect of the Final Order is scheduled to take place at the Court House in Calgary, Alberta, commencing on June 13, 1988. At this hearing, Common Shareholders, Preferred Shareholders and all creditors under the Affected Credit Facilities who wish to participate or to be represented or to present evidence or argument may do so, subject to filing and serving a notice of their intention to appear and satisfying other requirements, all as specified in the Notice Concerning Application contained in this Proxy Statement. In the event the hearing is adjourned, the Interim Order provides that only those persons who have filed and served a notice of intention to appear shall be served with notice of the adjourned date. The Interim Order expressly provides that any submission about the adequacy of the disclosure provided to Shareholders concerning the Plan of Arrangement may be addressed at the time of the application for the Final Order.

Pursuant to the Interim Order, Shareholders exercising their rights to dissent as described under "DISSENTING SHAREHOLDERS" will have the right to make representations on the application for the Final Order notwithstanding the exercise of such rights of dissent, provided that a notice of intention to appear has been filed and served.

The authority and discretion of the Court in considering whether or not to approve the Plan of Arrangement under the CBCA is very broad. Counsel has advised the Company that, in exercising its discretion, the Court will consider, among other things, the fairness of the Arrangement and the adequacy of disclosure provided to Shareholders. In addition, the Court may alter or remove Shareholders' dissent rights. See "DISSENTING SHAREHOLDERS".

Under the Interim Order, the Court has, subject to further order of the Court, set the approval level for Shareholders at not less than two-thirds of the Common Shares and Preferred Shares voting as a single class in person or by proxy at the Shareholder Meeting. However, the Court has ordered separate tabulations of the votes of Amoco Canada, if any, the votes of each series of Preferred Shares, the votes of the Common Shares and the votes of Placer Dome, the results of which the Court will also consider in its determination of the fairness of the Arrangement. In addition, the Court has set certain levels of approval for the various groups or classes of creditors as set forth above.

In considering whether the Plan of Arrangement is fair the Court will consider, among other things, whether all of the approval levels set forth above (or some other levels as subsequently determined by the Court in the exercise of its discretion) have been reached. The Interim Order provides that Amoco Acquisition shall not proceed with an application for the Final Order unless the requisite levels of approval have been obtained from the Secured Group and the Institutional Unsecured Group. However, the Court may exercise its discretion under certain exceptional circumstances to approve the Plan of Arrangement even though the requisite levels of approval have not been obtained from the Public Unsecured Group or the Shareholders. In addition, as the authority and discretion of the Court are very broad, the Court may amend all or any of the terms of the Plan of Arrangement or approve such plan subject to such terms and conditions as it thinks fit. In either such event, each of the creditors in the Secured Group and the Institutional Unsecured Group and each of the creditors under the Beaufort Obligations may terminate its Arrangement Consent. In the event of certain amendments, the consents or resolutions under the Eurodollar Facilities and the Swiss Francs Facilities, as the case may be, approving the Plan of Arrangement may no longer be effective. See "BACKGROUND TO THE ARRANGEMENT—Agreements in Principle and Arrangement Consents".

Certain Shareholders appealed to the Alberta Court of Appeal, on various grounds, the granting of the Interim Order. On April 19, 1988 a three member panel of the Alberta Court of Appeal unanimously dismissed such appeals on all grounds. Such Shareholders may seek leave to appeal the granting of the Interim Order to the Supreme Court of Canada.

Other Conditions to the Implementation of the Arrangement

Pursuant to the Arrangement Agreement, the obligations of Amoco Canada and the Company to consummate the transactions contemplated thereby and, in particular, to complete the Arrangement and file Articles of Arrangement under the CBCA giving effect to the Plan of Arrangement, are subject to the fulfillment or waiver of a number of significant conditions. In addition to the requisite Shareholder and creditor approvals described above, each of the conditions set forth below must be satisfied on or before the Effective Date or waived, to the extent capable of being waived, by the party benefiting from such condition. As of the date hereof, the conditions set forth in clauses (c) and (d)(i) and (ii) below have been satisfied; however, there can be no assurance that the remaining conditions will be satisfied or waived on a timely basis, or at all:

(a) while the Interim Order sets forth levels of approval for certain creditors which are less than unanimous or, in the case of the Eurodollar Facilities, on an aggregate rather than series by series basis, as detailed above, such of the Secured Group, the Institutional Unsecured Group, the creditors under the Beaufort Obligations and Placer Dome as Amoco Canada shall determine must consent to the Plan of Arrangement and the approval under the Eurodollar Facilities must be on a series by series basis;

(b) the Final Order shall have been issued in form and substance satisfactory to Amoco Canada;

(c) the Competition Tribunal under the Competition Act (Canada) shall not have (i) made a finding that the transactions contemplated by the Arrangement Agreement and the Arrangement prevent or lessen, or are likely to prevent or lessen, competition substantially, or (ii) issued an order under Section 64 of that Act (see "Regulatory Matters" below);

(d) all necessary regulatory and similar reviews, consents and approvals of governmental authorities, stock exchanges, securities and commodities commissions and other regulatory agencies with respect to the transactions contemplated by the Arrangement Agreement shall have occurred or been obtained, in form and substance satisfactory to Amoco Canada, including the following:

(i) approval of Investment Canada under the Investment Canada Act (Canada) in respect of the proposed acquisition of control of Dome by Amoco Canada under the Arrangement (see "Regulatory Matters" below); and

(ii) leave of the National Energy Board under the National Energy Board Act (Canada) relating to the participation of certain of the Company's subsidiaries in the amalgamations contemplated by the Plan of Arrangement (see "Regulatory Matters" below);

(e) receipt by Amoco Canada of favourable advance income tax rulings, in form and substance satisfactory to Amoco Canada, from Revenue Canada, Taxation and applicable provincial taxation authorities with respect to various aspects of the Arrangement;

(f) an accommodation having been reached with APC/J concerning existing contractual obligations of Dome (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Negotiations with APC/J");

(g) there shall have been no material adverse change in (nor any event, condition or state of facts which may reasonably be expected to materially and adversely affect) the assets, financial condition or business of the Company and its subsidiaries except (i) any changes attributable to a decline in the price of hydrocarbons and (ii) any changes disclosed pursuant to the Arrangement Agreement by the Company to Amoco Canada;

(h) no event of default shall exist on the Effective Date, which has not been waived, under any material obligation of the Company or any of its subsidiaries entitling any parties thereto to accelerate the maturity of amounts owing thereunder except any obligation under the Affected Credit Facilities; and

(i) there shall not be in force any law, rule or order restraining or enjoining the consummation of the transactions contemplated by the Arrangement or which would result in a judgment or assessment of material damages relating to such transactions or which would prohibit Amoco Canada's ownership or operation of any material portion of Dome's assets or compel Amoco Canada or Dome to sell or hold separately any material portion of the assets of the Company or Amoco Canada or any of their subsidiaries, or the shares or debt to be acquired under the Arrangement or which would impose or confirm material limitations on the ability of Amoco Canada to effectively exercise full rights of ownership (including voting rights) of the equity securities of Dome.

Regulatory Matters

As described above, the obligations of Amoco Canada and the Company to consummate the Arrangement are subject, among other things, to receipt of various regulatory consents or approvals, the status of certain of which are described below.

Competition Act

The Competition Act (Canada) (the "Competition Act") provides for, among other things, the general regulation of trade and commerce in respect of mergers and acquisitions which may affect competition in Canada. Amoco Canada and the Company jointly filed materials with the Bureau of Competition Policy to support their application for an Advance Ruling Certificate or alternatively a formal indication by the Director of Investigation and Research under the Competition Act that he would not oppose the Arrangement by referring the matter to the Competition Tribunal. By letter dated October 28, 1987, the Director of Investigation and Research advised the parties that his review of the matter had concluded and that, in his opinion, there were not sufficient grounds to refer the matter to the Competition Tribunal. The Director of Investigation and Research will monitor the transaction for three years after the acquisition is substantially completed to determine whether any concerns subsequently develop which would cause him to require a further review under the Competition Act. The merger provisions of the Competition Act provide a three-year period after substantial completion of a merger or acquisition in which it may be dissolved in whole or in part by order of the Competition Tribunal, upon application by the Director of Investigation and Research, where the Competition Tribunal finds that the merger or acquisition prevents or lessens, or is likely to prevent or lessen, competition substantially.

Investment Canada Act

The Investment Canada Act (Canada) (the "Investment Canada Act") governs the acquisition, directly or indirectly, by non-Canadians (as defined in the Investment Canada Act) of control of existing Canadian businesses and the establishment by non-Canadians of new businesses in Canada. Under the Investment Canada Act, a non-Canadian proposing to directly acquire a Canadian business which has gross assets equal to or in excess of $5 million must first file an application for review and receive the approval for such investment of the federal cabinet Minister designated for such purpose (the "Minister"). In order to give an approval, the Minister must be satisfied, taking into account relevant factors prescribed in the Investment Canada Act, that the proposed investment is likely to be of "net benefit" to Canada.

Amoco Canada is a non-Canadian under the Investment Canada Act and in June 1987 filed an application for review with Investment Canada, the review agency established under the Investment Canada Act, relating to Amoco Canada's proposed acquisition of the Company, including a number of specified subsidiaries and affiliates of the Company and other entities in which the Company holds interests. By letter dated December 21, 1987, the Minister approved the proposed transaction.

In support of its application for review, and in consideration of the Minister's approval, Amoco Canada has agreed to carry out a number of specific undertakings related to certain of Amoco Canada's plans for the combined company. Such undertakings are described under "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT".

Such undertakings and the implementation thereof are subject to the completion of the Arrangement and are based on circumstances projected at the time of submission and the assumptions that world crude oil prices would not drop below a specified price per barrel and that Alberta natural gas prices would track crude oil prices. The undertakings are also subject to other factors outside the control of Amoco Canada, such as Canadian economic conditions, government royalty and tax regimes, geologic conditions, natural gas marketing constraints and the co-operation of joint venture partners.

In accordance with policies published by Investment Canada, the undertakings and other plans submitted by Amoco Canada in its application for review will be subject to monitoring by Investment Canada for a number of years following the consummation of the Arrangement. Such policies state in effect that, where the inability of Amoco Canada to fulfill an undertaking is clearly the result of factors beyond its control, it will not be held accountable. Amoco Canada's undertakings and plans were submitted on the understanding outlined in these policies.

National Energy Board Act

The National Energy Board Act (Canada) (the "NEB Act") provides, among other things, for the regulation of pipelines in Canada. Under the NEB Act a regulated pipeline company may not amalgamate with any other company without the leave of the National Energy Board. Because certain of the subsidiaries of the Company which will participate in the amalgamations contemplated by the Plan of Arrangement are regulated under the NEB Act, the Company has obtained the requisite leave of the National Energy Board.

U.S. Antitrust Regulatory Matters

Under the provisions of the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), parties to proposed business combinations exceeding a certain size are required to file Notification and Report Forms ("Notification Forms") with respect to such business combinations with the Antitrust Division of the United States Department of Justice ("DOJ") and the United States Federal Trade Commission ("FTC"). Accordingly, Amoco Corporation, as the ultimate parent of Amoco Canada, and the Company filed Notification Forms and certain other information with respect to the Arrangement with the DOJ and the FTC and, on December 16, 1987, the waiting period under the HSR Act expired after failure of both the DOJ and the FTC to object to the Arrangement within the required 30-day period, thus permitting the Arrangement to proceed.

None of the Company, Amoco Canada and Amoco Corporation believe that the Arrangement will violate the antitrust laws of the United States. However, at any time before or after the Effective Date, the DOJ, the FTC or a private person or entity could seek under the U.S. antitrust laws to enjoin the Arrangement or to cause Amoco Corporation to divest itself, in whole or in part, of certain businesses or assets including, without limitation, those currently conducted or owned by Dome. There can be no assurance that a challenge to the Arrangement will not be made or that if such a challenge is made, Amoco Corporation and the Company will prevail. The obligations of Amoco Canada and the Company to consummate the Arrangement are subject, among other things, to the condition that no injunction or restraining order issued by a court of competent jurisdiction shall be in effect restraining the consummation of the transactions contemplated by the Arrangement Agreement. See "Other Conditions to the Implementation of the Arrangement".

Restrictions on Solicitations

Pursuant to the Arrangement Agreement, the Company has agreed that, prior to the termination of the Arrangement Agreement, neither it nor any of its subsidiaries will, nor will they authorize any of their directors, officers, employees, agents or advisers to, solicit or encourage any offers or proposals by any person, other than Amoco Canada, or enter into any agreement with any person relating to the acquisition of Dome, its assets or business, in any manner. Further, the Company has agreed that neither it nor any of its subsidiaries will assist or provide any information relating to their business or assets to any person in connection with any such offer or proposal.

Indemnification Rights

The Arrangement Agreement provides that Amoco Canada will cause the Company, including any successor thereto under the Arrangement, and certain of its subsidiaries, to continue to indemnify each of their employees, agents, directors and officers (including all persons who were serving in any such capacity on May 12, 1987 or have so served at any time thereafter until the Effective Date) to the same extent that they will be entitled to indemnification on the Effective Date, after the enactment of the by-law indemnification provisions referred to below by the Company and its subsidiaries, with respect to any claims made during a ten year period commencing on the Effective Date. The performance by the Company and such of its subsidiaries of their indemnification obligations is guaranteed by Amoco Canada. Amoco Canada has also agreed that, following the consummation of the Arrangement, it will cause the Company's indemnification By-law to be amended to conform to the CBCA by requiring court approval of any indemnification of directors or officers (including current directors and officers) with respect to any derivative action (as currently required under the CBCA) and removing a limitation in the current By-law denying indemnification if the officer or director was adjudged in breach of any duty or responsibility imposed by statute unless he is substantially successful as a defendant (which is not required under the CBCA). Each of the subsidiaries of the Company may, prior to the Effective Date, enact indemnification provisions substantially similar to those to be enacted by the Company after consummation of the Arrangement.

Amendment and Termination Rights

At any time prior to the Effective Date, the Plan of Arrangement may be amended or supplemented if the Court, the Company and Amoco Canada determine that the proposed amendment or supplement would not be prejudicial to the interests under the Plan of Arrangement of the Shareholders, the creditors under the Affected Credit Facilities or APC/J. In the event that the Court approves a plan substantially different from the Plan of Arrangement, Amoco Canada and the Company would seek the direction of the Court respecting the notification of Shareholders and requirements for additional approvals, if any.

Pursuant to the Arrangement Agreement, on or after April 30, 1988, Amoco Canada and the Company may each give to the other 15 days' notice to obtain Arrangement Consents from all creditors in the Secured Group in respect of all indebtedness (secured or unsecured) owed to such creditors and if, by the end of the 15 day period, any of such creditors has failed to execute such an Arrangement Consent, each of Amoco Canada and the Company may on written notice to the other terminate the Arrangement Agreement. In addition, Amoco Canada may terminate the Arrangement Agreement on written notice to the Company if:

(a) any creditor under the Unaffected Credit Facilities whose consent is required (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Unaffected Credit Facilities") or the requisite percentages of creditors under the Eurodollar Facilities and Swiss Francs Facilities or the Shareholders fail or refuse to approve the Arrangement in the manner required by the Interim Order;

(b) any necessary governmental or regulatory approval has been refused or has not been issued in form and substance satisfactory to Amoco Canada;

(c) the Company is unable to satisfy any unwaived condition to Amoco Canada's obligations under the Arrangement Agreement;

(d) the transactions contemplated by the Arrangement have not been consummated by September 30, 1988; or

(e) holders of more than 10% of the aggregate number of Common Shares and Preferred Shares issued and outstanding on the day of the Shareholder Meeting have sent to the Company, at or before the Shareholder Meeting, a written objection to the Resolution pursuant to the dissent procedure set forth in the Interim Order.

The Company may terminate the Arrangement Agreement upon written notice to Amoco Canada if:

(a) the transactions contemplated by the Arrangement have not been consummated by September 30, 1988; or

(b) Amoco Canada, with respect to any necessary governmental or regulatory approval which has been refused or has not been issued in form and substance satisfactory to Amoco Canada, has failed to provide the Company within 30 days of notice thereof with information establishing that it is using all reasonable efforts to obtain the necessary approval.

The Company has granted Amoco Canada an option, subject to certain conditions, to purchase the Company's remaining interest in the Primrose Properties for $79 million in the event the Arrangement is not completed. The option is exercisable by Amoco Canada on written notice to the Company given within 90 days after the termination or expiration of the Arrangement Agreement. Certain litigation has been commenced challenging the grant of such option. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Certain Litigation Relating to the Arrangement".

Deposit Arrangements and Procedure for Exchange of Securities and Payment of Creditors and Shareholders

Creditors

On the Effective Date, creditors under each of the Affected Credit Facilities will receive certain of the New Securities and, in certain circumstances, cash, in accordance with the terms of the Plan of Arrangement. The ATNs, Senior Notes, Share Loan Notes and (to the extent of the security pledged in respect thereof) Marubeni Note will be secured by various assets of Amoco Canada and Dome. Prior to the issuance of such securities, Amoco Canada and Dome must take numerous steps to effect the pledge of such assets, which are located in a number of jurisdictions. The precise timing of the Effective Date will be determined in part by the timing of such procedures.

Shareholder Right to Receive Series A SEDs

Under an agreement (the "Shareholder Deposit Agreement") between the Company, Amoco Acquisition, Amoco Canada and The Royal Trust Company (the "Depositary"), the Depositary has been appointed to act on behalf of the Common Shareholders and Preferred Shareholders in connection with the Arrangement. The Depositary will receive on behalf of, and distribute to, Shareholders Series A SEDs (and any interest paid thereon prior to the distribution thereof) and the appropriate Cash Amounts and will deal with fractional entitlements, all in the manner specified in the Shareholder Deposit Agreement and as generally described below. Pursuant to the Shareholder Deposit Agreement, the Depositary will receive a fee to be agreed upon with Amoco Canada, will be reimbursed by Amoco Canada for its out-of-pocket expenses and will be indemnified by Amoco Canada against certain liabilities in connection with its provision of services thereunder.

On and after the Effective Date, each Common Shareholder will be entitled to receive U.S. $1.132766 principal amount of a Series A SED per Common Share and each Preferred Shareholder will be entitled to receive U.S. $5.604859 principal amount of a Series A SED per Preferred Share, plus, in each case, the Cash Amount in respect of the Series A SEDs to which such Shareholder is entitled.

Series A SEDs will be issued only in denominations of U.S. $1,000 and integral multiples thereof. During a period of 45 days commencing with the Effective Date, Shareholders who would otherwise be entitled to receive Series A SEDs in amounts not in integral multiples of U.S. $1,000 will be given the right to receive, in lieu thereof, a Fractional Series A SED in a principal amount equal to the integral multiple of U.S. $100 (up to U.S. $900) equal to or less than such amount, and will also receive the pro rata portion of the proceeds of the sale of a Right with respect to such amounts less than U.S. $100, as described below. After such period, no Fractional Series A SEDs will be issued, but they will instead be sold on behalf of Shareholders, as described below.

Procedure for Sale of Fractional Series A SEDs and Rights

Shareholders wishing to make an election to receive a Fractional Series A SED should so specify on the election form contained in the letter of transmittal (the "Letter of Transmittal") to be forwarded to them by the Depositary, and return the Letter of Transmittal and all other documents required thereby on or before the 45th day after the Effective Date (the "Response Date"). **Should a Shareholder fail to make such election or fail to return his Letter of Transmittal and other required documentation by the Response Date, such Shareholder will not receive a Fractional Series A SED, but rather will be deemed to have irrevocably instructed the Depositary to sell such Fractional Series A SED for such Shareholder's account.**

All Fractional Series A SEDs which the Depositary has been deemed to have been instructed to sell together with the Rights of such Shareholders will be pooled on a weekly basis by the Depositary into Series A SEDs in such denominations as the Depositary shall determine. Such Series A SEDs will then be sold from time to time by the Depositary in the over-the-counter market or on the NYSE or the TSE, if then listed on either of such exchanges. As soon as practicable after its sale, the Depositary will remit to each Shareholder whose Fractional Series A SED and Right has been sold a cheque in an amount equal to such Shareholder's pro rata interest in the sales proceeds, plus the appropriate Cash Amount, as provided herein, together with all Series A SEDs to which such Shareholder is entitled.

After the Response Date, all remaining Rights and Fractional Series A SEDs which the Depositary has been deemed to have been instructed to sell will be pooled by the Depositary into Series A SEDs in such denominations as the Depositary shall determine and promptly sold by the Depositary in the over-the-counter market or on the NYSE or TSE, if then listed on either of such exchanges. Following such sale, the Depositary may make additional sales from time to time as is necessary to generate funds to pay Shareholders amounts due in respect of Fractional Series A SEDs and Rights. The Depositary will hold on behalf of each Shareholder whose Fractional Series A SED and Right has been sold such Shareholder's pro rata portion of such sales proceeds, plus the appropriate Cash Amount, pending receipt of such Shareholder's Letter of Transmittal and other required documentation. Shareholders will not be entitled to any interest on such sales proceeds, and the Plan of Arrangement provides that any and all interest earned on such sales proceeds shall be for the account of Amoco Canada. Amoco Canada has agreed to pay all brokerage fees and other charges, if any, incurred by the Depositary in effecting sales of Fractional Series A SEDs and Rights.

In effecting any sales of Series A SEDs resulting from the aggregation of Fractional Series A SEDs and Rights, the Depositary will exercise its sole judgment as to the manner and timing of sales and will not be obligated to seek a minimum price for such Series A SEDs. The Depositary will not be liable for any loss arising out of any sales of such Series A SEDs relating to the manner or timing of such sales or the prices at which such Series A SEDs are sold. **Given current economic and market conditions, the amount received by a Shareholder in respect of a Fractional Series A SED or Right which is aggregated by the Depositary into Series A SEDs and sold at prevailing market prices may be less than the principal amount of such Fractional Series A SED or Right. All transactions involving the sale of Fractional Series A SEDs and Rights will be settled in U.S. dollars and Shareholders will receive all amounts to which they are entitled in U.S. dollars.**

The following table sets forth the aggregate principal amount of Series A SEDs (in U.S. dollars) to be received under the Plan of Arrangement by Shareholders holding the number of Common Shares and Preferred Shares indicated:

Number of Common Shares	Aggregate Principal Amount of Series A SEDs (1)	Principal Amount of Series A SEDs (2)	Principal Amount of a Fractional Series A SED	Principal Amount of a Right (3)
50	$ 56.64	$ —	$ —	$56.64
100	113.28	—	100.00	13.28
500	566.39	—	500.00	66.39
1,000	1,132.77	1,000.00	100.00	32.77
5,000	5,663.83	5,000.00	600.00	63.83
10,000	11,327.66	11,000.00	300.00	27.66
Number of Preferred Shares				
50	$ 280.25	$ —	$200.00	$80.25
100	560.49	—	500.00	60.49
500	2,802.43	2,000.00	800.00	2.43
1,000	5,604.86	5,000.00	600.00	4.86
5,000	28,024.30	28,000.00	—	24.30
10,000	56,048.59	56,000.00	—	48.59

(1) Does not include the Cash Amount.

(2) In denominations of U.S. $1,000 or integral multiples thereof.

(3) No Series A SEDs or Fractional Series A SEDs will be issued in these amounts; Rights will instead be combined and sold by the Depositary and holders will receive their pro rata portion of the proceeds from the sale (which may be less than the amounts shown).

Given current economic and market conditions, Series A SEDs may initially trade at a discount from their principal amounts.

Procedure for Receipt of Series A SEDs

As soon as practicable, the Letter of Transmittal to be used by Shareholders in making the elections permitted to be made hereunder and transmitting certificates representing Common Shares and Preferred Shares and any other required documents will be mailed to each Shareholder prior to the Effective Date at his address as it appears on the relevant share register of the Company. Additional copies of the Letter of Transmittal may be obtained from the Depositary or certain forwarding agents at their respective addresses set forth in the Letter of Transmittal. The Letter of Transmittal will specify the method of determining the number of Series A SEDs a Shareholder will be entitled to receive and the procedure for surrendering a certificate or certificates representing Common Shares or Preferred Shares to the Depositary or a forwarding agent.

Each Shareholder must complete and return the Letter of Transmittal, either by hand or by mail, to the Depositary or any of the forwarding agents at their respective addresses set forth in the Letter of Transmittal, together with a certificate or certificates representing Common Shares or Preferred Shares. If a certificate or certificates representing Common Shares or Preferred Shares are registered in the name of a person other than the person executing the Letter of Transmittal, such certificate or certificates must be endorsed, or accompanied by a share transfer or stock power signed by the registered Shareholder, with the signature on such endorsement, share transfer or stock power guaranteed by an Eligible Institution (as defined in the Letter of Transmittal).

Shareholders are advised that any use of the mails to forward certificates representing Common Shares or Preferred Shares, the Letter of Transmittal and any other documents required by such Letter of Transmittal shall be at their risk. If such documents are forwarded by mail, Shareholders should use registered mail for their own protection. It is recommended that Shareholders deliver such documents by hand to an investment dealer or broker who will agree to deliver the same to the Depositary or one of the forwarding agents, and obtain a receipt therefor.

Common Shares and Preferred Shares will not be considered to have been deposited until certificates representing such Common Shares or Preferred Shares and any other documents required by the Letter of Transmittal have been received by the Depositary or a forwarding agent. In all cases, delivery of Series A SEDs, Fractional Series A SEDs, the proceeds of the sale of any Fractional Series A SED or Right and payment of the appropriate Cash Amount will be made as soon as practicable but only after receipt by the Depositary of the certificates for Common Shares or Preferred Shares, a properly completed and duly executed Letter of Transmittal and any other documents required by such Letter of Transmittal.

Pursuant to the Plan of Arrangement, any certificate or certificates representing Common Shares or Preferred Shares not delivered to the Depositary together with a properly completed and duly executed Letter of Transmittal and any other documents required by such Letter of Transmittal prior to the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature to receive Series A SEDs, sales proceeds of Fractional Series A SEDs and Rights and Cash Amounts, and on such date, such Series A SEDs, together with interest accrued thereon to such date and sales proceeds of Fractional Series A SEDs and Rights and Cash Amounts then held by the Depositary shall be deemed to have been surrendered to Amoco Canada. The Company has been advised by Bennett Jones, counsel to the Company, that these provisions will take precedence over the escheat or other abandoned property laws of the Province of Alberta and of Canada applicable therein. No opinion is expressed as to the applicability or effect of such laws of any other jurisdiction.

Reporting Requirements

Upon consummation of the Arrangement, the Common Shares, the Series A Preferred Shares and the Series B Preferred Shares will cease to be listed and traded on any stock exchange. Amoco Canada will apply to the SEC for the deregistration of the Common Shares under the Securities Exchange Act of 1934 (the "1934 Act"). After such deregistration, the Company will have no further obligation to comply with the informational requirements of the 1934 Act (although Amoco Canada and Amoco Corporation will continue to be subject thereto). The Company will, however, continue to be a "reporting issuer" for the purposes of Canadian securities laws until such time as it is entitled to apply for the necessary orders from Canadian securities regulatory authorities terminating its "reporting issuer" status. Until such orders are obtained, the Company will be required to comply with the continuous disclosure obligations of Canadian securities laws.

Factors Affecting the Series A SEDs and Fractional Series A SEDs

The TSE has conditionally approved the listing of the Series A SEDs. Listing is subject to Amoco Canada fulfilling all of the requirements of the TSE on or before August 1, 1988, including distribution of the Series A SEDs to a minimum number of public security holders. Application will also be made to list the Series A SEDs on the NYSE. Amoco Canada anticipates that Fractional Series A SEDs will not be eligible for trading on the NYSE or the TSE. In general, debt securities traded in denominations of less than U.S. $1,000 are less liquid and are subject to higher commission rates for executing trades than debt securities in denominations of integral multiples of U.S. $1,000. In addition, Fractional Series A SEDs will be subject to certain limitations upon exchange for Amoco Corporation Common Shares. See "DESCRIPTION OF NEW SECURITIES—SEDs—Exchange Feature".

There is no present market for the Series A SEDs since they will be newly-issued securities. Given current economic and market conditions, the Series A SEDs may initially trade at a discount from their principal amount. The market price of the Series A SEDs is expected to fluctuate to some extent with changes in the market price for the Amoco Corporation Common Shares issuable in exchange therefor, and with changes in prevailing interest rates, market conditions, credit ratings that may be assigned to the Series A SEDs and other factors which generally influence the price of securities.

OTHER MATTERS AFFECTING THE ARRANGEMENT

Certain Litigation Relating to the Arrangement

Three lawsuits have been filed in the United States involving the Arrangement Agreement. *DeYoung v. Beddome et al.* (87 Civ. 3749) was filed on May 29, 1987 in the United States District Court for the Southern District of New York. *Lasker v. Beddome et al.* (87 Civ. 5995) was filed on July 7, 1987 in the United States District Court for the Northern District of Illinois, Eastern Division. Both the *DeYoung* and *Lasker* actions are purported class actions on behalf of persons who are or will be holders of Common Shares as of the record date of the proposed acquisition by Amoco Canada. Both complaints name the Company, two individuals (Messrs. Macdonald and Beddome) who are officers and directors of the Company, Amoco Canada and Amoco Corporation as defendants. *Katz v. Beddome et. al.* (87 Civ. 4597) was filed on June 29, 1987 in the United States District Court for the Southern District of New York. The *Katz* action is a purported shareholder derivative action on behalf of the Company. The *Katz* complaint names as defendants the same two individuals who are named as defendants in the *DeYoung* and *Lasker* complaints, Amoco Canada and Amoco Corporation. The complaints in all three cases charge the individual defendants with breach of fiduciary duties, waste of corporate assets, mismanagement, and (solely with respect to the *Lasker* complaint) usurpation of corporate opportunity in connection with the negotiation and approval of the Arrangement Agreement. They allege, among other things, that the individual defendants failed adequately to consider, and foreclosed, competing offers for Dome, that they failed adequately to consider creditor opposition, and that the contractual provision relating to the sale of the Primrose Properties to Amoco Canada constitutes a waste of corporate assets. The complaints allege that Amoco Corporation and Amoco Canada aided and abetted the alleged breaches of fiduciary duties by the individual defendants and further allege that Amoco Corporation and Amoco Canada tortiously interfered with Dome's prospective business relationships with other potential bidders for Dome as well as Dome's creditors. The *Lasker* and *Katz* complaints allege that Dome and its public shareholders have been injured in an amount in excess of U.S. $100 million. Each of the complaints seeks an order enjoining the defendants from taking further steps to implement the Arrangement Agreement and damages in an unspecified amount. The *DeYoung* and *Lasker* complaints further seek an order voiding the provision relating to the Primrose Properties while the *Katz* complaint seeks punitive damages in an unspecified amount.

On August 20, 1987, the complaint in the *DeYoung* case was amended to add a purported claim under Section 14(a) of the 1934 Act and Rule 14a-9 governing proxy solicitations thereunder. That claim alleges deficiencies in the Company's proxy material dated May 8, 1987, the principal purpose of which was to solicit shareholder votes for the re-election of the Company's incumbent directors. The alleged deficiencies all relate to the Arrangement Agreement and include, among other things, the alleged omission of (i) an adequate discussion of risks that creditor opposition might prevent the consummation of the transaction, (ii) an adequate description of alternative proposals received by the Company and (iii) disclosure of the "penalty" nature of the provision relating to the Primrose Properties. Upon the basis of those allegations, the plaintiff in the *DeYoung* case seeks an order rescinding the election of the Company's directors on June 25, 1987.

In all three actions, the defendants have moved to dismiss the complaints on various grounds. All of those motions are pending. Dome believes, and has been so advised by its counsel, that it has valid defenses to these actions.

On July 2, 1987, Bank of Montreal filed an originating notice of motion, under Section 234 of the CBCA, in the Court of Queen's Bench of Alberta. The action, No. 8701-11186, named the Company and Amoco Canada as respondents. Subsequently, a second Canadian chartered bank which, like Bank of Montreal, is a creditor of Dome, was added at its request as a respondent. Bank of Montreal alleged, among other things, that the Company's action in entering into the Arrangement Agreement was oppressive or unfairly prejudicial or unfairly disregarded the interest of the Bank of Montreal in its capacity as a creditor of Dome. Bank of Montreal sought, among other things, to have portions of the Arrangement Agreement set aside or modified, including the provision prohibiting Dome's solicitation of other bids and the grant to Amoco Canada of an option to purchase certain of Dome's interests in the Primrose Properties. On August 27, 1987, the Court, upon application of the respondents, dismissed Bank of Montreal's application. Bank of Montreal filed a Notice of Appeal appealing the dismissal of its application, which appeal was adjourned, and is subject to an application for reinstatement, by Bank of Montreal.

Following the public announcement of the Placer Dome Settlement, Dynagold Resources Corporation ("Dynagold") alleged that an agreement existed between Amoco Canada and Dynagold for the sale by Amoco Canada to Dynagold of its 50% interest in the Detour Lake gold mine, which is proposed to be transferred to Placer Dome under such settlement (see "Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome" below). Dynagold has indicated that it may take action against Amoco Canada, Amoco Corporation and Placer Dome. Dynagold alleges breach of an agreement between Amoco Canada and Dynagold and misrepresentation with respect to the intention to enter into the agreement. Dynagold also alleges that Amoco Corporation induced Amoco Canada to breach its agreement with Dynagold. The Company has been advised that Amoco Canada and Amoco Corporation believe Dynagold's allegations to be without foundation and that they have denied liability.

See "PLAN OF ARRANGEMENT—Conditions to the Arrangement Becoming Effective—Court Approval" for a discussion of the dismissal of appeals by certain Shareholders of the Interim Order. Certain litigation has also been commenced with respect to indebtedness under the Swiss Francs Facilities. See "BACKGROUND TO THE ARRANGEMENT—Financial Condition of Dome—Interim Plan".

Accounting Treatment of the Arrangement

Amoco Canada plans to account for the Arrangement as a purchase transaction in accordance with accounting principles generally accepted in Canada which, in such case, conform in all material respects to those in the United States. See Notes 15 and 16 to the consolidated financial statements of Amoco Canada set forth in Appendix B to this Proxy Statement. See "PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF AMOCO CANADA PETROLEUM COMPANY LTD." for certain purchase accounting adjustments in connection with the Arrangement.

Amoco Canada's Financing Requirements

Approximately U.S. $555 million of cash (including estimated Cash Amounts to be paid to Shareholders) will be required in order to effect the Arrangement, of which approximately U.S. $340 million is expected to be available from Amoco Canada's cash reserves and the cash proceeds received with respect to the Placer Dome Settlement and the Encor transaction described below in "Amoco Canada's Agreements with Dome Creditors and Shareholders—Encor" and "Placer Dome". Amoco Corporation has agreed to loan Amoco Canada not in excess of U.S. $250 million prior to the Effective Date to meet cash requirements associated with the Arrangement. See "AMOCO CANADA PETROLEUM COMPANY LTD.—Dividends to and Advances from Amoco Corporation" for the terms of such intercompany loan. Amoco Corporation has not agreed to make further loan commitments to Amoco Canada, nor are any such commitments anticipated.

Amoco Canada's Agreements with Dome Creditors and Shareholders

In connection with the Arrangement, certain creditors and Shareholders have entered into or are negotiating agreements with Amoco Canada that are conditional upon consummation of the Arrangement.

Placer Dome

Amoco Canada and Placer Dome have agreed with respect to certain transactions referred to collectively herein as the "Placer Dome Settlement". On the Effective Date, (i) Placer Dome will assign to a syndicate of four Canadian banks (the "Four Bank Syndicate") its right to receive U.S. $75.4 million aggregate principal amount of Series A SEDs (together with the related Cash Amounts) which Placer Dome will be entitled to receive in respect of its holdings of Common Shares, which consideration is identical on a per share basis with the payment to other holders of Common Shares; (ii) Placer Dome will be released by the Four Bank Syndicate from its guarantee of certain Dome indebtedness owed to such syndicate; (iii) Placer Dome will release and discharge its claims as a creditor of Dome in respect of such guarantee; (iv) Placer Dome will pay U.S. $15 million to Amoco Canada; and (v) Amoco Canada will transfer its 50% interest in the Detour Lake gold mine to Placer Dome, which owns the other 50% interest (see "Certain Litigation Relating to the Arrangement" and "AMOCO CANADA PETROLEUM COMPANY LTD.—Mining Operations"). Placer Dome, which currently holds approximately 18.5% of the Company's outstanding Common Shares (constituting approximately 18.2% of the total votes entitled to be cast at the Shareholder Meeting), has agreed to vote in favour of the Plan of Arrangement.

Under the Plan of Arrangement, three of the banks in the Four Bank Syndicate will have the right to exchange the Series A SEDs received under the Placer Dome Settlement for an equal principal amount of Subordinated Notes and one bank will have the right to exchange Series A SEDs so received for an equal principal amount of Series B SEDs.

Encor

Encor, a member of the Institutional Unsecured Group, has agreed to accept the consideration provided for such group under the Plan of Arrangement in exchange for all of Encor's claims relating to one specific Affected Credit Facility. In addition, Amoco Canada and Encor have agreed to a settlement relating to Encor's joint and several liability with the Company under the APC/J Contract. Amoco Canada will assume, and save Encor harmless from and against, any liabilities under the APC/J Contract, for which Encor will pay $17.5 million to Amoco Canada or as Amoco Canada directs. In addition, Amoco Canada has agreed to pay Encor $1.4 million for all of Encor's right, title and interest in and to all of its crude oil and natural gas properties in the Beaufort Sea region (including any related equipment and facilities) free from any liabilities created by Encor.

Negotiations with APC/J

The APC/J Contract currently provides that Dome and Encor are jointly and severally liable to APC/J for (i) repayment of a $400 million obligation (the "APC/J Obligation") at its scheduled maturity in the year 2030 or upon earlier acceleration of maturity resulting from default or upon scheduled prepayments becoming due from Beaufort Sea production (as defined in the APC/J Contract) and (ii) monthly remuneration payments from gross revenues of Beaufort Sea production, the amounts of which are adjusted to result in an effective interest rate of 16 percent compounded per annum. To date, Beaufort Sea production has not commenced.

It is a condition to Amoco Canada's obligation to effect the Arrangement that an accommodation be reached with APC/J. Negotiations are being conducted in order to resolve, prior to the Effective

Date, all operational and financial issues which currently exist with respect to the APC/J Contract. Amoco Canada does not believe it will proceed with the Arrangement in the event that APC/J does not agree to an accommodation acceptable to Amoco Canada. An essential element of any such accommodation will be the elimination or waiver of any ability on the part of APC/J to accelerate the maturity of the indebtedness due in 2030 by reason of events or omissions prior to the consummation of the Arrangement. In addition, Amoco Canada and Dome do not believe that exploration of Dome's properties in the Beaufort Sea can proceed unless and until modifications relating to the amount and method of remuneration and other operational issues are agreed upon by APC/J and Amoco Canada. A substantial number of leases in the Beaufort Sea which have not been extended by drilling are scheduled to expire in 1991. If the accommodation reached with APC/J does not conform to the structure proposed in the Plan of Arrangement, it may not be possible for Amoco Canada to modify the APC/J Contract after the Effective Date without incurring a significant tax liability. Amoco Canada has agreed to assume, and save Encor harmless from and against, any liabilities under the APC/J Contract if the Arrangement is consummated.

The ranking of any Amoco Canada obligation to APC/J relative to the New Securities remains subject to negotiation with APC/J.

Unaffected Credit Facilities

Certain Dome credit facilities, on which payments of principal and interest are current (but which are in certain cases subject to acceleration due to cross-defaults), will remain outstanding and be unaffected by the Arrangement, these being the Unaffected Credit Facilities. These include Dome's obligation in respect of certain Petroleum and Gas Revenue Taxes. At December 31, 1987, the estimated amount outstanding under the Unaffected Credit Facilities was U.S. $288.9 million using year-end foreign exchange rates. It is a condition to Amoco Canada's obligations under the Arrangement Agreement that, on the Effective Date, no default exists under an Unaffected Credit Facility and all consents to the Arrangement required pursuant to the terms of such facilities have been obtained. Dome intends to either solicit written waivers and consents or to follow any procedures contained in the documentation relating to an Unaffected Credit Facility regarding the approval of an extraordinary resolution at a debtholders' meeting. There can be no assurance that such waivers and consents will be obtained.

Miscellaneous

Certain creditors of Dome have been selected by Amoco Canada to fulfill fiduciary or administrative functions under the indentures or agreements pursuant to which the New Securities are to be issued, and will receive certain fees in connection therewith. Certain creditors of Dome are also creditors of, or have open lines of credit with, Amoco Corporation or Amoco Canada. The Royal Bank of Canada, one of the creditors under the Secured Affected Credit Facilities, beneficially owns a majority interest in RBC Dominion Securities Inc., which has been retained by the Company to form and manage a proxy soliciting dealer group in respect of the Shareholder Meeting.

Canadian Imperial Bank of Commerce will serve as agent under the ATN Trust Deed, for which it will receive during the five-year period commencing on the Effective Date a semi-annual fee in arrears equal to one-thirty-second of one percent of the original principal amount of ATNs issued on the Effective Date and, thereafter, a semi-annual fee in arrears equal to one-thirty-second of one percent of the principal amount of ATNs outstanding as of January 1 of the applicable year for all years in which the ATNs remain outstanding. Citibank N.A. will serve as syndicate manager under the ATN Trust Deed, for which it will receive an initial fee of U.S. $2 million payable on the Effective Date and an annual fee of U.S. $100,000, payable in arrears, for as long as any ATNs remain outstanding. See "DESCRIPTION OF NEW SECURITIES—ATNs".

CONDUCT OF BUSINESS OF DOME PENDING ARRANGEMENT

The Arrangement Agreement provides that, subject to the financial limitations, covenants and restrictions contemplated by the Debt Rescheduling Agreement and the Interim Plan, and until the

Effective Date, Dome shall conduct its business in the ordinary course consistent with industry practice and use its best efforts to maintain and preserve its business, assets, prospects, employees and advantageous business relationships. The Arrangement Agreement also provides that, other than in the ordinary course, and subject to certain exceptions, Dome shall not enter into any material transaction or make any material commitment relating to its assets or business or purchase or sell any assets or enter into an agreement to purchase or sell any assets which are or would be material to Dome.

As described under "BACKGROUND TO THE ARRANGEMENT—Financial Condition of Dome", in late June 1987, the Company forwarded to the parties to the Interim Plan agreements providing for the extension of the Interim Plan. However, the agreements were not executed by all parties. As a result, the Interim Plan has expired and Dome is now in default under substantially all of its loan agreements and accordingly the holders of substantially all of Dome's debt instruments can demand payment of all amounts owing, including those amounts previously deferred under the Interim Plan, until the Effective Date. In connection with the Arrangement, certain creditors have agreed not to demand payment of such amounts. Except for an acceleration of SFr 290 million aggregate principal amount of the Company's publicly issued debt, as of the date hereof no lender has given notice of acceleration under its debt instrument. It is the Company's intention to continue making payments to lenders substantially in accordance with the provisions of the Interim Plan, and not to make any payments in respect of dividends on, or redemptions or purchases of, Preferred Shares.

CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT

While some operating plans for Amoco Canada after the Arrangement have been made, others are currently being formulated. Since June 1987, committees comprised of representatives of Amoco Canada and Dome have met to work towards the goal of integrating the two companies into one unified operation in the event that the Arrangement is consummated.

Undertakings to Investment Canada

In connection with its application to Investment Canada, Amoco Canada advised Investment Canada of its plans for the operation of the combined business of Amoco Canada and Dome after the Arrangement. Discussions with Investment Canada led to the formulation of a number of undertakings regarding certain aspects of future operations which are described below. All of Amoco Canada's undertakings are based on certain assumptions and are subject to certain other factors. See "PLAN OF ARRANGEMENT—Regulatory Matters—Investment Canada Act".

Capital Expenditures

Amoco Canada has undertaken to make or cause to be made on its behalf, during the five-year period following the Effective Date, aggregate capital expenditures of at least $2,500 million not including farmouts. Capital expenditures during the five-year period are expected to include development drilling for crude oil and natural gas, implementation of enhanced recovery operations and installation of sufficient plant capacity and compression in order to aggressively develop additional reserves. Much of the anticipated increase in development drilling activity will result from heavy oil development. Development of heavy oil would proceed in phases following steam pilot testing with facilities and plants introduced on a modular basis. Heavy oil production from various fields would be matched to market demand and the availability of diluent to move the heavy oil to market. See "AMOCO CANADA PETROLEUM COMPANY LTD." for a description of Amoco Canada's current activities in this area.

Sale of Shares

Amoco Canada has also undertaken that, after consummation of the Arrangement, not less than 20 percent of the voting common shares of Amoco Canada will be sold under a program designed to ensure that (i) such shares can be absorbed readily by the Canadian financial markets, (ii) such shares will be sold in a manner reasonably expected to provide the opportunity for initial acquisition by Canadians and (iii) the manner and timing of sales of shares will allow such shares to be sold for fair value. The size of the initial offering would be consistent with the advice of Canadian investment bankers given at the time of the proposed sale. Amoco Canada will use its best business judgment in determining the timing of each share offering and whether the sale should be made as an offering of a portion of Amoco Corporation's existing shareholdings, as an offering of newly issued shares of Amoco Canada, or as a combination thereof. The sale of at least five percent of the voting common shares of Amoco Canada is to be completed by the fifth anniversary of the Effective Date and the sale of the full 20 percent of the shares is to be completed within ten years after the Effective Date.

Sale of Assets

Amoco Canada has announced plans, and in addition has undertaken, to dispose of certain assets as soon as practicable after the Effective Date. These assets include the Company's holdings of 8.1 percent of the common shares of Placer Dome and various oil and gas properties of Amoco Canada and Dome, the combined production from which comprises 10,000 barrels per day of oil equivalent. The asset sales will commence shortly after the Effective Date but the sales will be carried out at times and in a manner designed to return fair value to Amoco Canada. The number and size of the property packages offered for sale will be designed to encourage offers from Canadian-controlled oil and gas companies. Amoco Canada has undertaken to Investment Canada that, during the five years following the Effective Date, Amoco Canada will maintain or improve the average Canadian Ownership Rating (being the measure of Canadian ownership used by the Petroleum Monitoring Agency) on the aggregate of such assets as are sold.

Payment of Dividends; Intercompany Debt

Amoco Canada has undertaken to Investment Canada that, for five years after the Effective Date, it will not pay dividends on its shares nor will it pay principal or interest on existing intercompany loans. Amoco Canada's cash flow during such period will be devoted to servicing and repaying the New Securities and the Unaffected Credit Facilities as well as financing operations in Canada. See "AMOCO CANADA PETROLEUM COMPANY LTD.—Dividends to and Advances from Amoco Corporation".

Board of Directors; Management; Employees

Amoco Canada has undertaken that it will, within three months after the consummation of the Arrangement, enlarge its Board of Directors to not fewer than 12 members, at least 75 percent of whom will be persons who are Canadians and at least 50 percent of whom will be persons who are not employees of Amoco Canada or its affiliates. In addition, Amoco Canada will establish an audit committee of its Board of Directors, a majority of the members of which will not be employees of Amoco Canada or its affiliates. Amoco Canada has also undertaken that not less than 70 percent of the executive management positions of Amoco Canada will be filled by persons who are Canadians, and the Chairman of the Board and the President of Amoco Canada will be a person or persons resident in Canada. Further, Amoco Canada has undertaken to offer employment to substantially all employees of the Company.

Research and Development

Amoco Canada has undertaken to continue to address unique Canadian opportunities dealing with heavy oil, tight formation gas, exploration technology, environmental technology and Arctic ice research through its research and development program. Amoco Canada has agreed that, during the five-year period following the Effective Date, it will spend in Canada not less than $100 million for research and development activities.

Other Undertakings

Amoco Canada will continue its Canada-wide policy of giving Canadian suppliers full and fair opportunity to provide goods and services where appropriate standards of quality, cost and service are met. The Petroleum and Gas Revenue Tax liability of approximately $163.6 million owed by Dome to the Government of Canada will be paid in accordance with a schedule of agreed payments. Amoco Canada will also not knowingly lease any of the Company's drilling fleet to any party for use in a disputed boundary area of the Beaufort Sea without the consent of the Government of Canada.

Other Plans for the Combined Operations

In addition to carrying out activities designed to achieve the undertakings made to Investment Canada described immediately above, Amoco Canada has the following general plans for the combined operations of Dome and Amoco Canada. As with the undertakings made to Investment Canada, these plans are based on certain assumptions and are subject to certain other factors. See "PLAN OF ARRANGEMENT—Regulatory Matters—Investment Canada Act". There can be no assurance that such plans will be implemented or as to the timing or nature of implementation of such plans.

Exploration

Until such time as Dome's exploration prospects have been thoroughly reviewed, a specific exploration program for the combined company cannot be developed. It is anticipated that any exploration program will include the exploration of the non-producing properties of Amoco Canada and Dome, including seismic surveys, drilling of exploration wells in western Canada and the Beaufort Sea and the purchase of new lands at provincial Crown land sales. Activities in the Beaufort Sea will depend on a variety of factors, including reaching an accommodation with respect to the APC/J Contract, approval of partners having interests in the Beaufort properties, any necessary government approvals, world energy prices, lease expirations, exploration results and the development of production transportation facilities.

Farmouts

Amoco Canada plans to offer to smaller Canadian oil companies the opportunity to earn interests in certain of its lands by drilling exploratory wells thereon. This farmout program is expected to involve up to approximately 500 wells during the five-year period following the Effective Date.

NGL Operations

Amoco Canada intends to continue the NGL businesses of Dome and Amoco Canada using their various facilities to service all existing arrangements, attempt to develop new markets and optimize sales and provide adequate solvent supplies for enhanced oil recovery projects. Capital spending over the next few years is expected to be primarily for plant facility maintenance and extensions or upgrades of the NGL system.

Sulphur

Dome has contractual obligations through 1990 to sell sulphur in international markets through Cansulex Limited ("Cansulex"), a producer-owned marketing consortium in which Dome holds an interest. Amoco Canada plans no significant change to this arrangement after the acquisition and will honour Dome's obligations with Cansulex. Amoco Canada presently intends to continue to independently market its remaining available sulphur and other purchased sulphur and continue to assess the operation of Cansulex to determine a longer range course of action. At the termination of Dome's commitment to Cansulex, Amoco Canada expects that it will either contract all sulphur sales through Cansulex or establish a sulphur marketing department in Canada.

Contract Drilling

Amoco Canada's plans for Dome's Canmar drilling fleet are limited. Current plans include the preservation of the technology developed by Canmar, the completion of Canmar's current drilling program and the seeking of additional opportunities, including where possible participation in drilling programs off Alaska and in the U.S. Beaufort Sea through its affiliated companies. See "DOME PETROLEUM LIMITED—Crude Oil and Natural Gas—Contract Drilling". When an accommodation with respect to the APC/J Contract is reached, it is anticipated that new drilling programs can be developed in which Canmar will be able to bid and, if successful, participate and that at least two of Canmar's five drilling systems would return to active use. Amoco Canada could consider other opportunities, including the sale or lease of the Canmar assets to independent drilling contractors or other industry users. In the interim, the programs relating to the maintenance of the Canmar assets (estimated to cost approximately $6 million annually) will be continued.

PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF AMOCO CANADA PETROLEUM COMPANY LTD.

The accompanying unaudited pro forma condensed combined financial information reflects Amoco Canada's acquisition of Dome under the purchase method of accounting, assuming that the acquisition occurred on January 1, 1987 for purposes of the pro forma combined statement of income, and on December 31, 1987 for purposes of the pro forma condensed combined statement of financial position and the pro forma capitalization table. The consideration of approximately $5,197 million consists of the New Securities, cash and the assumption of obligations under the Unaffected Credit Facilities aggregating $5,147 million (see "PLAN OF ARRANGEMENT—Consideration") and $50 million representing the estimated present value of the APC/J Contract obligation. The pro forma financial information also reflects the effects of Amoco Canada's agreements in principle with Placer Dome and Encor, and the anticipated accommodation to be reached with APC/J. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome", "Encor" and "Negotiations with APC/J".

The terms of certain of the New Securities allow the issuer initially to choose either fixed or floating interest rates, and subsequently to change from floating to fixed interest rates during the term of the securities. The pro forma financial information is based upon an assumed floating interest rate determined from historical interest rates during 1987. The notes to the pro forma combined statement of income describe the potential impact on pro forma interest expense of utilization of floating interest rates for 1987 compared to fixed interest rates at December 31, 1987.

This pro forma financial information is not intended to reflect results of operations or the financial position which would have actually resulted had the acquisition been effected on the dates indicated. Moreover, this pro forma information is not intended to be indicative of results of operations or financial position which may be obtained in the future. For example, the pro forma information does not include the effects of certain planned asset sales and related debt repayments (see "CONDUCT OF THE BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Undertakings to Investment Canada—Sale of Assets"), nor does it reflect any cost savings from synergies and efficiencies that may result from combined operations. Moreover, the pro forma amounts do reflect foreign currency effects associated with actual exchange rate variations during 1987. Exchange rate variations in the future are not predictable, and could be substantially different than in the past.

This pro forma financial information is based on individual consolidated financial statements of Dome and Amoco Canada and should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 1987 set forth in Appendices A and B to this Proxy Statement. **The pro forma adjustments are based on estimates and assumptions and the actual adjustments may differ substantially as a result of changes due to appraisals and evaluations of Dome's assets and liabilities after the Effective Date.**

UNAUDITED PRO FORMA CAPITALIZATION
December 31, 1987
(Millions of Canadian Dollars)

	Interest Rates (%)	Amoco Canada	Pro Forma Adjustments	Pro Forma Capitalization
Long-Term Debt (including current portion of $291 million):				
ATNs	8.5 (3)	$ —	$2,210(1)	$2,210
Series A Senior Notes	8.5 (3)	—	153(1)	153
Series B Senior Notes	8.95 (3)	—	306(1)	306
Share Loan Notes	8.625(4)	—	211(1)	211
Marubeni Note	8.5 (5)	—	10(1)	10
Junior Notes	(6)	—	402(1)	402
Subordinated Notes	8.5 (3)	—	199(1)	199
SEDs	7.375(7)	—	577(1)(7)	577
Other	8.8 (8)	—	425(2)	425
Subtotal		—	4,493	4,493
Advances from Amoco Corporation	(6)	499	280(1)	779
Shareholder's Equity		808	—	808
Total Capitalization		$1,307	$4,773	$6,080

Notes to Unaudited Pro Forma Capitalization

(1) Issuance of the New Securities and receipt of an additional advance from Amoco Corporation. Certain secured lenders of Dome will have the choice of receiving up to approximately $199 million of Subordinated Notes or the same principal amount of SEDs. For purposes of this pro forma capitalization table, it has been assumed that they will choose the maximum amount of Subordinated Notes. In addition, the table assumes dissenting Shareholders would receive no greater principal amount of Series A SEDs upon exercise of their dissent rights than they would have received under the Plan of Arrangement.

(2) Represents the Unaffected Credit Facilities and the $50 million estimated present value of the APC/J Contract obligation.

(3) The ATNs, Senior Notes and Subordinated Notes provide for a floating interest rate, but Amoco Canada may elect, during the term of the securities, to convert all or a portion of the Senior Notes and Subordinated Notes, and up to 50 percent of the ATNs, to a fixed interest rate based upon current rates at the time of conversion. The floating rate for the ATNs, Series A Senior Notes and Subordinated Notes is based initially on the London Interbank Offered Rate ("LIBOR") plus five-eighths of one percent. Series B Senior Notes initially have a floating rate of LIBOR plus 1.075 percent. The fixed interest rate at the time of conversion will approximate yields on United States Treasury Notes of comparable weighted average maturities plus a spread of 1.65 to 2.1 percentage points.

(4) Interest on the Share Loan Notes is initially at LIBOR plus three-fourths of one percent.

(5) Interest on the Marubeni Note is at LIBOR plus five-eighths of one percent.

(6) Interest on the Junior Notes will accrue at a simple interest rate of 18.43 percent per annum on the original principal amount during the first five years. Thereafter, interest will be at 13.5 percent per annum on the original principal amount plus the interest accrued through year five, with interest payments commencing in year six. The advances from Amoco Corporation will be on substantially the same terms as the Junior Notes, except that the weighted average interest rate on the advances, computed as of December 31, 1987, was 17.94 percent during the first five years and 13.21 percent thereafter.

(7) The SEDs are shown at face value, which, given current economic and market conditions, may exceed their market value at date of acquisition. A lower market value could result in a lower recorded principal amount of the SEDs and a higher effective interest rate. The SEDs may be exchanged at the option of the holder for Amoco Corporation Common Shares at an exchange price of U.S. $105.00 per share. Upon exchange of any portion of the SEDs, Amoco Corporation would become the holder of the exchanged SEDs under substantially the same terms with no effect on the total capitalization or interest expense of Amoco Canada.

(8) The interest rate shown for other long-term debt represents a weighted average interest rate. Actual interest expense on the Unaffected Credit Facilities for the year ended December 31, 1987 was used in this computation.

COMPILATION REPORT ON PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

To the Directors of
Amoco Canada Petroleum Company Ltd.

We have reviewed, as to compilation only, the accompanying pro forma condensed combined statement of financial position of Amoco Canada Petroleum Company Ltd. as at December 31, 1987 and the pro forma combined statement of income for the year then ended that have been prepared for inclusion in the Information Circular and Proxy Statement of Dome Petroleum Limited. In our opinion, the pro forma condensed combined financial statements have been properly compiled to give effect to the proposed acquisition and the assumptions described in the notes thereto.

Calgary, Alberta, Canada
April 18, 1988

PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

Comment by Independent Chartered Accountants for United States Readers on Differences between Canadian and United States Reporting Standards

The above opinion, provided solely pursuant to Canadian requirements, is expressed in accordance with standards of reporting generally accepted in Canada. Such standards contemplate the expression of an opinion with respect to the compilation of pro forma financial statements. United States standards do not provide for the expression of an opinion on the compilation of pro forma financial statements. To report in conformity with United States standards on the reasonableness of the pro forma adjustments and their application to the pro forma financial statements would require an examination which would be substantially greater in scope than the review we have conducted. Consequently, under United States standards, we would be unable to express any opinion with respect to the compilation of the accompanying pro forma condensed combined financial statements.

Calgary, Alberta, Canada
April 18, 1988

PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

Mandatory Redemption. Amoco Canada will redeem, at 100% of the principal amount thereof plus accrued interest, in each of the twelve-month periods ending on the date preceding the anniversary of the Settlement Date, in each of the years 1999 through 2012 inclusive, 5% of the sum of (a) the aggregate principal amount of Series A SEDs (other than Series A SEDs issued for deposit with an escrow agent for delivery upon exchange of the Subordinated Notes as described in "Subordinated Notes—Covenants and Events of Default; Exchange Right" and Series A SEDs received under the Placer Dome Settlement and exchanged for Subordinated Notes or Series B SEDs as described under "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome") issued and outstanding under the SED Indenture immediately after the Closing, (b) the aggregate principal amount of Series B SEDs automatically exchanged for Series A SEDs, (c) the aggregate principal amount of the Series A SEDs which are delivered upon exchange of Subordinated Notes and (d) the aggregate principal amount of Series A SEDs which are issued to dissenting Shareholders to the extent not included in clause (a) above. Such mandatory redemption payments will be sufficient to retire 70% of the Series A SEDs prior to maturity. At its option, Amoco Canada will be entitled to credit against any mandatory redemption payment to be made by it with respect to the Series A SEDs the principal amount of Series A SEDs redeemed by it (other than by a prior mandatory redemption payment) or purchased or otherwise acquired, and not previously credited. (Sections 3.1(b) and 3.6)

Selection of SEDs and Notice of Redemption. An irrevocable notice of redemption will be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption to each holder of the Series A SEDs to be redeemed in whole or in part. If less than all the outstanding Series A SEDs are to be redeemed at any one time, the Trustees will select the Series A SEDs or portions thereof to be redeemed by lot or on a pro rata basis as the Trustees in their sole discretion shall determine; provided, however, that the Trustees shall only be authorized to select Fractional Series A SEDs for redemption in whole. In case any Series A SED is to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. New Series A SEDs in a principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon surrender of the original Series A SEDs to be redeemed. Interest on the Series A SEDs or portions thereof to be redeemed will cease to accrue on the date fixed for redemption. (Sections 3.3 and 3.4)

Purchase of Series B SEDs. Amoco Canada or a person designated by Amoco Canada shall purchase the Series B SEDs on the third anniversary of the Settlement Date unless a holder of Series B SEDs elects otherwise. At any time on or before such date Amoco Canada or its designee may purchase all or any of the Series B SEDs. In either case the purchase shall be at 100% of the principal amount thereof, plus interest accrued thereon to the date of purchase. Series B SEDs purchased, as well as Series B SEDs which remain outstanding as of the close of business on the third anniversary of the Settlement Date, will be automatically exchanged for Series A SEDs. No other transfer or exchange of Series B SEDs is permitted under the SED Indenture.

Market and Other Purchases

The SED Indenture does not prohibit Amoco Canada from purchasing Series A SEDs in the market, by tender or by private contract at any price.

Payment of Additional Amounts

Amoco Canada shall make any and all payments of the principal of, and premium, if any, and interest on the SEDs free and clear of and without the withholding of or deduction for or on account of any present or future taxes, levies, imposts, deductions, duties, charges or withholdings and all other liabilities with respect thereto imposed or levied by or on behalf of the Government of Canada or any province or political subdivision thereof or any authority or agency therein or thereof having power to tax (all such taxes, levies, imposts, deductions, duties, charges, withholdings and liabilities being hereinafter referred to as "Withholding Taxes"), except Withholding Taxes required by law or the administration thereof to be withheld or deducted. (Section 5.2)

If Amoco Canada, the Trustees or any paying agent with respect to the SEDs shall be required by law or the governmental body or bodies charged with the administration thereof to withhold or deduct any Withholding Taxes from or in respect of any sum payable to a holder on any of the SEDs, then Amoco Canada shall pay to the holder of such SEDs such additional amounts ("Additional Amounts") (such amounts with respect to interest to be as and in the form of additional interest) as may be necessary so that after making all required withholdings or deductions of Withholding Taxes (including withholdings or deductions of Withholding Taxes applicable to Additional Amounts), such holders receive from Amoco Canada the amounts which would otherwise have been receivable by such holders; provided, however, that no such Additional Amounts shall be payable with respect to any SED if the liability for such Withholding Taxes arises as a result of (a) the holder of such SED being or being deemed to be a resident of Canada, or (b) the holder of such SED carrying on or being deemed to be carrying on a business in Canada, or (c) a change of general application in the income tax laws of Canada or any province or political subdivision thereof or any authority or agency therein or thereof having power to tax resulting in the imposition of liability for Withholding Taxes as a result of the holder of such SED having some connection with Canada, other than a change which causes a holder of such SED to be subject to Withholding Taxes because of the mere holding or ownership of such SED as a non-resident of Canada. (Section 5.2) Unless otherwise specified, all references in this Proxy Statement to payments of principal of, premium, if any, and interest on the SEDs shall be deemed also to refer to any Additional Amounts which may be payable in respect thereof.

Merger, Consolidation, Amalgamation or Sale of Assets

Amoco Canada may, without the consent of the holders of SEDs, consolidate or amalgamate with or merge into any other corporation, or sell, transfer or lease all or substantially all of its properties and assets to any corporation, and will thereafter be relieved of any further obligations under the SED Indenture, provided that in any such case: (a) the successor corporation shall be a corporation incorporated and existing under the laws of Canada, or any province thereof, and such corporation shall assume by a supplemental indenture Amoco Canada's obligations under the SED Indenture, (b) immediately after such transaction and giving effect thereto, the Consolidated Shareholders' Equity (determined on a pro forma basis) of the successor corporation shall equal or exceed that of Amoco Canada immediately prior to such transaction, and (c) the transaction does not or, after notice or lapse of time or both, would not create a default or event of default with respect to the SEDs. (Sections 5.9 and 12.1).

Principal Covenants

Limitation on Payments. The SED Indenture provides that Amoco Canada will not (a) declare or pay any dividend or make any distribution on its share capital or otherwise return any capital to shareholders (other than dividends or distributions payable in shares of Amoco Canada or in warrants or rights to subscribe for or purchase shares of Amoco Canada or in Indebtedness of Amoco Canada which is subordinate in right of payment to the SEDs and the Subordinated Notes and the stated maturity of which is after the maturity of the SEDs) (any Indebtedness issued in lieu of a Restricted Payment (as hereinafter defined) as described in clauses (a), (b) and (c) of this paragraph being hereinafter called "Subordinated Payment Indebtedness"); (b) redeem, purchase or otherwise acquire for value or permit any Subsidiary of Amoco Canada to purchase or otherwise acquire for value any shares (including any shares redeemable or retractable at the option of the holder thereof), or any warrants or rights to subscribe for or purchase shares, of Amoco Canada except for consideration which is Indebtedness of Amoco Canada which is subordinate in right of payment to the SEDs and the Subordinated Notes and the stated maturity of which is after the maturity of the SEDs; (c) make any payment (which term, for purposes of this clause (c), shall include any payment into an irrevocable trust and any payment pursuant to mandatory redemption, mandatory prepayment or mandatory sinking fund provisions of Subordinated Payment Indebtedness) or permit any Subsidiary of Amoco Canada to make any payment (other than a payment made in shares or Indebtedness of Amoco Canada which is by its terms non-assignable and which is subordinate in right of payment to the SEDs and the Subordinated Notes or, in the case of a payment by a Subsidiary, in Indebtedness of such Subsidiary (such shares and such Indebtedness being collectively called a "Subordinated Payment"), or any payment made to Amoco Corporation in respect of SEDs acquired by Amoco Corporation upon exchange thereof for Common Shares of Amoco Corporation in accordance with the SED Indenture) to any Affiliate of Amoco Canada (other than Amoco Canada or a wholly owned Subsidiary of Amoco Canada) in payment of any Indebtedness of Amoco Canada or the Subsidiary, as the case may be, to such Affiliate, including, without limitation, any Subordinated Payment Indebtedness; or (d) acquire or retire (which terms, for purposes of this clause (d), shall include any payment into an irrevocable trust for the purpose of acquiring, retiring, discharging or defeasing any Indebtedness which is subordinate in right of payment to the SEDs and the stated maturity of which is after the maturity of the SEDs) or permit any Subsidiary of Amoco Canada to acquire or retire (except at maturity or pursuant to mandatory redemption, mandatory prepayment or mandatory sinking fund provisions) any Indebtedness of Amoco Canada which is subordinate in right of payment to the SEDs and the stated maturity of which is after the maturity of the SEDs, unless no default or event of default shall have occurred and be continuing and, unless, after giving effect to such dividend, distribution, redemption, purchase, payment, acquisition or retirement (a "Restricted Payment"): (1) no default or event of default shall have occurred and (2) the Canadian dollar equivalent (determined as of the date of each such Restricted Payment) of the amount expended by Amoco Canada or any Subsidiary, for all such purposes (excluding amounts expended for the purposes referred to in clauses (b) and (c) of the next paragraph) on a cumulative basis subsequent to the Closing shall not exceed the sum of: (A) 50% of the aggregate Consolidated Net Income Before Extraordinary Items, Results of Discontinued Operations and the Cumulative Effects of Accounting Changes of Amoco Canada for each fiscal year or portion thereof included within the period commencing on the Settlement Date and ending at the end of the latest quarter for which, at the time of making a Restricted Payment, consolidated financial statements are available to Amoco Canada, provided, however, that the aggregate Consolidated Net Income Before Extraordinary Items, Results of Discontinued Operations and the Cumulative Effects of Accounting Changes shall never be less than U.S. $0); (B) the Canadian dollar equivalent of U.S. $50 million determined on the Pricing Date; and (C) the Canadian dollar equivalent (determined as of the date of sale) of the net cash proceeds to Amoco Canada from the sale by Amoco Canada subsequent to the Closing of shares of Amoco Canada which have not been previously issued.

The foregoing provisions will not prevent (a) the payment of any dividend or distribution referred to in clause (a) of the preceding paragraph or the acquisition or retirement of any Indebtedness referred to in clause (d) of the preceding paragraph pursuant to the optional redemption provisions of such Indebtedness (if following notice of such redemption the obligation of the issuer of such Indebtedness to redeem such Indebtedness is irrevocable under the indenture or other governing instrument pursuant to which such Indebtedness is issued) within 60 days after the date of the declaration of such dividend or distribution or of notice having been given to the holders of such Indebtedness of such redemption, if at such date of declaration or notice date such payment would comply with the foregoing provisions of the preceding paragraph on the basis of the most recent quarterly financial statements available to Amoco Canada at the time of such declaration or the giving of such notice and notwithstanding any lack of compliance on the basis of data subsequently so available; or (b) any exchange offer in which (1) the securities offered are not senior in right of payment to the securities acquired in exchange therefor and (2) the securities offered have a stated maturity which is on or after that of the securities acquired in exchange therefor; or (c) any payment in respect of the Unaffected Credit Facilities. (Section 5.8)

Notwithstanding the foregoing, (a) Amoco Canada will not, and will not permit any Subsidiary of Amoco Canada during the continuance of a default under the SED Indenture to: (1) make any payment (other than a Subordinated Payment) to Amoco Corporation in respect of SEDs acquired by

Amoco Corporation upon exchange thereof for Common Shares of Amoco Corporation in accordance with the SED Indenture; or (2) make any payment (other than a Subordinated Payment) to an Affiliate of Amoco Canada (other than Amoco Canada or, subject to clause (b) below, a wholly owned Subsidiary of Amoco Canada) in payment of any Indebtedness of Amoco Canada or the Subsidiary, as the case may be, to such Affiliate including, without limitation, Subordinated Payment Indebtedness; or (3) declare or pay a dividend or make a distribution of shares, rights, warrants or Subordinated Payment Indebtedness referred to in and as permitted by clause (a) of the second preceding paragraph or redeem, purchase or otherwise acquire for value any shares including any shares redeemable or retractable at the option of the holder thereof or any warrants or rights to subscribe for or purchase shares of Amoco Canada except for consideration consisting of Subordinated Payment Indebtedness referred to in and as permitted by clause (b) of the second preceding paragraph; and (b) Amoco Canada will not, during the continuance of a default under the SED Indenture, make any payment (other than a Subordinated Payment) to a wholly owned Subsidiary of Amoco Canada in payment of any Indebtedness of Amoco Canada to such wholly owned Subsidiary including, without limitation, Subordinated Payment Indebtedness.

Limitation on Affiliate Transactions. The SED Indenture provides that (a) Amoco Canada shall not create, incur, assume, guarantee or in any other way become liable for any Indebtedness to any Affiliate of Amoco Canada (other than a wholly owned Subsidiary of Amoco Canada) except upon commercially reasonable terms or terms which are more favourable to Amoco Canada than commercially reasonable terms at the time Amoco Canada becomes obligated thereon; (b) Amoco Canada shall not permit any wholly owned Subsidiary of Amoco Canada to create, incur, assume, guarantee or in any other way become liable for any Indebtedness to any Affiliate of Amoco Canada (other than Amoco Canada or another wholly owned Subsidiary of Amoco Canada) except upon commercially reasonable terms or terms which are more favourable to such wholly owned Subsidiary than commercially reasonable terms at the time such wholly owned Subsidiary becomes obligated thereon; (c) subject to clause (d) below, Amoco Canada shall not permit any Subsidiary of Amoco Canada which is not wholly owned by Amoco Canada to create, incur, assume, guarantee or in any other way become liable for any Indebtedness to any Affiliate of Amoco Canada (other than Amoco Canada or a wholly owned Subsidiary of Amoco Canada) except upon commercially reasonable terms or terms which are more favourable to such Subsidiary than commercially reasonable terms at the time such Subsidiary becomes obligated thereon; (d) Amoco Canada shall not permit any Subsidiary of Amoco Canada (a "Debtor Subsidiary") which is not wholly owned by Amoco Canada to create, incur, assume, guarantee or in any other way become liable for any Indebtedness to any other Subsidiary of Amoco Canada which is not wholly owned by Amoco Canada and of which Amoco Canada's direct or indirect percentage ownership of the Voting Shares of such Subsidiary is less than that of the Debtor Subsidiary, except upon commercially reasonable terms or terms which are more favourable to the Debtor Subsidiary than commercially reasonable terms at the time the Debtor Subsidiary becomes obligated thereon; (e) Amoco Canada shall not permit any Subsidiary of Amoco Canada which is not wholly owned by Amoco Canada to create, incur, assume, guarantee or in any other way become liable for any Indebtedness to Amoco Canada or a wholly owned Subsidiary of Amoco Canada except upon commercially reasonable terms or terms which are more favourable than commercially reasonable terms to Amoco Canada or the wholly owned Subsidiary, as the case may be; and (f) Amoco Canada shall not, and shall not permit any Subsidiary of Amoco Canada to, enter into any other transaction with any of its Affiliates (other than Amoco Canada or a wholly owned Subsidiary of Amoco Canada) except for transactions (1) otherwise expressly required by the SED Indenture or (2) pursuant to any instrument to which Amoco Canada or any Subsidiary of Amoco Canada is a party and existing at the Closing or (3) permitted by the covenants of Amoco Canada described under "Merger, Consolidation, Amalgamation or Sale of Assets" and "Principal Covenants—Limitation on Payments" or (4) which are not either individually or in the aggregate material in relation to the assets or operations of Amoco Canada) which transaction has the effect of conveying value from Amoco Canada or such Subsidiary, as the case may be, to such Affiliate and which is not on terms at least as favourable in all material respects to Amoco Canada or such Subsidiary, as the case may be, as either (A) the terms upon which such Affiliate has entered or has offered to enter into in comparable transactions with its other Affiliates, provided that such transaction is of a type normally entered into by affiliated companies in the industry in which Amoco Canada or such Subsidiary or such Affiliate participates, and which is in the nature of the provision of general corporate support services or (B) the terms which would be obtainable by Amoco Canada or such Subsidiary, as the case may be, at the time in comparable transactions involving Amoco Canada or such Subsidiary, as the case may be, with Persons which are not Affiliates of Amoco Canada or such Subsidiaries, as the case may be.

Limitation on Significant Subsidiary Preferred Share Issues, Distributions, Etc. Amoco Canada will not permit any Significant Subsidiary of Amoco Canada to (a) issue Preferred Shares of such Significant Subsidiary other than to Amoco Canada or another Subsidiary of Amoco Canada; or (b) declare or pay any dividend on, or purchase, redeem or otherwise acquire for value any of its share capital now or hereafter outstanding, return any capital to its shareholders as such or make any distribution on its share capital; provided that the foregoing shall not prevent: (1) any wholly owned Significant Subsidiary from declaring or paying dividends to Amoco Canada or to another wholly owned Subsidiary of Amoco Canada or from purchasing, redeeming or otherwise acquiring for value any shares of its capital owned by Amoco Canada or by a wholly owned Subsidiary of Amoco Canada or returning any capital to Amoco Canada or to another wholly owned Subsidiary of Amoco Canada or making any distribution on its share capital to Amoco Canada or to another wholly owned Subsidiary of Amoco Canada; or (2) any Significant Subsidiary which is not wholly owned by Amoco Canada from declaring or paying dividends on its shares or from purchasing, redeeming or otherwise acquiring for value any shares of its capital, or returning any capital or making any distribution on its share capital, if Amoco Canada or a Subsidiary of Amoco Canada receives its pro rata share of such payment, distribution or proceeds of redemption, purchase or other acquisition. (Section 5.11)

Limitation on Restrictive Covenants of Subsidiaries. Amoco Canada will not, and will not permit any Subsidiary of Amoco Canada to, create or otherwise cause or suffer to exist or cause to become effective any oral or written agreement, understanding or other contractual restriction on the ability of such Subsidiary to (a) declare or pay dividends or make distributions on the shares of such Subsidiary to Amoco Canada or any other Subsidiary of Amoco Canada, (b) pay any Indebtedness owed to Amoco Canada or any Subsidiary of Amoco Canada or (c) make loans or advances of money to Amoco Canada or any other Subsidiary of Amoco Canada; provided, however, that nothing in the foregoing provisions shall prevent Amoco Canada or any Subsidiary of Amoco Canada from creating or otherwise causing or suffering to exist or become effective any such restriction (1) contained in agreements of Amoco Canada or a Subsidiary of Amoco Canada existing at Closing, (2) contained in agreements of any Person existing at the time such Person becomes a Subsidiary of Amoco Canada, or (3) required by law. (Section 5.12)

Modification of SED Indenture

Amoco Canada and the Trustees may, without the consent of any holder of SEDs, enter into supplemental indentures for the purposes, among other things, of adding to Amoco Canada's covenants, adding additional events of default, evidencing the succession of another corporation to Amoco Canada, curing ambiguities or inconsistencies in the SED Indenture or adding or changing any provisions of the SED Indenture necessary to remedy any conflict between the provisions of the SED Indenture and any applicable laws. (Section 13.1)

The SED Indenture contains provisions permitting Amoco Canada, with the consent of the holders of not less than a majority in principal amount of the outstanding SEDs evidenced in writing or by a resolution passed by the affirmative votes of the holders of a majority in principal amount of the SEDs outstanding represented and voting at a meeting of holders of SEDs duly called and held in accordance with the provisions of the SED Indenture, to execute supplemental indentures for the purpose of modifying or amending in any particular manner any of the terms and provisions contained in the SED Indenture, any supplemental indenture or the SEDs, provided that any modification or amendment to the provisions described above under "Redemption and Related Provisions—Purchase of Series B SEDs" must be adopted by the holders of a majority of principal amount then outstanding of Series B SEDs, without action by the holders of Series A SEDs; and provided that no such supplemental indenture may, without the consent of the holders of all of the outstanding SEDs, among other things: (a) change the amounts or the time of payment of any amount owing under any of the SEDs or change the rate of interest thereon; (b) increase the Exchange Price with respect to the SEDs; (c) change the currency in which any of the SEDs or any premium or interest thereon is payable; (d) impair the right to institute suit for the enforcement of any such payment on or after the applicable maturity thereof; or (e) reduce the percentage in principal amount of the outstanding SEDs, the consent of the holders of which is required for any such supplemental indenture or for any waiver of compliance with certain provisions of, or of certain of the defaults and their consequences under, the SED Indenture. (Section 13.2)

Events of Default

The following events, other than those occurring pursuant to the Plan of Arrangement, will be events of default under the SED Indenture: (a) failure by Amoco Canada to make payment of any interest (other than Additional Amounts, if any, payable in respect of interest) when due on the SEDs, continued for 15 days; (b) failure by Amoco Canada to make payment of principal or premium, if any, (other than Additional Amounts, if any, payable in respect of either principal or premium, if any) when due on the SEDs; (c) failure by Amoco Canada to perform or observe in any material respect any other term, covenant or agreement of Amoco Canada (including the payment of any Additional Amounts) contained in the SEDs or in the SED Indenture, continued for (1) at least 30 days after written notice shall have been given to Amoco Canada by one or both of the Trustees or by the holders of not less than 25% in principal amount of the outstanding SEDs, and (2) an additional 30 days if action designed to cure such default has been commenced within the initial 30 day period and is being pursued diligently and continuously and can reasonably be expected to be substantially and successfully completed within the additional 30 day period; (d) default is made in a payment when due of the principal of any Indebtedness of Amoco Canada or any Significant Subsidiary outstanding after the Closing and, upon the expiry of any applicable grace period, the principal amount of the Indebtedness due and payable by reason of such default is in excess of U.S. $10 million (or its equivalent in another currency) and such default shall have continued (without such Indebtedness being discharged) for a period of at least 15 days after written notice shall have been given to Amoco Canada by one or both of the Trustees or by the holders of not less than 25% in principal amount of the outstanding SEDs specifying such default and requiring Amoco Canada to remedy same; provided, however, that the term "Indebtedness" for purposes of this clause shall not include the SEDs or any Indebtedness which the Plan of Arrangement provides shall be acquired by Amoco Canada and extinguished or converted to equity or acquired by Amoco Canada or any wholly owned Subsidiary of Amoco Canada and held by Amoco Canada or such wholly owned Sudsidiary, in either case, on or prior to the Closing, or any other Indebtedness not outstanding at or after the Closing; (e) the stated maturity of any Indebtedness of Amoco Canada or any Significant Subsidiary outstanding after the Closing is accelerated after the occurrence of an event of default contained in documentation relating to such Indebtedness and the principal amount of the Indebtedness due and payable by reason of such acceleration is in excess of U.S. $10 million (or its equivalent in another currency); provided, however, that the term "Indebtedness" for purposes of this clause (e) shall not include the SEDs or any Indebtedness which the Plan of Arrangement provides shall be acquired by Amoco Canada and extinguished or converted to equity or acquired by Amoco Canada or any wholly owned Subsidiary of Amoco Canada and held by Amoco Canada or such wholly owned Sudsidiary, in either case, on or prior to the Closing, or any other Indebtedness not outstanding at or after the Closing; (f) the occurrence of certain events related to bankruptcy, insolvency, liquidation, dissolution, winding-up, reorganization, adjustment, protection, relief, composition or receivership with respect to Amoco Canada or any of its Significant Subsidiaries; (g) any transaction or series of transactions shall occur (other than pursuant to or as a result of any action, order or decree of any governmental or judicial authority resulting from a proceeding brought against Amoco Canada, Amoco Corporation or a Comparable Issuer which at the time shall beneficially own more than 50% of the Voting Shares of Amoco Canada, which action, order or decree either (1) has not been consented to by the Person against whom it was brought or (2) has been consented to by such Person only after such Person has diligently and in good faith attempted (in an appropriate action or proceeding, whether administrative or at law or in equity) to avoid the taking by such authority of such action or the issuance by such authority of such order or decree) as a result of which (A) Amoco Corporation shall cease to maintain beneficial ownership of more than 50% of the Voting Shares of Amoco Canada, unless a Comparable Issuer to Amoco Corporation, at the time of such transaction or series of transactions and after giving effect thereto, shall have acquired beneficial ownership of more than 50% of the Voting Shares of Amoco Canada; or (B) any Person (including, without limitation, a Comparable Issuer to Amoco Corporation referred to in (A)) shall cease to maintain beneficial ownership of more than 50% of the Voting Shares of Amoco Canada unless a Comparable Issuer to such Person, at the time of such transaction or series of transactions and after giving effect thereto, shall have acquired beneficial ownership of more than 50% of the Voting Shares of Amoco Canada; (h) any judgment or order for the payment of money in excess of U.S. $50 million (or its equivalent in another currency) shall be rendered against Amoco Canada or any Significant Subsidiary by any court of competent jurisdiction in Canada and either (1) steps (other than the issue of a writ of execution or a writ of fieri facias or similar legal process and the filing of same with a sheriff's office, land registry office or other similar office) to enforce or execute upon such judgment or order shall have been commenced by any creditor, or (2) such judgment or order shall have continued unstayed or unsatisfied for any period of ten consecutive days; (i) any judgment or order for the payment of money in excess of U.S. $50 million (or its equivalent in another currency) (other than a judgment or order based upon a claim of Indebtedness which the Plan of Arrangement provides shall be acquired by Amoco Canada and extinguished or converted to equity or acquired by Amoco Canada or any wholly owned Subsidiary of Amoco Canada and held by Amoco Canada or such wholly owned Subsidiary, in either case on or prior to Closing) and enforceable against property or assets of Amoco Canada or any Significant Subsidiary in any country in which Amoco Canada or such Significant Subsidiary shall have any substantial part of its assets, shall be rendered against such corporation by any court of competent jurisdiction outside of Canada and both (1) steps to enforce or execute upon such judgment or order (which steps may result in the creation or securing of a lien or priority in respect of such judgment) shall have been commenced by any creditor in such country; and (2) such judgment or order shall have continued unstayed or unsatisfied for any period of ten consecutive days; and such failure to stay or satisfy such judgment shall have continued or such steps shall not have been effectively stayed or discontinued, as the case may be, for a period of at least 15 days after written notice shall have been given to Amoco Canada by one or both of the Trustees or by the holders of not less than 25% in principal amount of the outstanding SEDs specifying such fact and requiring Amoco Canada to remedy the same; (j) in the case of Series B SEDs only, failure by Amoco Canada to purchase or cause to be purchased Series B SEDs in accordance with the provisions described above under "Redemption and Related Provisions—Purchase of Series B SEDs"; and (k) in the case of Series A SEDs, the Series B SEDs shall have been accelerated due to an event of default occurring as contemplated by clause (j) above. (Section 6.1)

If an event of default shall occur and be continuing with respect to the SEDs, then and in every such case one or both of the Trustees or the holders of not less than 25% in principal amount of the outstanding SEDs may declare to be due and payable immediately by a notice in writing to Amoco Canada (and to the Trustees if given by holders) the unpaid principal amount of all of the SEDs. Upon any such declaration, such principal amount, together with unpaid interest thereon and all other amounts then owing to the holders of the SEDs, shall become immediately due and payable. At any time after such declaration of acceleration, but before a judgment or decree based on such declaration has been obtained, the Required Holders may, under certain circumstances, rescind and annul such declaration to the extent described in the following paragraph. If an event of default, as contemplated by clause (j) of the preceding paragraph shall occur, then in respect of such event of default, certain of the provisions of the SED Indenture relating to enforcement and certain other rights of the Holders of the SEDs and the Trustees shall be applicable to Series A SEDs and Series B SEDs, respectively, as if each such series had been issued under a separate indenture containing such provisions. (Sections 6.2 and 6.20)

The Required Holders may by written notice to Amoco Canada and the Trustees waive or instruct the Trustees to waive any default or event of default, or any failure to observe or perform any covenant or agreement, and the consequences thereof; provided, however, that neither the Required Holders nor the Trustees shall: (a) waive a default in respect of a covenant or provision of the SED Indenture for the benefit of the SEDs which cannot be modified or amended without the consent of the holders of all outstanding SEDs (as described under "Modification of SED Indenture"), unless such consent has been given, (b) waive a default in the payment of interest on the SEDs, unless all arrears of interest and (to the extent required by the SED Indenture and permitted by applicable law) interest which has accrued to date on overdue interest, if any, shall have been paid by Amoco Canada, or shall have been provided for by the deposit in trust with the Trustees, or the paying agent to the order of the Trustees of a sum sufficient to pay the same, or (c) waive a default in the payment of the redemption price of any of the SEDs that shall theretofore have been called for redemption, unless such redemption price, together with interest accrued to the date of payment, shall have been paid or provided for by Amoco Canada. (Section 6.10)

The Trustees shall, within the earlier of (a) 30 days after the Trustees become aware of the occurrence of a default with respect to the SEDs and (b) 90 days after the occurrence of a default known to the Trustees with respect to the SEDs, give the holders of the SEDs notice of all uncured defaults, provided that, except in the case of default in the payment of principal of or premium, if any, or interest on any of the SEDs, the Trustees shall be protected in withholding such notice if and so long as the board of directors, the executive committee, a trust committee of directors or responsible officers of the Trustees in good faith determines that the withholding of such notice is in the interest of the holders of the SEDs. (Section 9.11)

No incorporator, shareholder, officer or director, as such, of Amoco Canada or any successor corporation shall have any liability for any obligations of Amoco Canada under the SEDs or the SED Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation (other than Amoco Corporation's obligations under the Exchange Agreement). Each holder of the SEDs unconditionally waives and releases all such liability. The waiver and release are part of the consideration for issuing the SEDs. Notwithstanding the foregoing, such waiver and release do not relieve a director or officer of Amoco Canada or any successor corporation, or of a shareholder under Section 140(4) of the CBCA or comparable statutory provisions from time to time in effect, from the duty to act in accordance with the provisions of applicable statutory law and case law developed thereunder and in particular, without limitation, those statutory provisions relating to the duties or standards of care, diligence or skill of directors and officers, nor does such waiver and release relieve any such party from liability for a breach of the provisions of any such applicable statutory law. In addition, such waiver and release do not deprive any holder of any remedy that would be available in the absence of such waiver and release against any person under applicable statutory law available on application to a court of competent jurisdiction arising out of or in connection with any act or omission relating to the SED Indenture, the SEDs or otherwise which the court is satisfied is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any such holder of SEDs. (Section 11.1)

Amoco Canada must deliver to the Trustees semi-annual officers' certificates stating whether or not such officers have knowledge of any default by Amoco Canada and, if so, specifying such default, the nature thereof and any action taken in respect thereof. (Section 5.5) In addition, Amoco Canada must deliver to the Trustees forthwith after a senior officer of Amoco Canada determines that any default under the SED Indenture has occurred, an officers' certificate specifying such default and the action taken or proposed to be taken with respect thereto. (Section 6.18)

Except for actions to enforce payment of principal of, and premium or Additional Amounts, if any, and interest on the SEDs, no holder of SEDs has the right to institute any action under the SED Indenture unless (a) such holder has given the Trustees written notice of a continuing event of default, (b) the Required Holders of SEDs have made written request upon the Trustees to institute such action, (c) the holders of the SEDs have offered the Trustees security and indemnity satisfactory to the Trustees, and (iv) the Trustees, for 60 days after receipt of such notice, request and indemnity offer, have failed to institute the action. (Section 6.11)

Meetings

A meeting of holders of SEDs may be called at any time by the Trustees or Amoco Canada, and also, upon request, by the holders of at least 10% in principal amount of the SEDs, in any such case upon not less than 20 or more than 180 days' prior written notice given by mail to such holders at their registered addresses. (Sections 14.1 and 14.2) At any meeting of the holders of SEDs (including an adjourned meeting), holders of SEDs present in person or by proxy and representing an aggregate principal amount of the outstanding SEDs sufficient under the appropriate provision of the SED Indenture to take action upon the business for the transaction of which such meeting is called, or, in the absence of such provision, 25% of the outstanding principal amount of SEDs, will constitute a quorum for the transaction of business. In the absence of a quorum, a meeting called by Amoco Canada or the Trustees (but not a meeting called by holders of SEDs) will stand adjourned for a period of not less than 7 days or more than 15 days (as provided in the SED Indenture). (Sections 14.3 and 14.5) Upon a poll, holders of SEDs are entitled to one vote for every U.S. $100 principal amount of outstanding SEDs held. At any meeting, holders of SEDs have the power to (a) give any notice to Amoco Canada or the Trustees or give any direction to the Trustees or, subject to certain limitations, waive or consent to the waiving of any default under the SED Indenture and its consequences; (b) remove a Trustee and appoint a successor trustee; (c) subject to certain limitations, consent to an indenture or indentures supplemental to the SED Indenture; or (d) take any other action authorized to be taken by such holders pursuant to the SED Indenture. Any of the foregoing powers may be exercised by a resolution passed at a meeting of the holders of SEDs duly called and held in accordance with the provisions of the SED Indenture by the affirmative votes of the holders of the percentage of outstanding SEDs required by the provisions of the SED Indenture to exercise any such power, and where no particular percentage is required, by a majority of the votes cast. In the event of default described in clause (j) of the first paragraph under "Events of Default", the foregoing provisions shall be applicable to Series A SEDs and Series B SEDs as if each such series had been issued under a separate indenture containing such provisions. (Section 14.11)

Satisfaction, Discharge and Defeasance

The SED Indenture will be discharged upon delivery to the Trustees of all the SEDs for cancellation or, with certain limitations, upon deposit with the Trustees of moneys sufficient for the payment or redemption thereof. (Section 10.1)

Amoco Canada, at its option, (a) will be discharged from any and all obligations in respect of the SEDs (except for its obligations to effect exchanges of SEDs for Common Shares of Amoco Corporation, register the transfer or exchange of SEDs, replace stolen, lost or mutilated SEDs, maintain paying agencies, hold moneys for payment in trust and comply with certain other covenants relating to the listing of the Series A SEDs on the NYSE and the TSE and the maintenance of the status of Amoco Canada as a reporting company under the 1934 Act and as a reporting issuer under certain Canadian securities laws) or (b) need not comply with certain restrictive covenants of the SED Indenture (including those described under "Merger, Consolidation, Amalgamation or Sale of Assets", "Limitation on Restricted Payments", "Limitation on Affiliate Transactions", "Limitation on Significant Subsidiary Preferred Share Issues, Distributions, Etc." and "Limitation on Restrictive Covenants of Subsidiaries"), in each case 91 days after the following conditions have been satisfied: (1) Amoco Canada shall have deposited, irrevocably in trust, with the Trustees money or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, in an amount sufficient to pay all the principal (including any mandatory redemption payments) of, and interest and premium, if any, on, the SEDs on the dates such payments are due in accordance with the terms of such SEDs: (2) if the Series A SEDs are then listed on the NYSE or the TSE, Amoco Canada shall have delivered to the Trustees an opinion of counsel that the exercise of such option would not cause such Series A SEDs to be delisted; (3) no event of default or default with respect to the SEDs of such series shall have occurred and be continuing on the date the moneys or securities are deposited as aforesaid; and (4) Amoco Canada shall have delivered to the Trustees (A) an opinion of counsel or a private letter ruling from Revenue Canada Taxation and the United States Internal Revenue Service or a revenue ruling pertaining to a comparable form of transaction from Revenue Canada Taxation or the United States Internal Revenue Service as applicable, or some combination thereof, to the effect that the deposit and related defeasance would not cause the holders of the SEDs to recognize income, gain or loss for Canadian federal or provincial or United States federal or state income tax purposes and (B) an indemnity in respect of any losses, costs and expenses to the holders resulting from income tax being exigible on a different amount or in a different manner or at a different time as a result of the exercise of such option. (Section 10.5)

Governing Law

The SED Indenture, the Exchange Agreement and the SEDs shall be construed in accordance with the laws of the Province of Alberta and shall be treated in all respects as Alberta contracts. There are no limitations under the laws of Alberta or Canada on the right of non-Canadian residents or non-Canadian owners to hold or vote the SEDs. If and to the extent that any provision of the SED Indenture limits, qualifies or conflicts with another provision which is required to be included in the SED Indenture by any of Sections 310 to 317, inclusive of the United States Trust Indenture Act of 1939, such required provision shall control.

Concerning the Trustees

The First National Bank of Chicago, will act as U.S. Trustee under the SED Indenture, and The Royal Trust Company, will act as Canadian Trustee under the SED Indenture. Both may act as depositories for funds of, make loans to, and perform services for, Amoco Canada and Amoco Corporation in the ordinary course of their business.

The Required Holders of SEDs will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for exercising any trust or power conferred on the Trustees under the SED Indenture. (Section 6.10) The Trustees will be required to use in the exercise of the rights and the discharge of the duties prescribed or conferred by the SED Indenture the degree of care, diligence and skill of a reasonably prudent trustee. (Section 9.2) Subject to such provisions, the Trustees will be under no obligation to exercise any of their trusts or powers under the SED Indenture at the request of any of the holders of SEDs, unless they shall have offered to the Trustees security or indemnity satisfactory to the Trustees. (Section 9.1(i)) None of the provisions of the SED Indenture shall require any Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties or the exercise of its rights or powers under the SED Indenture if there shall be reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. (Section 9.2)

All of the rights, powers, duties and obligations conferred or imposed upon the Trustees under the SED Indenture shall be exercised or performed by the Trustees jointly, provided that, to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Canadian Trustee or the U.S. Trustee shall be incompetent or unqualified to perform such act or acts, then such rights, powers, duties and obligations shall be exercised and performed by the Trustee which is competent and qualified to perform such act or acts. In addition, if the Trustees cannot mutually agree upon a course of conduct in the exercise or performance of the rights, powers, duties and obligations conferred or imposed upon the Trustees, the U.S. Trustee shall be entitled to determine such course of conduct. (Section 9.4)

Junior Notes

The Junior Notes will be general unsecured subordinated obligations of Amoco Canada, are not expected to exceed U.S. $340 million in aggregate principal amount (plus the amount of accrued interest to be added to principal as described below) and will mature on the fifteenth anniversary of the Settlement Date. Interest shall accrue on the principal amount of the Junior Notes at the rate of 18.43% per annum, without compounding, from (and including) the Effective Date (but computed as if the Effective Date had occurred on the Settlement Date) to (but not including) the fifth anniversary of the Settlement Date. Such interest shall be deferred to such date or such earlier date as the principal of the Junior Notes shall become due and payable, at which time such deferred interest shall be added to the principal amount of the Junior Notes outstanding. Interest shall accrue from (and including) the fifth anniversary of the Settlement Date at the rate of 13.5% per annum on the principal amount (including deferred interest) of the Junior Notes and shall be payable semi-annually. The Junior Notes are expressly subordinated and subject in right of payment to the prior payment in full of all Prior Indebtedness of Amoco Canada (which for purposes of the Junior Note Indenture does not include the SEDs and the Subordinated Notes, which are subordinated to the Junior Notes).

The Junior Notes are not redeemable by Amoco Canada at any time prior to the third anniversary of the Settlement Date and thereafter may be redeemed as a whole or in part prior to maturity at the principal amount (including deferred interest) thereof, plus unpaid interest. Amoco Canada is required to redeem, at the principal amount (including deferred interest) thereof plus accrued interest, in each of the twelve-month periods ending on the fourteenth and fifteenth anniversaries of the Settlement Date, fifty percent of the aggregate principal amount of the Junior Notes outstanding, subject to certain restrictions, at such time. Amoco Canada may credit against any mandatory redemption payment the principal amount of Junior Notes redeemed by it (other than a prior mandatory redemption payment), or, subject to certain limitations in the event the Junior Notes are held by fewer than 100 Persons, purchased or otherwise acquired, and not previously credited. The Junior Note Indenture contains covenants and events of default substantially identical to those contained in the SED Indenture.

ATNs

The ATNs will be secured obligations of Amoco Canada and will be issuable in two series, the Series A ATNs and the Series B ATNs. The principal amount of the ATNs will be determined as of the Settlement Date as described elsewhere herein (see "PLAN OF ARRANGEMENT—Treatment of Creditors, Shareholders and Others Under the Arrangement—Creditors under the Affected Credit Facilities"). The ATNs will be secured by the Mortgaged Property referred to below and will mature on the fifteenth Anniversary of Closing (which term, as used with respect to the ATNs, means the anniversary of the latest day that is the 28th day of a calendar month and that is prior to Closing). Except for the respective prior claims to the property securing the ATNs, the Senior Notes and the Share Loan Notes (and except that recourse on the ATNs prior to the tenth Anniversary of Closing is generally limited to the security given therefor except in the case of Bankruptcy Defaults), the ATNs will rank equally with the Senior Notes and the Share Loan Notes. The ATNs and the Senior Notes will rank senior to the Marubeni Note (other than with respect to the security for that Note), the Junior Notes, the Subordinated Notes and the SEDs. As more fully described below, Amoco Canada has agreed to pay an amount equal to a portion of the revenues of the Mortgaged Property to the holders of the ATNs in satisfaction of principal and interest thereon and, except in certain events, such principal and interest shall be payable only in the amount of such portion of the revenues except as described under "Changes in Amortization". Amoco Canada will pay certain fees to certain ATN holders acting as agents on behalf of the holders of ATNs. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Miscellaneous".

Interest Rate

Series A ATNs. Except as described below under "Change in Amortization", the Series A ATNs will bear interest initially at a rate per annum equal to LIBOR plus $\frac{5}{8}$ths of 1 percent, increasing on the second Anniversary of Closing to LIBOR plus $\frac{3}{4}$ths of 1 percent and on the sixth Anniversary of Closing to LIBOR plus 1 percent, generally payable monthly, quarterly or semi-annually as elected by Amoco Canada.

Series B ATNs. Except as described below under "Change in Amortization", and subject to the further qualifications discussed below, interest on the Series B ATNs will generally be payable at the time and rate borne by the Series A ATNs. Subject to certain limitations, on or prior to the third Anniversary of Closing, Amoco Canada may elect to fix a rate of interest on any Series B ATNs which bear a floating rate of interest at a rate equal to the weighted average of the margins over LIBOR applicable to the Series A ATNs from the applicable date of election until the eighth Anniversary of Closing plus the Market Fixed Rate determined as of such date. Amoco Canada will pay the holders of ATNs a quarterly fee at the rate of 0.05 percent per annum on the average aggregate principal amount of ATNs outstanding on which Amoco Canada has the option to fix the interest rate. That portion of the Series B ATNs on which the interest rate has been fixed will cease to bear a fixed rate of interest and thereafter bear the interest borne by the Series A ATNs commencing one month prior to its scheduled principal payment date.

Payments

Payments on the ATNs will (except as described below under "Change in Amortization") be paid to the holders out of Monthly Dedication Payments in an amount equal to the sum of the "Amoco Canada Dedication" and the "Dome Dedication". The Dome Dedication for each month will be determined by multiplying (A) the gross revenues from sales during such month of Hydrocarbons from the Dome Pool Properties, after taxes, royalties and certain other deductions and exclusions (the "Dome Net Revenues"), by (B) 55 percent (the "Dome Dedication Rate"). The Amoco Canada Dedication for each month will be determined by multiplying (C) the gross revenues from sales during such month of Hydrocarbons from the Amoco Canada Pool Properties, after taxes, royalties and certain other exclusions (the "Amoco Canada Net Revenues"), by (D) the "Amoco Canada Dedication Rate". The Amoco Canada Dedication Rate will initially be 25 percent and will vary quarterly from 0 percent to 50 percent based upon the extent to which Monthly Dedication Payments have met the target cumulative principal repayment schedule for the ATNs as provided in the ATN Trust Deed. In lieu of making a Monthly Dedication Payment in the first two months, Amoco Canada will be obligated to pay to the holders of the ATNs a monthly Interim Payment equal to the accrued but unpaid interest on the ATNs, together with an amount equal to $\frac{1}{200}$th of the principal amount of the ATNs. Upon the occurrence of certain Events of Default, the Amoco Canada Dedication Rate and Dome Dedication Rate are both subject to increase to 90 percent and, in such event, Amoco Canada will be entitled to reduce the Monthly Dedication Payment so calculated by the amount of certain allowed operating expenses.

The Amoco Canada Dedication Rate shall be increased (but not over 50 percent absent an Event of Default) as required to make Monthly Dedication Payments sufficient to cover accrued and unpaid interest on the ATNs. In addition, if actual annual production of oil or natural gas from the Amoco Canada Pool Properties exceeds 110 percent of oil and natural gas production estimates, respectively, as set forth in the certain pre-closing quarterly production forecasts, the Monthly Dedication Payment for the last Production Month in such year will be increased by the portion of the Amoco Canada Net Revenues for the quarter attributable to such excess production times the difference between the actual daily average of the Amoco Canada Dedication Rates in effect for such year and 50 percent.

A separate series of Series A ATNs and of Series B ATNs will be entitled to "gross-up" provisions with respect to Canadian withholding tax on payments to non-Canadian persons. In connection therewith, certain payments allocable to the principal of such series which would otherwise be payable to a holder thereof prior to the fifth anniversary of the issuance of such series will be deposited in a cash collateral account until the date that is the last day of the Interest Period in which the second day after such fifth anniversary occurs, at which date an amount equal to the sums so deposited will become due to such holder to the extent not previously paid by Amoco Canada.

Change in Amortization

Holders of the majority in aggregate principal amount of the outstanding ATNs may elect, prior to the tenth Anniversary of Closing, to cause the aggregate amount outstanding of the ATNs to be amortized in equal monthly installments from the tenth Anniversary until the fifteenth Anniversary of Closing with interest during such period at a floating rate equal to LIBOR plus a margin to be negotiated in good faith by Amoco Canada and the holders of the ATNs. If such election is made but Amoco Canada and the holders of either 90 percent in principal amount of the ATNs or all but one of the holders of ATNs are unable to agree on such margin, Amoco Canada will be required to prepay at the tenth Anniversary of Closing all of the outstanding ATNs at their principal amount, together with accrued but unpaid interest to the date of prepayment.

Security

Amoco Canada's obligations under the ATNs will be secured by the Mortgaged Property, which comprises properties representing approximately one-third of the oil and gas production of Amoco Canada and substantially all of the existing oil and gas producing properties of Dome.

Prepayments

Amoco Canada may prepay the ATNs, in whole or in part, at any time at the outstanding principal amount thereof together with accrued but unpaid interest to the date fixed for prepayment. ATNs which bear a floating rate of interest may only be prepaid on the last day of an Interest Period with respect thereto. Upon prepayment of ATNs which bear a fixed rate of interest, each holder of an ATN will receive either, depending upon which option such holder elected prior to Closing, (i) any amount necessary to compensate such holder for any resulting net loss or expense incurred by such holder as a result of such prepayment or (ii) a prepayment penalty in specified amounts. The proceeds of permitted dispositions of Mortgaged Property for cash must be applied to prepay the ATNs. The ATNs are also subject to prepayment as described above under "Change in Amortization".

Covenants

The ATN Trust Deed will contain financial covenants substantially the same as those described in the outline of the terms of the Senior Notes herein in clauses (ii) (A), (B), (C), (D) and (E) of the first paragraph under "Senior Notes—Covenants" and additional covenants which will (i) require Amoco Canada and specified Subsidiaries to observe certain covenants with respect to the conduct of their respective businesses, (ii) require Amoco Canada to cause the Mortgaged Property to be maintained, developed, operated and insured as specified and the production thereof to be marketed in a commercially reasonable manner, and (iii) limit the ability of Amoco Canada to sell, exchange or otherwise dispose of, or encumber, the Mortgaged Property.

Amoco Canada will also covenant that it will have good title (subject to permitted encumbrances and minor title defects) to the Amoco Canada Pool Properties, and will not take any action to impair title to any Dome Pool Properties. If title to any Mortgaged Property, having a net present value in excess of U.S. $25 million, is not good, Amoco Canada shall cause additional oil and gas properties having a net present value in the amount of such excess to become Mortgaged Property.

Events of Default

The ATN Trust Deed will specify certain Events of Default (subject to certain notice and cure rights) including the following: (i) failure to make payments required on the ATNs, (ii) material default by Amoco Canada or any Subsidiary under certain other terms, covenants or conditions, (iii) material breach of certain representations or warranties made in connection with the ATNs, (iv) certain other debt of Amoco Canada or any Subsidiary having an aggregate principal amount of at least U.S. $25 million is not paid at scheduled maturity or is accelerated (an "Event of Acceleration"), (v) acquisition of beneficial ownership of over 50 percent of the general voting power of Amoco Canada by a Person other than Amoco Corporation, a Comparable Issuer, or any Subsidiary or Affiliate of Amoco Corporation or a Comparable Issuer, (vi) default by Amoco Canada under certain financial covenants, (vii) certain events of bankruptcy or insolvency affecting Amoco Canada or any of Amoco Canada's subsidiaries holding Mortgaged Property (a "Bankruptcy Default"), (viii) Amoco Canada or any Subsidiary holding Mortgaged Property ceasing to meet its liabilities generally as they become due, and (ix) any Canadian judgment in excess of U.S. $50 million enforceable in Canada being rendered against the Company or certain of its Subsidiaries and certain steps to execute upon such judgment having been taken.

Upon any Bankruptcy Default, the ATNs will become immediately due and payable. Upon the occurrence of any Event of Default except, prior to the tenth Anniversary of Closing, an Event of Acceleration, the holders of a majority in aggregate principal amount of the ATNs may increase the Amoco Canada Dedication Rate and the Dome Dedication Rate to 90 percent (subject to reduction within specified limits for reasonable operating expenses attributable to the Dome and Amoco Canada Net Revenues), institute a lock-box arrangement pursuant to which all Dome and Amoco Canada Net Revenues will be deposited in a segregated account under control of the ATN trustee and applied to the ATNs (subject to reimbursement to Amoco Canada of certain operating expenses and other amounts), accelerate the maturity of the ATNs, and/or realize upon the security for the ATNs. Upon an Event of Acceleration prior to the tenth Anniversary of Closing, the only remedy of the holders of the ATNs will be to institute a similar lock-box arrangement but with more stringent reimbursement limitations.

Prior to the tenth Anniversary of Closing, Amoco Canada may surrender the Mortgaged Property to the holders of the ATNs, whereupon all Events of Default (other than a Bankruptcy Default) will be deemed not to have occurred and Amoco Canada will have no further obligation on the ATNs until such tenth Anniversary of Closing (other than its obligation to compensate the holders of the ATNs for damages for any breach of any representation, warranty or covenant giving rise to such Event of Default).

Senior Notes

The Senior Notes will be secured full recourse obligations of Amoco Canada and will be issuable to Bank of Montreal in two series, Series A Senior Notes in a principal amount not to exceed U.S. $117.5 million and Series B Senior Notes in a principal amount not to exceed U.S. $235.1 million. The Senior Notes will rank equally with the ATNs (to the extent that the ATNs become full recourse obligations of Amoco Canada) and Share Loan Notes, and senior to the Marubeni Note (except to the extent of the security pledged in respect thereof), Junior Notes, Subordinated Notes and SEDs of all series. The Series A Senior Notes will have a maturity of three years, except that Amoco Canada may, by 30 days' prior notice, extend the maturity of the outstanding Series A Senior Notes to six years. The Series B Senior Notes will have a maturity of twelve years. The Series B Senior Notes will be retired commencing 7½ years after the Settlement Date, in ten equal semi-annual installments. Mandatory prepayments by Amoco Canada shall be applied first to the Series A Senior Notes, second to the Series B Senior Notes bearing a floating interest rate and third to the Series B Senior Notes bearing a fixed interest rate, and, in the case of Series B Senior Notes, in inverse order of maturity.

Interest Rate for Floating Rate Senior Notes

The Series A Senior Notes and the Series B Senior Notes shall bear interest from and including the Effective Date but computed as if the Effective Date had occurred on the Settlement Date, payable monthly, initially at a floating rate ("Floating Rate Senior Notes") unless Amoco Canada shall have elected on or prior to the Pricing Date to have all or any portion of the Senior Notes bear a fixed rate of interest ("Fixed Rate Senior Notes") determined as described below under "Interest Rate for Fixed Rate Senior Notes". Floating Rate Series A Senior Notes shall bear interest to the second anniversary of the Settlement Date at a rate per annum equal to LIBOR plus 0.625 percent and thereafter at LIBOR plus 0.75 percent. Floating Rate Series B Senior Notes shall bear interest initially at a rate per annum equal to LIBOR plus 1.075 percent, increasing on the second anniversary of the Settlement Date to LIBOR plus 1.2 percent, decreasing on the third anniversary of the Settlement Date to LIBOR plus 1 percent and increasing on the sixth anniversary of the Settlement Date to LIBOR plus 1.25 percent for the period until the tenth anniversary of the Settlement Date. Prior to the tenth anniversary of the Settlement Date, the interest rate on any Floating Rate Series B Senior Notes will be renegotiated by Amoco Canada and the holders thereof. If no agreement is reached such floating interest rate will thereafter be LIBOR plus 1 percent.

Interest Rate for Fixed Rate Senior Notes

Initial Fixed Rate Option. Upon 30 days' notice prior to the Effective Date, Amoco Canada may elect that all or any portion of the Senior Notes of either or both series will bear interest at fixed rates ("Fixed Rate Senior Notes"). Fixed Rate Series A Senior Notes will bear interest to the third anniversary of the Settlement Date at the yield to maturity on a Reference Issue of United States Treasury Notes plus 1.65 percent, and if Amoco Canada has elected to extend the maturity of the Series A Senior Notes, at the yield to maturity on a Reference Issue of United States Treasury Notes plus 1.65 percent. Fixed Rate Series B Senior Notes will bear interest to the third anniversary of the Settlement Date at the yield to maturity on a Reference Issue of United States Treasury Notes plus 2.1 percent and thereafter to the tenth anniversary of the Settlement Date at the yield to maturity on a Reference Issue of United States Treasury Notes plus 1.9 percent. Prior to the tenth anniversary of the Settlement Date, the interest rate on the then outstanding Fixed Rate Series B Senior Notes will be renegotiated by Amoco Canada and the holders thereof. If no agreement is reached, such interest rate will be a floating rate of LIBOR plus 1 percent.

Subsequent Fixed Rate Option. Amoco Canada has the option to convert all or any part of Floating Rate Series A Senior Notes or the Floating Rate Series B Senior Notes to Fixed Rate Senior Notes, exercisable on any date 30 days prior to the expiration date of an Interest Period applicable to the Floating Rate Senior Notes to be so converted. Upon any such conversion the resulting Fixed Rate Series A Senior Notes shall thereafter bear interest for the balance of the first three year term at the yield to maturity on the Reference Issue of United States Treasury Notes plus 1.65 percent, and, for the second three year term, assuming that Amoco Canada has extended the maturity of Senior Notes, at the yield to maturity on the Reference Issue of United States Treasury Notes plus 1.65 percent. Upon such conversion of any Floating Rate Series B Senior Notes, the resulting Fixed Rate Series B Senior Notes shall bear interest at the yield to maturity on the Reference Issue of United States Treasury Notes plus 2.1 percent to the third anniversary of the Settlement Date and thereafter to the tenth anniversary of the Settlement Date at the yield to maturity on the Reference Issue of United States Treasury Notes plus 1.9 percent. Prior to the tenth anniversary of the Settlement Date, the interest rate on the then outstanding Fixed Rate Series B Senior Notes will be renegotiated by Amoco Canada and the holders thereof. If no agreement is reached, such interest rate will be a floating rate of LIBOR plus 1 percent.

Security

Amoco Canada's obligations under the Senior Notes will be guaranteed by the Company and certain of its Subsidiaries, which guarantees will be secured by specified assets and interests of Dome utilized in or related to Dome's NGL, ethane gathering and Cochin Pipeline businesses (which assets will include, among others, the assets now subject to the security interests presently held by Bank of Montreal and the liquids division assets subject to the security interest presently held by the Four Bank Syndicate) (the "Collateral"). Bank of Montreal's claim to the Collateral under the Senior Notes will rank in the same or higher priority as compared with the existing security presently held by it. In the event that any portion of Bank of Montreal's security interests in the Collateral are set aside, declared void, released or removed as a result of a final order or judgment in proceedings challenging or setting aside the Arrangement Agreement or Plan of Arrangement, Amoco Canada will be required, subject to certain limitations, to grant security interests in substitute property of equal or greater fair market value.

Subject to the rights of Bank of Montreal to transfer, assign or otherwise deal with the Collateral arising out of a default under, or the enforcement of, the Senior Notes, or following redemption by a subsequent encumbrancer or guarantor, the Collateral will be for the nontransferable benefit of Bank of Montreal only. Notwithstanding the foregoing and subject to Amoco Canada's consent, which shall not be unreasonably withheld, Bank of Montreal may grant participation interests to other lenders which may include the transfer of an interest in the Collateral on conditions that reserve to Bank of Montreal the sole authority to deal with the Collateral and make decisions concerning it.

The Collateral may be released from the liens securing the Senior Notes if Collateral is sold or transferred by Amoco Canada (i) as long as a cash payment equal to the proceeds of such sale, less any costs of effecting such sale, is applied first to the prepayment of the Series A Senior Notes and thereafter to the prepayment of the Series B Senior Notes or (ii) upon the substitution of other property (subject to certain conditions).

Optional Prepayments

Amoco Canada may prepay the Series A Senior Notes, in whole or in part, at any time at the outstanding principal amount thereof, together with accrued but unpaid interest thereon to the date fixed for prepayment. Amoco Canada may prepay the Series B Senior Notes, in whole or in part, at any time prior to maturity, at 101.39 percent of the principal amount thereon to and including the third anniversary of the Settlement Date, thereafter at 101.00 percent of the principal amount thereon to and including the sixth anniversary of the Settlement Date, thereafter at 100.53 percent of the principal amount thereon to and including the ninth anniversary of the Settlement Date and thereafter at 100.23 percent of the principal amount thereon. Floating Rate Senior Notes may only be prepaid on the last day of an Interest Period with respect thereto. Upon any optional redemption by Amoco Canada of Fixed Rate Series B Senior Notes, Amoco Canada will be required to pay the holders thereof accrued and unpaid interest and certain amounts in respect of any loss, cost or expense incurred by reason of such optional prepayment.

Covenants

The Senior Notes will contain covenants, among other things, (i) concerning the maintenance, operation and insurance of the Collateral and certain reporting obligations with respect thereto and the conduct of business of Amoco Canada and specified Subsidiaries and (ii) limiting (A) the payment by Amoco Canada of cash dividends on, and the purchase by Amoco Canada or its Subsidiaries of, Amoco Canada's share capital, the purchase or optional redemption by Amoco Canada of its subordinated debt, the payment by Amoco Canada or its Subsidiaries in cash of any of its Indebtedness to its Affiliates which will be outstanding as of the Closing, and the ability of Amoco Canada to make loans to specified Subsidiaries, (B) the incurrence of Indebtedness by Amoco Canada, (C) the incurrence of Indebtedness by specified Subsidiaries, (D) the ability of Amoco Canada to consolidate, amalgamate, merge or sell, lease or otherwise transfer all of its assets, (E) the creation or incurrence by specified Subsidiaries of liens or other security interests, (F) the issuance of preferred stock, or the payment of any dividend or distribution on, or acquisition of, capital stock, by specified Subsidiaries and (G) the creation of contractual restrictions by Subsidiaries of Amoco Canada on the ability of such Subsidiaries to pay dividends or distributions on capital stock, or pay Indebtedness owed to Amoco Canada or its Subsidiaries or to make loans or advances to Amoco Canada or its Subsidiaries.

Events of Default

The Senior Notes will specify certain events of default (subject to certain notice and cure rights), including the following: (i) failure to pay principal or interest when due, (ii) failure for a specified period of time to pay any other amount owing under the Senior Notes or pursuant to security agreements relating thereto, (iii) breach of any covenant, representation or warranty of Amoco Canada or any specified Subsidiary, (iv) default in the payment when due of a principal installment of at least U.S. $10 million of certain other Indebtedness of Amoco Canada or any specified Subsidiary or acceleration of at least U.S. $10 million of any such Indebtedness or which is owed to Bank of Montreal, and continuation thereof for a specified period of time, (v) certain events of bankruptcy or insolvency affecting Amoco Canada or any specified Subsidiary, (vi) the acquisition by any person or persons other than Amoco Corporation, any Comparable Issuer or any Subsidiary or Affiliate of Amoco Corporation or any Comparable Issuer of beneficial ownership of voting shares of Amoco Canada having over 50 percent of the general voting power of Amoco Canada other than pursuant to or as a result of any action, order or decree of any governmental or judicial authority and (vii) any Canadian judgment in excess of U.S. $50 million enforceable in Canada being rendered against the Company or certain of its Subsidiaries and certain steps to execute upon such judgment having been taken. Upon the occurrence of any event of default described above, all amounts due and payable under the Senior Notes will become immediately due and payable. In such event the holders of Senior Notes will be entitled, in addition to all other remedies afforded by law, to all normal methods of enforcing their security upon the Collateral, including the right to appoint a receiver to supervise and direct the business conducted with the Collateral.

Share Loan Notes

The Share Loan Notes will be promissory notes of Amoco Canada in favour of (i) Canadian Imperial Bank of Commerce, Bank of Montreal, The Royal Bank of Canada and The Toronto-Dominion Bank (the "Share Loan Note (4 Bank)") and (ii) The Toronto-Dominion Bank (the "Share Loan Note (TD)").

The principal amount of the Share Loan Note (4 Bank) will be U.S. $123.9 million and the principal amount of the Share Loan Note (TD) will be equal to the amount of a certain loan balance owed on the Settlement Date to The Toronto-Dominion Bank, which is not expected to exceed U.S. $44 million. The Share Loan Notes will rank equally with the Senior Notes, the ATNs (to the extent that the ATNs become general recourse obligations of Amoco Canada) and the Marubeni Note, and senior to the Junior Notes, Subordinated Notes and SEDs. Each Share Loan Note will mature on the second anniversary of the Settlement Date. The Share Loan Notes will be general obligations of Amoco Canada, and will be indirectly guaranteed by Dome and secured by a pledge of certain common shares of Placer Dome.

Interest Rate

The Share Loan Notes will bear interest at LIBOR plus ¾ of 1 percent per annum from and including the Effective Date (but computed as if the Effective Date had occurred on the Settlement Date) to but not including the first anniversary of the Settlement Date and thereafter at LIBOR plus 1 percent. Subject to certain exceptions, each Interest Period will be one, three or six months as determined by Amoco Canada prior to the commencement thereof.

Prepayments

Optional Prepayments. Amoco Canada may prepay at any time, when not in default, the principal of any of the Share Loan Notes in whole or in part at their outstanding principal amount together with accrued interest to the date of prepayment.

Prepayments Upon Sale of Pledged Placer Dome Shares. The Share Loan Notes contain provisions requiring Amoco Canada, in the event of a sale of any pledged common shares of Placer Dome by Amoco Canada or any of its Subsidiaries, to use any net proceeds to prepay such Notes. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Sale of Assets".

Events of Default

The Share Loan Notes contain events of default substantially identical in all material respects to the events of default contained in the SED Indenture. If an event of default shall occur and be continuing, the payee of each Share Loan Note may declare the principal of, the interest on and any other amount due and payable under such Note to be immediately due and payable and, in addition to other rights or remedies provided by law, realize upon the security granted to it as described above.

Subordinated Notes

The Subordinated Notes will be general unsecured subordinated obligations of Amoco Canada, and will mature on the fifth anniversary of the Settlement Date. The Subordinated Notes are to be issued to creditors otherwise entitled to receive Series A SEDs (including Series A SEDs received in the Placer Dome Settlement) who elect to receive Subordinated Notes in lieu thereof or in exchange therefor. The aggregate principal amount of the Subordinated Notes issuable on the Effective Date will be equal to the principal amount of the Series A SEDs as to which such election is made. The Subordinated Notes are unsecured and will be subordinate to the ATNs, the Senior Notes, the Share Loan Notes, the Marubeni Note and the Junior Notes, and will rank equally with the SEDs of both series. As more fully described below, the Subordinated Notes are exchangeable under certain circumstances, at the option of the holder, for an equal aggregate principal amount of Series A SEDs. See "Covenants and Events of Default; Exchange Right".

Interest Rate

Fixed Rate Subordinated Notes. Unless Amoco Canada shall have elected on the Pricing Date that any or all of the Subordinated Notes shall bear a floating rate of interest, the Subordinated Notes shall bear interest at a fixed rate per annum, determined on the Pricing Date, equal to the Blended Rate determined as of the Pricing Date plus 0.815 percent.

Floating Rate Subordinated Notes. Any Subordinated Notes as to which Amoco Canada shall have elected a floating rate of interest shall bear interest to the second anniversary of the Settlement Date at a rate per annum equal to LIBOR plus ⅝ of 1 percent and thereafter at LIBOR plus ⅞ of 1 percent. On or prior to the third anniversary of the Settlement Date, Amoco Canada may elect to fix the rate of interest on any or all of the floating rate Subordinated Notes for their remaining terms at the Blended Rate plus up to ⅞ of 1 percent.

Prepayments

Optional Prepayments. Amoco Canada may prepay the Subordinated Notes, in whole or in part, at their outstanding principal amount, together with accrued but unpaid interest thereon and, as to Subordinated Notes which bear a fixed rate of interest, any amount necessary to compensate such holders for any resulting net loss or expense incurred by them as a result of such prepayment, to the date fixed for prepayment, without penalty or premium. Fixed Rate Subordinated Notes may be prepaid at any time and floating rate Subordinated Notes may be prepaid at the end of any Interest Period. Amoco Canada will have the right to credit optional prepayments against mandatory prepayments.

Required Prepayments. Amoco Canada will be required to prepay, during the calendar months which are six, twelve and eighteen months prior to the maturity of the Subordinated Notes, 25 percent of the aggregate principal amount of the Subordinated Notes issued and outstanding immediately after the Closing at their principal amount together with accrued but unpaid interest, thereby retiring 75 percent of the Subordinated Notes prior to the maturity thereof.

Covenants and Events of Default; Exchange Right

The Subordinated Notes contain covenants and events of default identical in all material respects to the covenants and events of default contained in the SED Indenture. The Subordinated Notes will also prohibit Amoco Canada, until the Subordinated Notes are repaid in full, from making any payment on Indebtedness owed to any Affiliate of Amoco Canada that is not a wholly-owned Subsidiary of Amoco Canada or making distributions on its share capital (other than payments or distributions made in shares or notes subordinate to the Subordinated Notes, or any payment made in respect of SEDs acquired by Amoco Corporation upon the exchange thereof for Common Shares of Amoco Corporation in accordance with the SED Indenture). In addition, the Subordinated Notes will contain an event of default relating to material breaches of representations and warranties relating to the Subordinated Notes.

If an event of default shall occur and be continuing, the holder or holders of at least 25 percent of the aggregate principal amount of the Subordinated Notes at the time outstanding may declare the principal amount of all of the Subordinated Notes to be immediately due and payable. Thereafter and until the principal amount and all accrued but unpaid interest on the Subordinated Notes shall have been paid in full or otherwise discharged, or such event of default shall have been waived, holders of Subordinated Notes will be entitled to exchange all or any part of the unpaid principal amount of such Subordinated Notes for an equal principal amount of Series A SEDs (which will be issued by Amoco Canada at the Closing and deposited with an escrow agent). The foregoing rights and remedies are in addition to any other rights or remedies provided by law.

Marubeni Note

The principal amount of the Marubeni Note will be equal to 7.50 percent of the balance owed to the Marubeni Corporation as of the Settlement Date and is not expected to exceed U.S. $8 million. See "PLAN OF ARRANGEMENT—Treatment of Creditors, Shareholders and Others Under the Arrangement—Creditors under the Affected Credit Facilities". The Marubeni Note will mature on the day following the fifth anniversary of its issuance, and will bear interest during each period at LIBOR plus ⅝ of 1 percent per annum. Amoco Canada will be entitled to prepay the principal amount of the Marubeni Note in whole or in part on the last day of any interest period, together with accrued interest. The Marubeni Note will be a general obligation of Amoco Canada and, as described below, will be entitled to the benefit of certain guarantees and security arrangements. The Marubeni Note will be subordinated to the Senior Notes and the ATNs, except to the extent that the holder of the Marubeni Note is entitled to recourse against the surface ship portion of the SSDC/MAT marine drilling system (the "SSDC") (see "DOME PETROLEUM LIMITED—Contract Drilling") or the proceeds of sale thereof. The Marubeni Note will be senior to the Junior Notes, the Subordinated Notes and the SEDs.

The obligations of Amoco Canada under the Marubeni Note will be indirectly guaranteed by Dome and secured by a mortgage on the SSDC. In the event of a sale or loss of the SSDC, the outstanding principal amount of the Marubeni Note must be deposited into a cash collateral account.

The Marubeni Note contains events of default substantially identical in all material respects to the events of default contained in the SED Indenture. If an event of default shall occur and be continuing, the payee of the Marubeni Note may declare the principal of, the interest on and any other amount due and payable under such Note to be immediately due and payable and, in addition to other rights or remedies provided by law, realize upon the security granted to it as described above.

Certain Definitions

Certain definitions in the instruments under which the New Securities are to be issued used in this section and not otherwise defined in this Proxy Statement include the following (except that, with respect to the ATNs and Senior Notes, references below to determinations made in accordance with accounting principles generally accepted in Canada as of the Closing are subject to the qualification that upon the expiry of five fiscal years after the Closing, such determinations will be made in accordance with accounting principles generally accepted in Canada at such time):

"Blended Rate" means the arithmetic mean of swap spreads furnished by specified banks for transactions between prime banks for Eurodollar swaps with specified maturities, plus the market yield for specific LIBOR and U.S. Treasury obligations. Specific provisions governing the computation of these rates are contained in each of the New Securities to which these rates relate.

"Capitalized Lease Obligation" with respect to any Person means any rental obligation which is required to be capitalized in the financial statements of such Person, determined in accordance with accounting principles generally accepted in Canada as of the Closing consistently applied by such Person and, if such Person is in existence as of the Closing, used by such Person as of the Closing.

"Closing" means the Effective Date.

"Comparable Issuer" generally means, in respect of an issuer, any Person, the senior unsecured debt securities and commercial paper of which have at least an equivalent rating to the long-term senior unsecured debt securities and commercial paper of such issuer, as determined by reference to the rating assigned to such securities by certain rating agencies.

"Consolidated Net Income" means, for any period, the aggregate of the net income of Amoco Canada and its Consolidated Subsidiaries for such period, on a consolidated basis, determined in accordance with accounting principles generally accepted in Canada as of the Closing consistently applied by Amoco Canada and used by Amoco Canada as of the Closing; provided that (i) the net income of any Person other than a Consolidated Subsidiary in which Amoco Canada or any Consolidated Subsidiary has a joint interest with a third party shall be included only to the extent of the amount of dividends or distributions paid in cash to Amoco Canada or a Consolidated Subsidiary during such period, and (ii) the net income of any Person acquired in a pooling of interests transaction for any period or portion thereof prior to the date of such acquisition shall be excluded.

"Consolidated Net Income Before Extraordinary Items, Results of Discontinued Operations and the Cumulative Effects of Accounting Changes" means, for any period, Consolidated Net Income for such period, adjusted to eliminate the effect of extraordinary items, results of discontinued operations and the cumulative effect of accounting changes (in each case, net of any related tax effect) for such period, determined in accordance with accounting principles generally accepted in Canada as of the Closing consistently applied by Amoco Canada and used by Amoco Canada as of the Closing.

"Consolidated Shareholders' Equity" means, at any time with respect to any Person, the excess of the total assets of such Person and its Consolidated Subsidiaries over the total liabilities of such Person and its Consolidated Subsidiaries, determined in accordance with accounting principles generally accepted in Canada as of the Closing consistently applied by such Person and, if such Person is in existence as of the Closing, used by such Person as of the Closing.

"Consolidated Subsidiary" means, as to any Person, any Subsidiary of such Person whose accounts are or are required to be consolidated with the accounts of such Person in accordance with accounting principles generally accepted in Canada as of the Closing consistently applied by such Person and, if such Person is in existence as of the Closing, used by such Person as of the Closing.

"Indebtedness" means, at any time, with respect to any Person and without duplication:

(a) all obligations of such Person for money borrowed (whether classified as current or long-term) and the deferred purchase price of property or services (other than trade indebtedness accounted for as accounts payable, accrued expenses and other similar current liabilities incurred in the ordinary course of business) determined in accordance with accounting principles generally accepted in Canada as of the Closing consistently applied by such Person and, if such Person is in existence as of the Closing, used by such Person as of the Closing;

(b) all Capitalized Lease Obligations of such Person;

(c) the amount for which any shares in the capital of any such Person that is a corporation may be redeemed if the holders of such shares are entitled at such time to require such Person to redeem such shares, or if such Person is otherwise obligated at such time to redeem such shares, in each case whether on notice or otherwise; and

(d) all obligations of the type described in (a) and (b) above, and in the case of the ATNs and Senior Notes (c) above, which such Person has guaranteed or the holder of which such Person has otherwise assured against loss, excluding, however:

(i) in the case of the ATNs and Senior Notes, all obligations of such Person to its Affiliates (other than Subsidiaries) which are subject to a subordination and postponement agreement; and

(ii) any obligations (or any portion thereof) the payment, redemption or satisfaction of which has, upon or prior to the maturity thereof, been duly provided for by the irrevocable deposit with the proper depositary in trust of necessary funds (or evidences of other indebtedness, or other securities, if permitted by the instrument creating such indebtedness) including any amounts irrevocably held for the benefit of an obligee in a cash collateral or similar account (other than, in the case of certain of the New Securities, the segregated cash collateral account under the control of the trustee under the ATN Trust Deed).

"LIBOR" generally means the rates per annum at which deposits in United States dollars are offered to prime banks in the London interbank market. Specific provisions governing the computation of these rates are contained in each of the New Securities to which these rates relate.

"Market Fixed Rate" generally means ⅛th of 1 percent per annum over a blended rate per annum determined on the basis of fixed rates furnished by the principal offices of specified banks for transactions between prime banks for Eurodollar rate swaps of six-month LIBOR. Specific provisions governing the computation of these rates are contained in each of the New Securities to which these rates relate.

"Prior Indebtedness" means, with respect to the SEDs, the principal of, premium (if any) and accrued and unpaid interest on (a) indebtedness of Amoco Canada incurred for money borrowed from others (including indebtedness of others incurred or assumed by Amoco Canada) and (b) renewals, extensions and refundings of any such indebtedness, if in each case the instrument creating or evidencing such indebtedness or under or pursuant to which the same is issued or outstanding does not provide that such indebtedness is subordinate or equal in right of payment to or with the SEDs. It includes the ATNs, the Senior Notes, the Share Loan Notes, the Marubeni Note and the Junior Notes provided that Prior Indebtedness when used with respect to the SEDs shall not include the Subordinated Notes (whether or not such notes are held by an affiliate of Amoco Canada) or any SEDs held by any Affiliate of Amoco Canada or any Indebtedness of Amoco Canada to its Affiliates incurred on or prior to the Closing or incurred thereafter in contravention of the provisions of the SED Indenture described above under "SED Principal Covenants—Limitation on Affiliate Transactions".

"Prior Indebtedness Default" means the occurrence of any event which would, without further notice or lapse of time or both, permit the holder or holders of any class of Prior Indebtedness, or one or more representatives or trustees on their behalf, to declare such Prior Indebtedness due and payable prior to the stated maturity thereof.

"Reference Issue of United States Treasury Notes" means an issue of United States Treasury Notes currently recognized as an appropriate pricing instrument, determined as specified in the New Securities to which this term relates.

"Required Holders" means, with respect to the SEDs, the holders of a majority of the aggregate principal amount of all SEDs outstanding at the relevant time.

"Significant Subsidiary", as of any date of determination prior to the publication of the consolidated financial statements of Amoco Canada for the year ended December 31, 1988, means the Company, Dome Petroleum Corp., Hudson's Bay Oil and Gas Company Limited, Cochin Pipe Lines Ltd. and Dome Pipeline Corporation and, in certain cases, any other Subsidiary which Amoco Canada

has certified is a Significant Subsidiary as of the Effective Date, and thereafter means any Subsidiary of Amoco Canada:

(i) the total assets of which after excluding intercompany items eliminated in consolidation ("Assets") exceed an amount equal to one-half of one percent of the total consolidated assets ("Total Assets"), as shown on the audited consolidated balance sheet of Amoco Canada and its Consolidated Subsidiaries as of the end of the fiscal year of Amoco Canada most recently preceding such date of determination for which such audited consolidated balance sheet is available; and

(ii) of which at least 80 percent of the outstanding Voting Shares is at the time directly or indirectly through one or more intermediaries or otherwise beneficially owned by Amoco Canada;

provided however, that in the event that the aggregate Assets of all Subsidiaries of Amoco Canada which would, but for this proviso, be deemed, as of the end of any such fiscal year, not to be Significant Subsidiaries exceeds an amount equal to 20 percent of Total Assets, then the Subsidiaries of Amoco Canada shall be ranked in order of amount of Assets and only those Subsidiaries, beginning with the smallest Subsidiary as ranked by amount of Assets, constituting the largest number of Subsidiaries whose aggregate Assets do not exceed 20 percent of Total Assets shall be deemed not to be Significant Subsidiaries.

"*Subsidiary*" means, with respect to any Person, any corporation of which more than 50 percent of the outstanding Voting Shares are beneficially owned, directly or indirectly, by or for such Person and includes any corporation in like relation to a Subsidiary.

"*U.S. Government Obligations*" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of an entity controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

SECURITIES LAW CONSIDERATIONS AND STOCK EXCHANGE LISTINGS

The following are general summaries of the resale restrictions applicable under Canadian and United States securities legislation. EACH SHAREHOLDER IS URGED TO CONSULT HIS OWN LEGAL ADVISOR AS TO THE RESALE RESTRICTIONS APPLICABLE TO HIM IN RESPECT OF HIS SECURITIES OF AMOCO CANADA OR AMOCO CORPORATION.

Canadian Securities Law Considerations

Amoco Canada has applied to the securities regulatory authority in each province or territory of Canada for an appropriate ruling or order, among other things, exempting the initial distribution of Series A SEDs to Shareholders and the issuance of Amoco Corporation Common Shares to holders of Series A SEDs upon exercise of the exchange provisions of the Series A SEDs, from the prospectus and registration requirements of the securities legislation of such jurisdictions. In the event that any of such exemption orders or rulings are not granted, Amoco Canada or Amoco Corporation, as the case may be, will file all necessary preliminary prospectuses and prospectuses with the appropriate securities regulatory authorities in order to qualify the aforementioned securities for distribution and

and, as noted, upon certain advance rulings provided to Amoco Canada and the Company with respect to certain of the income tax consequences of the Arrangement. The Company and Amoco Canada have applied to Revenue Canada for an advance ruling with respect to certain but not all of the income tax consequences to the Shareholders of the transactions contemplated by the Arrangement. Shareholders should therefore be aware that Revenue Canada may not agree with all the positions taken by counsel with respect to the other income tax consequences to the Shareholders of the transactions contemplated by the Arrangement and that, if challenged, there is no assurance that the positions taken by counsel would necessarily be sustained by a court. Counsel has also relied upon representations by Amoco Corporation that Amoco Corporation Common Shares will be listed for trading on The Toronto Stock Exchange on the Effective Date.

The Government of Canada has proposed several amendments to the Act which, if enacted, may be effective before the Effective Date and which may affect the income tax consequences of the transactions contemplated by the Arrangement. Draft legislation ("Draft Legislation") to implement a number of the proposed amendments has been released. Where relevant, the impact of such proposed amendments upon Shareholders is discussed based upon the assumption that the Draft Legislation will be enacted as proposed. It should be noted however, that no assurance can be given that the proposed amendments will be enacted, or if enacted, will be enacted in the form proposed or that statements made in Parliamentary proceedings with respect to the intent of such legislative measures will not affect the interpretation thereof by a court to the detriment of the Shareholders.

This summary does not otherwise take into account or anticipate any changes in laws, whether by way of legislative or judicial action. Moreover, there can be no assurance that the Act or the Regulations will not otherwise be amended in a manner which will affect the income tax consequences of the proposed transactions to the Shareholders.

Exchange of Common Shares and Preferred Shares for Series A SEDs

On the basis of the advance rulings received by Amoco Canada from Revenue Canada with respect to certain of the income tax consequences to Amoco Canada and the Company of the Arrangement, counsel believes that Revenue Canada will likely regard each of the intermediary steps resulting in the receipt by Common Shareholders and Preferred Shareholders of Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts, as independent transactions for the purposes of determining the Canadian federal income tax consequences thereof to the Shareholders. On this basis, such Shareholders will generally recognize a capital gain (or capital loss) equal to the amount by which the aggregate of the fair market value of the Series A SEDs, Fractional Series A SEDs, and Rights and the Cash Amounts received by them on the redemption of the Class X Preferred Shares, less any portion thereof that is deemed to be a dividend for the purposes of the Act, exceeds (or is exceeded by) the aggregate adjusted cost base of their Class X Preferred Shares. Such deemed dividends will, however, generally reduce the amount of any capital loss recognized by a Shareholder that is a taxable Canadian corporation, as defined in the Act, on the redemption of the Class X Preferred Shares to the extent that the deemed dividends are deductible in computing the corporation's taxable income under the Act. For a description of the circumstances in which Class X Preferred Shares will be issued, see "PLAN OF ARRANGEMENT—Description of The Plan of Arrangement".

Generally, the adjusted cost base to a Shareholder of the Class X Preferred Shares acquired by him under the terms of the Arrangement will be the adjusted cost base of his Common Shares or Preferred Shares, as the case may be, that are converted to Class X Preferred Shares. The Act provides that where identical properties are acquired at different costs, the adjusted cost base of each such property shall be the average cost of all such properties (subject to any other adjustments required under the Act). Consequently, the adjusted cost base of each Class X Preferred Share to a Shareholder who held both Common Shares and Preferred Shares will be the aggregate adjusted cost base of the Common Shares and Preferred Shares divided by the number of Class X Preferred Shares received therefor.

If a Shareholder owned Common Shares on December 31, 1971 and continuously thereafter without interruption, such shares (the "Old Shares") will, however, be treated as a class of capital property separate and distinct from Common Shares acquired after that date for the purpose of computing the adjusted cost base of such shares and the amount of the capital gain or capital loss, if any, realized on a disposition thereof. Special rules govern the computation of the adjusted cost base of the Old Shares and Shareholders are advised to consult their tax advisors with respect to such computation. Because shares received by a Shareholder in exchange for the Old Shares on an amalgamation will, for the purposes of these special rules, be deemed to be the same shares as the Old Shares, altered in form only, Class X Preferred Shares received for the Old Shares by virtue of the amalgamation provided for in the Plan of Arrangement will also be treated as a separate class of capital property as described above and the adjusted cost base thereof will be the same as the adjusted cost base of the Old Shares. The treatment of capital gains and capital losses is discussed below under "Capital Gains and Capital Losses".

The advance ruling sought by the Company and Amoco Canada is to the effect that the paid-up capital of the Class X Preferred Shares shall be deemed to be equal to the greater of: (i) an amount equal to the aggregate principal amount of SEDs to be delivered to the non-dissenting Shareholders plus the Cash Amount in respect of such SEDs; and (ii) the fair market value of the Class X Preferred Shares (based on the fair market value of the Series A SEDs, Fractional Series A SEDs and Rights and the Cash Amount). Assuming the ruling is obtained, no dividend will be deemed to have been received by the Common Shareholders and the Preferred Shareholders on the redemption of their Class X Preferred Shares. If the ruling is not obtained, the Company will provide timely advice to the Common Shareholders and the Preferred Shareholders of the alternate income tax consequences.

One of the changes contained in the Draft Legislation is the introduction of a general anti-avoidance rule (the "General Anti-Avoidance Rule") which is intended to prevent tax avoidance transactions but is not intended to interfere with legitimate commercial transactions. Under the Draft Legislation, if a transaction is an avoidance transaction, the tax consequences thereof shall be determined as is reasonable in the circumstances in order to deny the tax benefit that would otherwise result from the transaction. The General Anti-Avoidance Rule will become effective with respect to transactions entered into on or after the day on which Royal Assent is received for the Draft Legislation subject to certain grandfathering rules.

If the paid-up capital of the Class X Preferred Shares exceeds the aggregate paid-up capital of the Common Shares and the Preferred Shares, that event may be regarded as an avoidance transaction. As a result, if the General Anti-Avoidance Rule is enacted and is applied to the Arrangement, the tax consequences to the Common Shareholders and the Preferred Shareholders will be determined as is reasonable in the circumstances to deny the tax benefit, if any, to them. Revenue Canada may determine that, in these circumstances, it is reasonable to ignore the increase in the paid-up capital of the Class X Preferred Shares, in which case, on the redemption of his Class X Preferred Shares, each Common Shareholder and each Preferred Shareholder will be deemed to have received a dividend equal to the amount, if any, by which the aggregate of the fair market value of the Series A SEDs, Fractional Series A SEDs, Rights and the Cash Amount which such Shareholder is entitled to receive exceeds the amount that would have been the paid-up capital of such Class X Preferred Shares had there been no such increase.

Although counsel is unable to conclude at this time that the General Anti-Avoidance Rule will not apply to the Arrangement, there is a strong argument in support of the position that the Arrangement, if completed in the manner proposed, will be grandfathered and therefore not affected by the General Anti-Avoidance Rule. There is also a strong argument that the capital gains treatment afforded the Shareholders by the increase in the paid-up capital of the Class X Preferred Shares is reasonable on the grounds that the treatment is essentially the same as would be afforded to the Shareholders on an exchange of the Shareholders' Common Shares or Preferred Shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts.

An individual Shareholder who is a resident of Canada will be required to include in income an amount equal to 133⅓% of any dividend that is deemed to have been received by him but will be permitted to claim a dividend tax credit equal to 16⅔% of the grossed-up amount. If the Act is amended as proposed, dividends received by individuals will only be grossed-up by 25% and the dividend tax credit will be reduced to 13⅓% of the grossed-up amount. Shareholders that are taxable Canadian corporations may generally deduct the amount of any dividends received or deemed to have been received by them in computing their taxable income for the purposes of the Act.

Non-resident Shareholders will be subject to a withholding tax in respect of any dividend deemed to have been received by them on the redemption of the Class X Preferred Shares equal to 25% of the amount thereof or such lesser amount as may be determined under applicable income tax treaties. If the Company later determines that the Draft Legislation will apply and create a deemed dividend, to the extent any such withholding tax is exigible, the amount thereof will be remitted by the Company to Revenue Canada. Funds for the remittance will be deducted from the Cash Amount otherwise payable and, if insufficient, will be generated by a sale of Rights, Fractional Series A SEDs or Series A SEDs on behalf of the Shareholder. Persons who hold Common Shares for the benefit of non-resident Shareholders and fail to withhold may be liable for the tax that should have been withheld, interest and a penalty for failure to withhold equal to 10% of the amount of such tax.

Ownership and Sale or Redemption of the Series A SEDs

A holder of Series A SEDs, Fractional Series A SEDs or Rights must include in his income for a taxation year any interest received or receivable by him in the year, depending upon the method regularly followed by him in reporting interest income. In the case of a corporation and certain other holders, all interest that is receivable by it in respect of a period ending in its taxation year must be included in income for the year.

It is uncertain whether the amount, if any, by which the principal amount of the Series A SEDs, Fractional Series A SEDs or Rights exceeds the cost thereof to the Shareholder (the "Discount") must be recognized as income in the hands of the Shareholder, or whether such Discount may be recognized as a capital gain upon the disposition of the Series A SEDs, Fractional Series A SEDs or Rights by the Shareholder and Revenue Canada may argue that taxpayers who report interest income on an accrual basis should recognize a portion of the Discount as interest income each year and other taxpayers should recognize the Discount as interest income upon a disposition or the redemption of the Series A SEDs, Fractional Series A SEDs or Rights. While Revenue Canada has in the past allowed taxpayers who, for investment purposes, acquire interest bearing debts at a discount from the principal amount to recognize the amount of such discount as a capital gain on the final disposition of the debt, there is no assurance that such practice will be followed in this case. Moreover, there is no judicial authority that is dispositive of the question in these circumstances and, while counsel is of the view that the Shareholders have strong arguments in their favour, there is no assurance that they would prevail on the merits if the issue were litigated.

In this regard, one of the proposed amendments contained in the Draft Legislation may apply. It provides that if an amount can reasonably be regarded as being in part interest and in part an amount of a capital nature, the part of the amount that can reasonably be regarded as interest shall be deemed to be interest on a debt obligation held by the person to whom it is paid or payable. If the Discount can reasonably be regarded as interest, it shall be deemed to be interest pursuant to this provision for purposes of the Act. The Act contains rules requiring individuals (other than trusts for the benefit of corporations) to include accrued but unpaid interest in income every three years and other taxpayers to include accrued but unpaid interest in income every year. These rules will become applicable to the Discount if it is deemed to be interest. However, no guidelines have been established as to what portion of the Discount must be accrued and included in income.

If a holder of a Series A SED, Fractional Series A SED or Right disposes of such Series A SED, Fractional Series A SED or Right between interest payment dates, interest accrued to the time of disposition will not be included in the holder's proceeds of disposition but must be included in the income of the holder disposing of such Series A SED, Fractional Series A SED or Right, except to the extent that such interest was otherwise included in computing his income. If the Draft Legislation is enacted as proposed and pursuant thereto the Discount is deemed to be interest, such Discount will not be included in the holder's proceeds of disposition.

If a Shareholder exchanges Series A SEDs or Fractional Series A SEDs for Amoco Corporation Common Shares between interest payment dates, interest will have accrued although Amoco Corporation will not make any payment or adjustment in respect thereof. Such a holder will nonetheless be required to include that accrued interest in income on the basis described above. However, if a Series A SED or Fractional Series A SED is disposed of for proceeds of disposition equal to its fair market value, a holder thereof may deduct, in computing income, the amount, if any, by which the amount included in income as such accrued interest exceeds the portion of the amount received or receivable by him that can reasonably be considered to be in respect of such interest.

Amoco Canada has received a ruling confirming that interest paid to non-resident holders of Series A SEDs, Fractional Series A SEDs and Rights who deal at arm's length with Amoco Canada will not be subject to Canadian withholding tax.

On the disposition of a Series A SED, Fractional Series A SED or Right a holder thereof will recognize a capital gain or capital loss equal to the amount, if any, by which the proceeds of disposition, net of the reasonable expenses of disposition, exceed or are exceeded by the adjusted cost base thereof. For these purposes, however, it is uncertain whether each Series A SED and each Fractional Series A SED should be treated as a single security or as two separate securities consisting of a debt instrument and a separate exchange privilege (the "Exchange Right"), entitling the holder to exchange the debt instrument for Amoco Corporation Common Shares. If a Series A SED and a Fractional Series A SED are viewed as being comprised of two distinct securities, the cost to a holder of the Series A SED or Fractional Series A SED must be allocated between the debt feature and the Exchange Right in a reasonable manner. In addition, upon a disposition of a Series A SED or a Fractional Series A SED, the holder thereof must similarly allocate the proceeds of disposition between the debt feature and the Exchange Right in calculating the capital gain or capital loss that must be recognized on the disposition thereof. For these purposes, the cost to a Shareholder of a Series A SED or Fractional Series A SED, acquired by him on the redemption of the Class X Preferred Shares, will be the fair market value of the Class X Preferred Shares immediately before that time less the Cash Amount and the fair market value of Rights received in respect thereof. Shareholders should be entitled to take into account the fair market value of the Common Shares or Preferred Shares immediately before the Effective Date and the fair market value of the Series A SEDs and Fractional Series A SEDs immediately thereafter as evidence of the fair market value of the Class X Preferred Shares.

A holder of a Series A SED, Fractional Series A SED or Right will, in general, realize a capital gain or capital loss on a disposition or deemed disposition thereof equal to the amount by which the proceeds of disposition thereof, net of the reasonable expenses of disposition, exceed or are exceeded by the adjusted cost base thereof. A disposition of a Series A SED, Fractional Series A SED or Right will occur on a sale (including a sale by the Depositary on behalf of the Shareholder), redemption or gift thereof and upon an exchange of Series A SEDs or Fractional Series A SEDs for Amoco Corporation Common Shares and will be deemed to have occurred on death. The proceeds of disposition on a gift or on death will be deemed to be the fair market value of the Series A SED, Fractional Series A SED or Right (unless certain relevant provisions of the Act apply).

The premium, if any, paid by Amoco Canada to a Shareholder on the redemption of the Series A SEDs or Fractional Series A SEDs must be included in the holder's proceeds of disposition. If the Discount is properly treated as interest income, the amount thereof will not be included in the proceeds of disposition received on a redemption of the Series A SEDs or Fractional Series A SEDs.

If a Series A SED and a Fractional Series A SED are treated as two distinct securities for purposes of the Act, the Exchange Right will expire on a redemption of the Series A SED or Fractional Series A

SED. Because in these circumstances all of the proceeds of disposition will be allocated to the debt feature, the holder of the Series A SED or Fractional Series A SED so redeemed will realize a capital loss equal to the adjusted cost base of the Exchange Right. Such a capital loss must generally be deducted from capital gains realized in the year of redemption. The treatment of capital gains and capital losses is discussed below under "Capital Gains and Capital Losses".

Exercise of Exchange Rights

Holders of Series A SEDs or Fractional Series A SEDs who exercise their Exchange Rights by delivering the Series A SEDs or Fractional Series A SEDs to Amoco Corporation will be considered to have disposed of the Series A SEDs or Fractional Series A SEDs and may, as a result, realize a capital gain or capital loss. If a Series A SED and a Fractional Series A SED are regarded as a single security for the purpose of the Act, upon the exchange of a Series A SED or a Fractional Series A SED for Amoco Corporation Common Shares, the holder thereof will be deemed to have disposed of his Series A SED or Fractional Series A SED for proceeds of disposition equal to the aggregate of the fair market value of the Amoco Corporation Common Shares and the cash adjustment, if any, received in exchange therefor. In these circumstances, the cost of the Amoco Corporation Common Shares will be an amount equal to the fair market value of the Series A SED or Fractional Series A SED immediately prior to the exchange less the cash adjustment, if any.

If, on the other hand, a Series A SED and a Fractional Series A SED are regarded as being comprised of two securities, a holder of a Series A SED or Fractional Series A SED who delivers such Series A SED or Fractional Series A SED to Amoco Corporation in exchange for Amoco Corporation Common Shares will be considered as having disposed of the debt portion thereof but will not be viewed as having disposed of his Exchange Right. Rather, the cost of the Exchange Right to the Shareholder will be added to the cost of the Amoco Corporation Common Shares acquired by him on the exchange. Under this view, it is unclear whether the proceeds of disposition of the debt portion is the fair market value or the principal amount thereof.

Capital Gains and Capital Losses

The amount by which one-half of any capital gain ("taxable capital gain") exceeds one-half of any capital loss ("allowable capital loss") realized by a taxpayer as a result of dispositions in the year must be included in computing income for that year. Any allowable capital losses in excess of taxable capital gains may generally be carried back three years and carried forward indefinitely for deduction against taxable capital gains realized in such years. The Draft Legislation contains a number of proposed amendments to the taxation of capital gains. The portion of a capital gain or capital loss included in computing income will be increased from one-half to two-thirds generally with respect to capital gains and capital losses realized after 1987 and to three- quarters generally with respect to capital gains and capital losses realized after 1989. Corporations are subject to certain transitional rules as a result of which the time at which the increased inclusion rate becomes effective may be delayed and the effective inclusion rate may be adjusted depending on the taxation year end of the particular corporation.

The Act currently provides for a cumulative lifetime exemption from income taxation of $500,000 of qualifying net capital gains ($250,000 of qualifying net taxable capital gains) for individuals, other than trusts, who are resident in Canada, which exemption is being phased in progressively between 1985 and 1990. The exemption is limited on a cumulative basis to $100,000 of post-1984 capital gains realized before 1988. In order to qualify for the capital gains deduction it is necessary to file an income tax return reporting the gain in the year in which it is realized. The Draft Legislation proposes to limit the cumulative lifetime exemption in respect of capital gains realized by individuals, other than trusts, to the 1987 level of $100,000 of post-1984 net capital gains and to reduce the amount of capital gains eligible for such exemption by the amount of the taxpayer's "cumulative net investment loss". In general terms, a taxpayer's cumulative net investment loss is the amount by which his investment expenses for taxation years after 1987 exceeds his investment income for such years.

Persons who are residents of Canada and are not citizens of the United States may be liable for United States federal estate tax if they hold Amoco Corporation Common Shares and may be liable for such tax if they hold Series A SEDs or Fractional Series A SEDs on death. Such tax is not creditable or deductible in computing Canadian income tax liability. See "Certain United States Federal Tax Consequences".

Subject to the provisions of any applicable income tax treaties a non-resident who recognizes a taxable capital gain on the disposition of Class X Preferred Shares will be subject to Canadian tax thereon if their Common Shares or Preferred Shares were used by them in carrying on a business in Canada or if, at any time during the five years preceding the disposition, the Shareholder, either alone or together with persons with whom the Shareholder did not deal at arm's length, owned 25% or more of the issued shares of any class of the capital stock of the Company. Non-resident holders of Series A SEDs, Fractional Series A SEDs or Rights will not be liable for Canadian income tax in respect of the taxable capital gain, if any, realized on a disposition thereof unless such properties were used by them in carrying on a business in Canada.

Interest Expense on Money Borrowed to Acquire Common Shares and Preferred Shares

Reasonable interest expense paid or payable in respect of a particular taxation year by a Shareholder (depending upon the method regularly followed by him in computing his income) on funds borrowed by him for the purposes of acquiring a Common Share or a Preferred Share for the purpose of earning income therefrom, where the Shareholder has a reasonable expectation of earning such income, will be deductible in computing his income for that taxation year, provided that the Shareholder continues to own, throughout the period during which the interest accrues, the Common Share or Preferred Share acquired with such borrowed funds. Where Common Shares and Preferred Shares are exchanged for Series A SEDs, Fractional Series A SEDs and Rights, interest may cease to be deductible on so much of the outstanding loan attributable to such Common Shares or Preferred Shares as exceeds the fair market value of the Series A SEDs, Fractional Series A SEDs and Rights received in exchange therefor. Interest will cease to be deductible if the Series A SEDs, Fractional Series A SEDs and Rights are disposed of, except to the extent that the proceeds of sale are used for the purpose of earning income from a business or property.

Registered Retirement Savings Plans

While the Series A SEDs and Fractional Series A SEDs are qualified investments for trusts governed by registered retirement savings plans ("RRSPs"), because they are exchangeable for Amoco Corporation Common Shares they will also constitute foreign property to RRSPs. Where, at the end of any month, the fair market value of all foreign property of an RRSP (such fair market value being calculated as of the time of acquisition of the foreign property by the RRSP) exceeds the aggregate of 10% of the fair market value of all property of the RRSP (again calculated as at the time of acquisition) and the lesser of three times the small business investment amount, as defined in the Act, of the RRSP for the month, and 20% of the fair market value of all property of the RRSP (again calculated as at the time of acquisition), the RRSP shall be liable to pay a tax in respect of that month equal to 1% of the lesser of the excess and the fair market value (again calculated as at the time of acquisition) of all foreign property owned by the RRSP at that time.

Dissenting Shareholders

Under the current administrative practice of Revenue Canada, no part of the amount received by a Shareholder who exercises his right of dissent should be treated as a deemed dividend. Rather, such a Shareholder will be deemed to have disposed of his Common Shares or Preferred Shares, as the case may be, for proceeds of disposition equal to the fair market value of the property or payment received for such shares. Consequently, such dissenting Shareholder will realize a capital gain or capital loss equal to the amount, if any, by which the proceeds of disposition, net of the reasonable expenses of the disposition, exceed or are exceeded by the adjusted cost base to him of such shares. The treatment of capital gains and capital losses and dividends will be as discussed above under "Capital Gains and Capital Losses" and "Exchange of Common Shares and Preferred Shares for Series A SEDs".

Certain United States Federal Tax Consequences

The following summary of certain United States federal income tax, withholding tax and estate tax considerations is based upon the opinions of Baker & McKenzie, special United States tax counsel to Amoco Canada and Amoco Corporation, and Mayer, Brown & Platt, special United States counsel to Dome. The summary is for general information only and discusses such tax considerations only with respect to: (i) the sale of Common Shares and Preferred Shares on the market, prior to an exchange for Series A SEDs pursuant to the Plan of Arrangement, or the exchange of Common Shares and Preferred Shares for Series A SEDs pursuant to the Plan of Arrangement; (ii) the ownership and sale or other disposition of Series A SEDs; (iii) the exercise of the right under the Series A SEDs to acquire Amoco Corporation Common Shares; and (iv) the ownership and sale or other disposition of Amoco Corporation Common Shares, in each case by a United States Person or, with certain exceptions, by a person who is, or which is, not a United States Person. The summary discusses only any such United States tax consequences with respect to Common Shares and Preferred Shares, Series A SEDs and Amoco Corporation Common Shares held as capital assets and does not discuss the United States tax consequences of special tax situations, such as dealers in securities, shareholders of the Company who acquired their shares pursuant to the exercise of employee stock options or otherwise as compensation, or shareholders of the Company who, at any time during the five-year period ending on the Effective Date, owned directly or through attribution, 10% or more of the Company's voting power.

As used in this section, "United States Holder" means a holder of a Series A SED who is, or which is, a United States Person. A "United States Person" is (i) a citizen or resident of the United States of America (including the States and the District of Columbia) (the "United States"), (ii) a corporation or partnership created or organized in the United States or under the laws of the United States or of any State and (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source. A "resident" of the United States for any calendar year is an alien individual who (i) is a lawful permanent resident of the United States at any time during such calendar year; (ii) is present in the United States on at least 31 days during the current calendar year and the sum of the number of days on which such individual was present in the United States during such current year and the two preceding calendar years (when multiplied by the applicable multiplier) equals or exceeds 183 days (where the applicable multiplier for the current year is one, for the first preceding year one-third and for the second preceding year one-sixth); or (iii) has made a qualifying election to be treated as a resident under section 7701(b)(4) of the Internal Revenue Code.

The opinions of counsel on which this summary is based rely in part upon representations by Amoco Corporation and Amoco Canada as to: (i) the active conduct by Amoco Canada and by its subsidiaries or chain of subsidiaries of a trade or business in Canada or in other countries outside the United States in such manner that at least 80 percent of the gross income of Amoco Canada for the preceding 3 years has been and, so long as the election by Amoco Corporation to treat Amoco Canada as a domestic corporation for United States federal income tax purposes shall continue in effect, shall continue to be, derived from sources outside the United States and attributable to the active conduct of a trade or business in Canada or another country outside the United States, and (ii) the conduct by Amoco Canada of its business and affairs in such manner that interest (including original issue discount) paid by it shall not be attributable to a permanent establishment or fixed base of Amoco Canada situated in the United States. It is the intention of Amoco Corporation and Amoco Canada that Amoco Canada will operate in accordance with such representations.

Treatment Of United States Persons

Sale of Common Shares or Preferred Shares on the Market. A United States Person who sells Common Shares or Preferred Shares on the market prior to the Arrangement will recognize gain or loss equal to the difference between the amount realized on the sale and his tax basis in the Shares.

This gain or loss will be long-term capital gain or loss if the Shareholder's holding period for his Common Shares or Preferred Shares is more than six months in the case of Common Shares or Preferred Shares acquired before January 1, 1988 or more than one year in the case of Common Shares or Preferred Shares acquired after December 31, 1987. Otherwise the gain or loss will be short-term capital gain or loss. In the case of a Shareholder which is a corporation, losses from the sale of Common Shares or Preferred Shares shall be allowed only to the extent of gains from the sale or exchange of capital assets. In the case of a Shareholder which is other than a corporation, losses from the sale of Common Shares or Preferred Shares shall be allowed only to the extent of gains from the sale or exchange of capital assets plus the lower of (i) $3,000 ($1,500 in the case of a Shareholder who is a married individual filing a separate return) or (ii) the excess of such losses over such gains.

Exchange of Common Shares or Preferred Shares for Series A SEDs. The intermediary steps set forth in the Plan of Arrangement resulting in the receipt by Common Shareholders and Preferred Shareholders of Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts in exchange for their shares should be disregarded for United States tax purposes and the transactions treated as the direct exchange by the former Shareholders of their Common Shares and Preferred Shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts. Amoco Canada will treat its acquisition of the Common Shares and Preferred Shares as a direct purchase of such Common Shares and Preferred Shares in exchange for the Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts for United States federal income tax purposes pursuant to a ruling obtained by Amoco Corporation from the Internal Revenue Service.

The exchange of Common Shares or Preferred Shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts will be a taxable exchange to United States Persons, who will realize gain or loss equal to the difference between the basis in their Common Shares or Preferred Shares exchanged and the sum of (i) the Cash Amount, (ii) the initial trading prices in their respective markets on the Effective Date of the Series A SEDs and the Fractional Series A SED received, and (iii) the initial market value of the portions of Series A SEDs in respect of Rights represented by the Rights received. It is expected that this aggregate amount realized will be approximately equal to the market price on the Effective Date of the Common Shares or Preferred Shares exchanged. Sales of Series A SEDs in respect of Fractional Series A SEDs and Rights by the Depositary on behalf of holders will give rise to short-term capital gain or loss to such holders equal to the difference between the amounts realized on such sales and the values assigned to such Fractional Series A SEDs and Rights on the Effective Date.

Ownership and Sale or Redemption of Series A SEDs—Issue Price of Series A SEDs. Each Series A SED and Fractional Series A SED received will have an issue price for United States tax purposes equal to its initial trading price. Amoco Canada will notify initial holders of Series A SEDs or Fractional Series A SEDs of such issue prices promptly after the Effective Date. Under present case law and regulations, each Series A SED and Fractional Series A SED should be treated as a single debt instrument, rather than as an investment unit consisting of a debt instrument and a separate exchange privilege entitling the holder to exchange the debt instrument for Amoco Corporation Common Shares. The entire issue price for each Series A SED and Fractional Series A SED should therefore be allocated to the debt feature of the Series A SED and the Fractional Series A SED and no amount allocated to the exchange feature. This treatment is not entirely free from doubt, however, and the Internal Revenue Service might assert that each Series A SED and Fractional Series A SED should be treated as an investment unit consisting of a debt instrument and a separate exchange privilege, and that the issue price for the Series A SED and Fractional Series A SED should be allocated between the debt instrument and the exchange privilege in proportion to their fair market values. If the Internal Revenue Service were to assert this position successfully, the issue price and initial basis of the debt portion of each Series A SED and Fractional Series A SED would be reduced by the amount of issue price allocated to the exchange privilege. Amoco Canada intends to treat the Series A SEDs and the Fractional Series A SEDs as single debt instruments rather than investment units for purposes of calculating its deductions for interest and original issue discount for U.S. tax purposes.

Ownership and Sale or Redemption of Series A SEDs—Interest and Original Issue Discount. The periodic interest payable on a Series A SED or a Fractional Series A SED will be taxable to the United States Holder as ordinary income at the time such interest accrues or is paid, in accordance with the United States Holder's method of accounting for tax purposes.

Each Series A SED and each Fractional Series A SED will have a stated redemption price at maturity for U.S. tax purposes equal to its stated principal amount. If this stated redemption price at maturity exceeds the issue price of the Series A SED or the Fractional Series A SED by an amount exceeding 6.25% of the stated redemption price, the excess of stated redemption price over the issue price will constitute original issue discount. Each initial United States Holder of a Series A SED or a Fractional Series A SED will be required to include in gross income, in each taxable year during which the Series A SED or the Fractional Series A SED is held, a portion of this original issue discount calculated on a constant yield basis in addition to the stated interest paid semi-annually on the Series A SED or the Fractional Series A SED. United States Holders should be aware that, because of the application of such original issue discount rules, they could be required to include amounts in gross income in advance of the receipt of cash attributable to such income.

Any such original issue discount with respect to a Series A SED or Fractional Series A SED will accrue based on semi-annual periods corresponding to the semi-annual interest accrual periods. Under proposed Treasury Regulations, the amount of original issue discount allocable to an accrual period would equal the difference between (i) the yield to maturity of the Series A SED or Fractional Series A SED (determined on the basis of the issue price and cash flows under the Series A SED or Fractional Series A SED, using semi-annual compounding) multiplied by the adjusted issue price of the Series A SED or Fractional Series A SED (*i.e.*, the original issue price plus amounts of original issue discount includable in income for all prior accrual periods) and (ii) the amount payable as interest during such accrual period. The amount of original issue discount so allocated to a particular accrual period will then be allocated equally to each day in the accrual period. A United States Holder of a Series A SED or Fractional Series A SED (whether on a cash or accrual method of accounting) will be required to include in its income for the taxable year the original issue discount so allocated to each day in that year on which the Series A SED or Fractional Series A SED was held by such United States Holder.

A subsequent United States Holder who purchases a Series A SED or Fractional Series A SED will also be required to include original issue discount in income on a constant yield basis. A modification of the accrual calculation will generally apply to a subsequent United States Holder who purchases a previously outstanding Series A SED or Fractional Series A SED at a price greater than the sum of (i) the issue price of the Series A SED or Fractional Series A SED and (ii) the total amount of original issue discount allocable under the rules of the preceding paragraphs to the entire period before the United States Holder's purchase of the Series A SED or Fractional Series A SED (without regard to the price paid by previous holders). The amount of such excess purchase price will be allocated to each day beginning on the day after the date of purchase and ending on the stated maturity date of the Series A SED or Fractional Series A SED so as to equal a constant percentage of the original issue discount otherwise allocated to each such day. The excess so allocated to the days of the taxable year on which the Series A SED or Fractional Series A SED is held will reduce the amount of original issue discount included in such United States Holder's income for that year. A "purchase" for this purpose is any acquisition other than one in which the United States Holder's basis in the Series A SED or Fractional Series A SED is determined in whole or in part by reference to its basis in the hands of the person from whom it was acquired.

Amoco Canada will furnish to initial holders of Series A SEDs or Fractional Series A SEDs the issue date, issue price and amount of original issue discount with respect to the Series A SEDs or Fractional Series A SEDs. Subsequent holders will be required to determine for themselves whether they are eligible to report a reduced amount of original issue discount or are subject to the market discount provisions described below.

Ownership and Sale or Redemption of Series A SEDs—Purchase, Sale or Redemption of Series A SEDs. A United States Holder who acquires Series A SEDs or Fractional Series A SEDs in exchange for Common Shares or Preferred Shares will have an initial basis in each Series A SED or Fractional Series A SED equal to its issue price. This basis will be increased by the amount of original issue discount included in the United States Holder's income. Upon sale or redemption of a Series A SED or Fractional Series A SED, such a United States Holder will recognize capital gain or loss equal to the difference between the amount realized on the sale or redemption and the adjusted basis of the Series A SED or Fractional Series A SED. Gain or loss will be long-term capital gain or loss if at the time of the sale or redemption the Series A SED or Fractional Series A SED has been held for more than one year.

A United States Holder who purchases a Series A SED or Fractional Series A SED subsequent to its original issue will have a basis in such Series A SED or Fractional Series A SED equal to its cost increased by the amount of original issue discount included in such United States Holder's income (plus the amount of market discount included in such United States Holder's income if the election described below is made).

If the issue price of the Series A SED or Fractional Series A SED, increased by the amount of original issue discount allocable under the rules described above to the entire period prior to the subsequent United States Holder's purchase, exceeds the purchase price paid by such United States Holder, the Series A SED or Fractional Series A SED will constitute a "market discount bond" and such excess will constitute market discount. A portion of such United States Holder's gain on the sale, exchange or retirement of the Series A SED or Fractional Series A SED equal to the amount of market discount accrued with respect to the Series A SED or Fractional Series A SED while it was held by the United States Holder will be treated as interest income. In addition, interest on indebtedness incurred or continued to purchase or carry a Series A SED or Fractional Series A SED that is a market discount bond, to the extent that it exceeds in any year the interest and original issue discount on the Series A SED or Fractional Series A SED includable in the United States Holder's income for that year, may not be fully deductible in that year. The foregoing market discount rules will not apply if the United States Holder elects to include in income in each taxable year the portion of the market discount attributable to that year (accrued on either a straight line or constant yield basis) with respect to all market discount bonds acquired during or after the taxable year in which such election is made.

Exchange of Series A SEDs for Amoco Corporation Common Shares. If a United States Holder exchanges Series A SEDs or Fractional Series A SEDs for Amoco Corporation Common Shares, the exchange will be a taxable transaction for U.S. tax purposes. Gain or loss will be recognized equal to the difference between (i) the market value of the Amoco Corporation Common Shares received, and (ii) the United States Holder's tax basis in the Series A SEDs or Fractional Series A SEDs exchanged, calculated as discussed above. Such gain or loss will be long-term capital gain or loss if the holding period for the Series A SEDs or Fractional Series A SEDs exchanged exceeds one year, subject to the application of the market discount provisions discussed above. The United States Holder will take a basis in the Amoco Corporation Common Shares received equal to their fair market value on the exchange date.

Backup Withholding. For a discussion of backup withholding, see "Backup Withholding Tax".

Treatment Of Non-United States Persons

Sale of Common Shares or Preferred Shares on the Market. Subject to the discussion of backup withholding tax below, a Common Shareholder or a Preferred Shareholder who is, or which is, not a United States Person will not be subject to United States federal income or withholding tax on gains from the sale or exchange of Common Shares or Preferred Shares, provided that neither such Shareholder nor a fiduciary, settlor or beneficiary of, or a person holding a power over, such Shareholder, if such Shareholder is an estate or trust, nor a partner of such Shareholder, if such Shareholder is a partnership, is considered as: (i) being or having been engaged in trade or business within the United States or having or having had a permanent establishment therein; (ii) being a former citizen of the United States, or (iii) having made an election the effect of which is to make gains from the sale or exchange of Common Shares or Preferred Shares subject to United States federal income tax. No opinion is expressed with respect to the United States federal income tax consequences for any shareholder of any foreign corporation that is a Common Shareholder or Preferred Shareholder.

If a Common Shareholder or Preferred Shareholder who is not a United States Person is engaged in trade or business within the United States, and gain or loss in respect of the sale of Common Shares or Preferred Shares is effectively connected with the conduct of such trade or business, such Shareholder may be subject to United States income tax on any such gain at the statutory rates provided for United States Persons after deduction of deductible expenses allocable to such effectively connected income. Gain or loss will equal the difference between the amount realized on the sale and the Shareholder's tax basis in the Common Shares or Preferred Shares. In addition, if such Shareholder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies under a United States income tax treaty with such Shareholder's country of residence. For this purpose, gain in respect of Common Shares or Preferred Shares will be included in earnings and profits subject to the branch profits tax if the gain is effectively connected with the conduct of the United States trade or business by the Shareholder.

Exchange of Common Shares and Preferred Shares for Series A SEDs. Subject to the discussion of backup withholding tax below, a Common Shareholder or a Preferred Shareholder who is, or which is, not a United States Person will not be subject to United States federal income tax or withholding tax on gains from the exchange of such Shareholder's shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts, provided that none of the conditions described in the proviso to the first paragraph under the heading "Treatment of Non-United States Persons—Sale of Common Shares and Preferred Shares on the Market" shall apply to such Shareholder. Such Shareholders also will not be subject to United States federal income or withholding tax on the sale by the Depositary on behalf of such Shareholders of Series A SEDs in respect of Fractional Series A SEDs or Rights received by such Shareholders or on the payment to such Shareholders outside of the United States of the proceeds of such sales. In this connection, see the discussion above under the heading "Treatment of United States Persons—Exchange of Common Shares or Preferred Shares for Series A SEDs" for the basis on which the various intermediary steps set forth in the Plan of Arrangement will be treated as the direct exchange by the Shareholders of their Common Shares and Preferred Shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts.

If a Shareholder is engaged in trade or business within the United States, and gain or loss in respect of the sale or exchange of Common Shares or Preferred Shares or Series A SEDs in respect of Fractional Series A SEDs or Rights is effectively connected with the conduct of such trade or business, such Shareholder may be subject to United States income tax on any such gain at the statutory rates provided for United States Persons after deduction of deductible expenses allocable to such effectively connected income. Gain or loss will be calculated in the same manner as for United States Persons, as discussed above under the heading "Treatment of United States Persons—Exchange of Common Shares or Preferred Shares for Series A SEDs". In addition, if such Shareholder is a foreign corporation, it may be subject to the branch profits tax described above under the heading "Treatment of Non-United States Persons—Sale of Common Shares and Preferred Shares on the Market".

Ownership and Sale of Series A SEDs—Issue Price of Series A SEDs. As discussed above under the heading "Treatment of United States Persons—Ownership and Sale or Redemption of Series A SEDs—Issue Price of Series A SEDs", although the matter is not free from doubt, Amoco Canada intends to treat the Series A SEDs and Fractional Series A SEDs as single debt instruments rather than investment units for purposes of calculating its deductions for interest and original issue discount for United States federal income tax purposes. Accordingly, each Series A SED and Fractional Series A SED will have an issue price equal to its respective initial trading price. The entire amount of such issue price should be allocated to the debt feature of the Series A SED or Fractional Series A SED and no amount should be allocated to the exchange privilege.

Ownership and Sale of Series A SEDs—Payments of Principal, Interest and Original Issue Discount; Gains from Sale of Series A SEDs—United States Federal Withholding Tax. Under United States federal income tax laws now in effect, and subject to the discussion of backup withholding below, payments by Amoco Canada or any paying agency thereof (in its capacity as such) of principal of and interest and original issue discount on (and premium, if any, on) a Series A SED or Fractional Series A SED to a holder who is, or which is, not a United States Person will not be subject to United States federal withholding tax.

Ownership and Sale of Series A SEDs—Payments of Principal, Interest and Original Issue Discount; Gains from Sale of Series A SEDs—United States Federal Income Tax. Subject to the discussion of backup withholding tax below, payments of principal of, and interest and original issue discount on (and premium, if any, on), a Series A SED or Fractional Series A SED to a holder who is, or which is, not a United States Person, and gains from the sale or exchange of a Series A SED or Fractional Series A SED by such a holder, will not be subject to United States federal income tax, provided that neither such holder, nor a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or trust, nor a partner, if such holder is a partnership, is considered as (i) being or having been engaged in trade or business within the United States or having or having had a permanent establishment therein; (ii) being a former citizen of the United States; (iii) having made an election the effect of which is to make payments of principal of and interest and original issue discount on (and premium, if any, on), and gains from the sale or exchange of, a Series A SED or Fractional Series A SED subject to United States federal income tax; or (iv) owning or having owned, actually or constructively, Series A SEDs and Fractional Series A SEDs having a fair market value in excess of 5 percent of the total fair market value of the Series A SEDs and Fractional Series A SEDs outstanding.

If a holder who is not a United States Person is engaged in trade or business within the United States and interest, gain or income in respect of a Series A SED or Fractional Series A SED of such holder is effectively connected with the conduct of such trade or business, the holder, although exempt from the withholding tax as discussed in the second preceding paragraph, may be subject to United States federal income tax on such interest, gain or income at the statutory rates provided for United States Persons after deduction of deductible expenses allocable to such effectively connected interest, gain or income. In such event interest, gain or income will be determined in the same manner as discussed above under the heading "Treatment of United States Persons—Ownership and Sale or Redemption of Series A SEDs". In addition, if such a holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies under a United States income tax treaty with the holder's country of residence. For this purpose, interest, gain or income in respect of a Series A SED or Fractional Series A SED will be included in earnings and profits subject to the branch profits tax if the interest, gain or income is effectively connected with the conduct of the United States trade or business of the holder.

United States Federal Estate Tax. A Series A SED or Fractional Series A SED held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax if the individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Amoco Canada and interest and original issue discount on (and premium, if any, on) the Series A SED or Fractional Series A SED is not effectively connected with a United States trade or business of the individual.

Exchange of Series A SEDs for Amoco Corporation Common Shares. Subject to the discussion of backup withholding tax below, the exchange of Series A SEDs or Fractional Series A SEDs for Amoco Corporation Common Shares by a holder who is, or which is, not a United States Person will not be subject to United States income or withholding tax, provided that none of the conditions described in the proviso to the first paragraph under the heading "Treatment of Non-United States Persons—Ownership and Sale of Series A SEDs—Payments of Principal, Interest and Original Issue Discount; Gains from Sale of Series A SEDs—United States Federal Income Tax" shall apply to such exchanging holder.

If an exchanging holder who is not a United States Person is engaged in a trade or business within the United States, and gain or loss in respect of the exchange is effectively connected with the conduct of such trade or business, such holder may be subject to United States income tax on any such gain at the statutory rates provided for United States Persons after deduction of deductible expenses allocable to such effectively connected income. Gain or loss will be computed on the same basis as for United States Persons as discussed under the heading "Treatment of United States Persons—Exchange of Series A SEDs for Amoco Corporation Common Shares". In addition, if such holder is a foreign corporation engaged in trade or business within the United States, it may be subject to the branch profits tax described above under the heading "Treatment of Non-United States Persons—Ownership and Sale of Series A SEDs—Payments of Principal, Interest and Original Issue Discount; Gains from Sale of Series A SEDs—United States Federal Income Tax".

Ownership of Amoco Corporation Common Shares. Dividends paid to a holder of Amoco Corporation Common Shares who is, or which is, not a United States Person and which are not effectively connected with a trade or business of such holder within the United States will be subject to United States withholding tax at a rate of 30% unless a lower rate is applicable under a United States income tax treaty with the holder's country of residence. Under the income tax treaty between Canada and the United States, the United States withholding tax rate for dividends paid to a holder of Amoco Corporation Common Shares who is, or which is, a resident of Canada and does not own 10% or more of the Amoco Corporation Common Shares is reduced to 15% of the gross amount of the dividends. Subject to the discussion of backup withholding tax below, gains from the sale or disposition of Amoco Corporation Common Shares by a holder who is, or which is, not a United States Person will not be subject to United States income or withholding tax, provided that none of the conditions (i), (ii) or (iii) described in the proviso to the first paragraph under the heading "Treatment of Non-United States Persons—Ownership and Sale of Series A SEDs—Payments of Principal, Interest and Original Issue Discount; Gains from Sale of Series A SEDs—United States Federal Income Tax" shall apply to such holder, and further provided that such holder is not considered as owning, or having owned, actually or constructively, Amoco Corporation Common Shares having a fair market value in excess of 5% of the fair market value of all shares of Amoco Corporation Common Shares outstanding.

If the dividends or gains are effectively connected with a U.S. trade or business of the holder of the shares, the amount of the dividends or gains may be subject to United States income and branch profits taxes in the manner discussed above under the heading "Treatment of Non-United States Persons—Ownership of and Sale of Series A SEDs—Payments of Principal, Interest and Original Issue Discount; Gains from Sale of Series A SEDs—United States Federal Income Tax" for interest and gains on Series A SEDs and Fractional Series A SEDs effectively connected with a U.S. trade or business.

Amoco Corporation Common Shares held by an individual at the time of death will be subject to United States federal estate tax, whether or not such individual is a citizen of or domiciled in the United States.

Backup Withholding Tax.

Under current temporary United States Treasury Regulations, a 20% backup withholding tax will apply to amounts paid to non-corporate holders representing (i) the cash payments made to Common Shareholders and Preferred Shareholders in connection with the exchange of Common Shares or Preferred Shares for Series A SEDs, Fractional Series A SEDs, Rights and Cash Amounts, (ii) the payment of interest or original issue discount on Series A SEDs and Fractional Series A SEDs, (iii) the payment of principal of or premium, if any, on Series A SEDs and Fractional Series A SEDs and (iv) dividends on Amoco Corporation Common Shares, unless the holder provides his United States taxpayer identification number or certification of his non-United States status under penalties of perjury or otherwise establishes an exemption (provided that neither Amoco Canada, Amoco Corporation or their paying agents have actual knowledge that the holder is a United States Person or that the conditions of any other exemption are not in fact satisfied). If payments described in clauses (i) through (iii) of the immediately preceding sentence are collected by a foreign office of a custodian, nominee or other agent acting on behalf of an owner of the Common Shares or Preferred Shares or the Series A SEDs, Fractional Series A SEDs or Rights such custodian, nominee or other agent will not be required to apply backup withholding to its payments to such owner. However, in such case if the custodian, nominee or other agent is a United States Person, a controlled foreign corporation for United States federal income tax purposes, or a foreign person 50% or more of whose gross income is from a United States trade or business for a specified three-year period, such custodian, nominee or other agent will be subject to certain information reporting requirements with respect to such payment unless such custodian, nominee or other agent has evidence in its records that the holder is not a United States Person and no actual knowledge that such evidence is false, or the holder otherwise establishes an exemption or is an exempt recipient. An exempt recipient includes a bank, corporation or financial institution. Under current temporary regulations, if dividends described in clause (iv) above are collected by a foreign office of a custodian, nominee or other agent acting on behalf of an owner of Amoco Corporation Common Shares, such custodian, nominee or other agent will not be required to apply backup withholding to its payments to such owner and will not be subject to information reporting with respect to such payments if the address appearing in the records of such custodian, nominee or other agent for such owner is a foreign address and the custodian, nominee or other agent does not have definite knowledge that the owner is a United States Person. Under pending proposed regulations, a foreign custodian, nominee or other agent would not be permitted to rely solely on a foreign address to establish that the owner of dividend payments is exempt from backup withholding and would instead be required to obtain documentary evidence that the owner is not a United States Person.

Under current temporary regulations, payments of the proceeds of the sale of Common Shares or Preferred Shares, Series A SEDs, Fractional Series A SEDs, Rights or Amoco Corporation Common Shares to or through a foreign office of a broker will not be subject to backup withholding. Payments by foreign offices of a broker that is a United States Person, a controlled foreign corporation for United States federal income tax purposes or a foreign person 50% or more of whose gross income is from a United States trade or business for a specified three-year period are currently subject to certain information reporting requirements, unless the payee is an exempt recipient or the broker has evidence in its records that the payee is not a United States Person and no actual knowledge that such evidence is false. Payments of the proceeds of a sale to or through the United States office of a broker will be subject to information reporting and backup withholding unless the payee provides his United States taxpayer identification number or certifies under penalty of perjury that he is not a United States Person and provides his name and address or otherwise establishes an exemption.

The United States Treasury Department has indicated that it is studying the possible application of backup withholding to payments made by foreign offices of United States and United States related custodians, nominees and other agents, and to payments made by foreign offices of United States and United States related brokers. If backup withholding is made applicable to such payments, it will be done on a prospective basis only.

Any amounts withheld under the backup withholding rules from a payment to a holder will be allowed as a refund or a credit against such holder's United States federal income tax liability, provided that the required information is furnished to the United States Internal Revenue Service.

The opinions of counsel as summarized above are based on the Internal Revenue Code of 1986, as amended, regulations, rulings and judicial decisions as of the date hereof. Subsequent developments in these areas could have a material effect on the opinions.

DISSENTING SHAREHOLDERS

Pursuant to the provisions of the Interim Order, Shareholders may dissent, in accordance with the procedures set forth below, from the Plan of Arrangement under Section 185.1 of the CBCA and

AVERAGE SALES PRICE AND PRODUCTION COST
(Canadian dollars)

	1987	1986	1985	1984	1983
Average Sales Price					
Crude Oil (per barrel)	$ 21.66	$ 17.60	$ 34.38	$ 32.29	$ 30.57
Synthetic Crude Oil (per barrel)	24.10	19.52	38.95	41.83	39.91
Field NGL (per barrel) (1)	17.75	17.13	29.70	29.70	26.45
Natural Gas (per thousand cubic feet)	1.66	2.17	2.60	2.79	2.66
Average Production Cost					
(per equivalent barrel) (2)	3.65	3.99	3.97	3.47	3.42

(1) NGL from field plants. NGL from facilities which form part of the NGL system is included in the NGL business segment and is excluded from the table above.

(2) Natural gas is converted to oil equivalency based on a relative heat content ratio of 5.8 million British thermal units per barrel. These costs are based on production volumes before deduction of royalties and exclude production costs for synthetic crude oil.

Crude Oil and Field NGL

Production. In 1987, all of Dome's crude oil production was from Canada with approximately 84% from Alberta, 12% from Saskatchewan and 4% from British Columbia. Total crude oil production in 1987, including synthetic crude oil, averaged 69,600 barrels per day, essentially maintaining the 1986 level, as increased production of conventional crude oil from new sources and productivity improvements offset declining productivity in older fields. The Company's crude oil production in 1987 was approximately 4% of the Canadian industry total.

The Lloydminster heavy oil area, which straddles the Alberta/Saskatchewan border, is the major source of Dome's heavy oil production. In 1987, Dome's share of production from the Lloydminster area averaged 6,800 barrels per day, 3% lower than in 1986. This reduction was due to normal production declines and reduced use of certain enhanced recovery techniques, as well as the shutting in of 75 heavy oil wells which continue to be uneconomic with current oil prices.

Dome holds an indirect 3.75% interest, subject to a 6% gross overriding royalty, in the Syncrude project, which produces synthetic crude oil from tar sands at a plant located near Fort McMurray, Alberta. In 1987, Dome's share of plant production of synthetic crude oil averaged 5,100 barrels per day, an increase of 6% from 1986.

Dome's production of NGL from field plants averaged 17,200 barrels per day in 1987, up 4 percent from 1986. Production of NGL from field plants is dependent upon the production of natural gas from which these liquids are extracted. Dome's natural gas production, which is primarily dependent on market demand, averaged 548 million cubic feet per day, a slight increase above 1986 production levels. The increase in NGL production is mainly attributable to the full year operation of the Wembley Gas Plant, which came on stream in April 1986. The Wembley operation is one of two gas cycling projects operated by Dome. The other gas cycling project started operations at West Pembina, Alberta in 1984. In these projects, the NGL is extracted from the natural gas stream, and the natural gas is then reinjected into the reservoir. This natural gas cycling has enabled Dome to augment its NGL production at times when markets for natural gas are restricted.

Marketing. Prior to June 1, 1985, all crude oil produced in Canada was sold at regulated prices under federal/provincial government pricing agreements and most crude oil produced in Alberta was marketed by a provincial agency. Effective June 1, 1985, the pricing of Canadian crude oil was deregulated and producers were permitted to sell their crude oil (excluding the provincial royalty portion) at free market prices. See "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME". Canadian crude oil prices tend to move with the price of U.S. domestic crude oil, based on the West Texas Intermediate reference price, and other competing world crude oil in the Chicago and Montreal markets.

After reaching a peak of $38.55 per barrel in November of 1985, Canadian refiner posted prices for crude oil (with average American Petroleum Institute ("API") gravity of 40°) fell dramatically in early 1986, following world price declines, to as low as $14.95 per barrel in July of 1986 before recovering to $24.20 per barrel by January 1987. Prices continued to rise during 1987, reaching a peak of $26.46 per barrel in August but declining by year end to the $22.00 level. During 1987, the average of the Canadian refiner posted prices was $24.34 per barrel, compared to $20.49 per barrel in 1986.

Approximately 70% of the Company's total 1987 crude oil production was marketed as light and medium crude oil, defined by the National Energy Board ("NEB") as oil with gravity greater than 25° API.

During 1986, a provincial regulatory agency in Alberta continued to allocate light and medium oil production based on total nominated demand to producers on a basis determined by reservoir producibility. In order to augment these sales, a supplementary program provided crude oil producers in Alberta with the opportunity for incremental sales in export markets where transportation capacity was available. These prorationing and supplementary sales programs were replaced by a new program on June 1, 1987, made feasible by expansion of pipeline capacity and industry agreement to adhere to production forecasts to balance pipeline capacity.

Under the new program, producers of light and medium crude oil are allocated an initial production level, based on an industry total of approximately 600,000 barrels per day, which approximates 80% of the 1986 monthly primary demand under the old prorationing system. Production above the initial production level can be contracted at the discretion of the producer, within the limits of pipeline capacity.

In 1987, Dome maintained its crude oil production at similar levels to those achieved in 1986, with virtually no shut-in crude oil. In 1988, the natural decline in production capability is expected to be offset by productivity enhancements and new drilling.

Natural Gas

The following table sets forth total sales of Canadian natural gas and Dome's market share for the periods indicated:

	1987	1986	1985	1984	1983
		(millions of cubic feet per day)			
Industry Sales of Canadian Natural Gas					
Domestic Market	5,180	5,270	5,220	4,990	4,570
Export Market	2,630	2,020	2,530	2,060	1,950
Total	7,810	7,290	7,750	7,050	6,520
Dome's Canadian Natural Gas Sales	548	536	591	551	464
Market Share	7.0%	7.4%	7.6%	7.8%	7.1%

In 1987, Dome sold 548 million cubic feet per day of natural gas, an increase of 2% from 1986 volumes. This increase was primarily due to increased export volumes to the United States Midwest, California and the Pacific Northwest. These export volumes more than offset declines in Canadian domestic sales caused by competition in the recently deregulated environment. As indicated in the table above, 66% of Canadian natural gas was sold in Canada and 34% was exported to the United States. Of Dome's natural gas production, 92% was from Alberta, with the remainder from other regions in Canada.

In 1987, Dome sold approximately 45% of its natural gas production under long-term contract to TransCanada. The remainder was sold to other natural gas purchasing and marketing companies as well as directly to end users. Western Gas Marketing Limited, a subsidiary of TransCanada, is the principal marketer of natural gas to eastern Canada. The producer contracts with TransCanada including those of the Company were renegotiated in 1986, whereby rate schedules were agreed upon to alleviate TransCanada's obligation to take or pay for minimum quantities of natural gas, and to permit TransCanada to negotiate contract prices. With deregulation of pricing and marketing of the natural gas industry in 1986, purchasers are now able to negotiate contracts directly with producers and it is estimated that up to 25% of eastern Canadian sales have switched to direct contracts between producer and purchaser.

Prices for natural gas in Canada have fallen as a result of deregulation of the industry during a period when Canada has a sizeable surplus of natural gas. Natural gas prices in the United States have also declined, reflecting surplus supply in that market. Since October 1985, Canadian export sales have been permitted at prices equal to or above the Canadian price at adjacent border points and in 1987 the NEB revised Canada's natural gas surplus test to be market sensitive. This procedure also ensures that Canadians will be offered natural gas at equal or lower prices than in adjacent export markets. The NEB will monitor appropriate markets to determine if export contracts are in Canada's best interest. Although this new procedure allows Dome and the natural gas industry access to U.S. markets, full advantage cannot be taken of this market because the U.S. natural gas industry has not been deregulated as quickly as its Canadian counterpart, particularly with respect to the pipeline segment. As a result of various U.S. regulatory decisions, complete access to U.S. markets by Canadian producers has been restricted due to a lack of either open access to pipelines or economical transportation rates on those pipelines which are accessible. However, some gains in U.S. exports were realized in 1987, and it is expected that further improvement will occur in 1988. The Canada/United States Free Trade Agreement is not expected to have a large impact in 1988. See "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME".

Overall, Dome expects that 1988 demand for its natural gas will increase. It is expected that slight gains in traditional markets will be supplemented with direct sales to the United States. In the longer term, growth opportunities for Dome's natural gas are expected to be primarily in the U.S. market. Ninety-five percent of U.S. natural gas demand is supplied by U.S. domestic production and the remainder is supplied by Canadian production. Based on 1987 production levels, the U.S. natural gas reserves life index is 11 years (including Alaska), and U.S. drilling activity has declined by 75% from the 1981 peak. Dome expects that U.S. demand for Canadian natural gas will grow in the next two to five years, thus providing the Company with the opportunity to increase sales.

Development of Crude Oil and Natural Gas

The following tables set forth the gross and net development wells in which Dome participated directly or through farmout for the last five years:

Drilled by Dome (1)

	1987		1986		1985		1984		1983	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Development wells(2)										
Crude Oil	394	85	344	70	546	69	478	95	269	62
Natural Gas	42	10	54	13	149	16	139	31	46	7
Dry	38	14	38	14	29	7	38	12	21	5
Total	474	109	436	97	724	92	655	138	336	74

Drilled Under Farmout (1) (3)

	1987			1986			1985		
	Encor/Home		Other Farmout	Encor/Home		Other Farmout	Encor/Home		Other Farmout
	Gross	Dome Retained Interest	Gross	Gross	Dome Retained Interest	Gross	Gross	Dome Retained Interest	Gross
Development wells (2)									
Crude Oil	9	1	96	48	11	118	72	15	253
Natural Gas	2	1	34	25	5	79	42	8	73
Dry	4	1	22	13	3	31	39	7	30
Total	15	3	152	86	19	228	153	30	356

	1984			1983		
	Encor/Home		Other Farmout	Encor/Home		Other Farmout
	Gross	Dome Retained Interest	Gross	Gross	Dome Retained Interest	Gross
Development wells (2)						
Crude Oil	89	17	162	168	34	190
Natural Gas	37	7	45	31	6	59
Dry	32	7	43	18	3	38
Total	158	31	250	217	43	287

(1) "Gross" refers to the number of wells in which Dome has a working interest. "Net" is calculated by multiplying each gross well by the percentage working interest of Dome and excludes wells in which Dome has only a royalty interest.

(2) In general, a "development" well is a well drilled within or in close proximity to a discovered pool of crude oil or natural gas.

(3) Refers to the number of wells drilled by Encor, Home and others under farmouts. See "Exploration—Farmout Program". The working interest of Dome in development wells which are drilled by Encor and Home is not subject to the recovery of drilling costs by these companies. Working interests which revert to Dome after payout on farmout wells drilled by companies other than Encor and Home have not been included.

In 1987, Dome spent $87 million on development of crude oil and natural gas reserves. This expenditure represented 67 percent of capital spending before capitalized general and administrative expenses. Priority was given to development drilling of crude oil prospects and to natural gas to meet contract requirements or direct sales demand.

Approximately 81% of the development oil wells drilled in 1987 were in Alberta and 16% in Saskatchewan. Of the natural gas wells drilled, approximately 97% were in Alberta. At December 31, 1987, Dome had 20 gross (5.4 net) development wells in progress.

Since the decline in world crude oil prices experienced in 1986, Dome's major enhanced oil recovery projects at Lindbergh and Primrose have been temporarily suspended. (See Note 2 to the Dome Financial Statements—Other Matters (e).)

Exploration

Land Holdings. Dome is one of the largest oil and gas landholders in Canada, with a net working interest totalling 11.4 million acres. Of this acreage, 8.5 million acres are located in the traditional producing areas of western Canada. Thirty-nine percent of the western Canadian properties are mineral title lands which are held by Dome in perpetuity and are only subject to a mineral rights tax which is significantly less than Crown royalties.

The remainder of Dome's exploratory land holdings in western Canada are subject to expiry unless exploration drilling is completed within a specified period. During each of the next three years, approximately 6% of Dome's net acreage in western Canada is due to expire. Dome seeks to retain prospective acreage through drilling the required wells, primarily under farmout. Dome's land interests have been reduced by farmouts and the optional surrender of lands, in addition to expiries. During 1987 Dome's net western Canada acreage decreased by 8%.

As a result of the wide geographical distribution of its land holdings, Dome has interests in most of the major producing fields in western Canada and believes it is well positioned to participate in exploration and development activity throughout this region. Of the total net acreage in western Canada, 2.7 million acres are producing and 5.8 million acres are non-producing.

Dome also holds 2.9 million net acres in lands which are subject to federal jurisdiction ("Frontier Lands"), consisting of the Beaufort Sea, Arctic Islands, Mackenzie Valley and offshore East Coast. None of the frontier acreage is currently producing. In September 1986, Dome was required, by law, to relinquish approximately 50% of its Frontier Lands which were not classified as significant discoveries. A significant discovery is defined as a well on a geological feature which has been flow tested and the geological and engineering factors suggest that there is an accumulation of hydrocarbons having the potential for sustained production.

Prior to the expiration in September, 1987 of the term of most of its exploration agreements, Dome exercised its right to negotiate for significant discovery licences on lands on which a significant discovery had been declared, and in addition, negotiated exploration licences on acreage in the Beaufort Sea on which Dome had completed the required work commitments, and on a small portion of the Artic Island acreage. Dome surrendered almost all of its interest in the exploration acreage in the Mackenzie Valley.

The following table sets out, by region, the working interests and royalty interests in developed and undeveloped lands held by Dome at December 31, 1987:

	Working Interest (1)		Royalty Interest (4)	
	Gross (2)	Net (3)	In Lands With No Working Interest	In Lands With Working Interest
	(thousand of acres)			
Provincial Lands				
Alberta	13,170	5,357	990	2,513
British Columbia	2,205	702	75	80
Saskatchewan	2,764	1,717	112	1,155
Manitoba	1,201	727	1	66
Ontario	7	5	—	—
Total Provincial Lands	19,347	8,508	1,178	3,814
Frontier Lands				
Arctic Islands	625	121	4,966	147
Beaufort Sea	4,443	1,398	40	2,397
Mackenzie Valley	237	34	190	—
East Coast	1,559	1,335	1,032	—
Total Frontier Lands	6,864	2,888	6,228	2,544
TOTAL	26,211	11,396	7,406	6,358
Developed (5)	7,837	2,679	886	872
Undeveloped	18,374	8,717	6,520	5,486

(1) "Working Interest" refers to an interest held by Dome in an oil and gas property which entitles the owner to a proportionate share of production and obligates the owner to bear a similar share

of the costs of exploration, development and operation including all royalties or other production burdens.

(2) "Gross" refers to the total acreage in which Dome has an interest, or has the right to earn an interest under farmin agreements.

(3) "Net" refers to the gross acreage multiplied by the percentage working interest therein owned or to be owned by Dome.

(4) "Royalty Interest" refers to the total gross acreage in which Dome has a royalty interest. These interests have been separated into those where Dome does not hold a working interest, and those in which Dome holds a royalty interest in addition to its working interest.

(5) Substantially all of Dome's developed acreage is on provincial lands.

Farmout Program

During the past seven years, Dome has made extensive use of farmouts to reduce its risk and fund a large percentage of its exploration program. Under a farmout, generally, a third party assumes the cost of drilling in return for an interest in the lands drilled. Major farmouts have been made to Encor and Home. Additionally, other members of the industry have also drilled a significant number of wells on Dome's lands under farmout arrangements.

Effective April 1, 1981, Dome and Encor entered into the Dome Exploratory Lands Agreement ("DELA") pursuant to which Encor was granted the exclusive right to carry out exploration on substantially all of Dome's exploratory lands in Canada.

Dome and Encor agreed to modify certain provisions of the DELA in July 1983. At that time, Encor consented to Dome entering into a similar farmout agreement with Home under which Home would have the right to earn a portion of the interests previously reserved for Encor. Effective July 7, 1983, a Farmout and Participation Agreement was signed by Home and Dome. Under this agreement, Home committed to certain levels of expenditures on Dome's lands, of which approximately $100 million remained to be spent as of December 31, 1987. The agreement expires July 7, 1989 or when the commitment has been spent, whichever comes first.

The DELA was extended from July, 1986 to December, 1986 and certain provisions were extended to June 30, 1987 and thereafter terminated. Certain other provisions relating to land where both Dome and Encor have mutual interests as a result of seismic programs approved between January 1, 1987 and June 30, 1987, and certain services to be provided by Dome to Encor, are still in effect.

The following tables set forth the gross and net exploratory wells drilled on lands in which Dome participated directly or through farmout for the last five years:

Drilled by Dome (1)

	1987		1986		1985		1984		1983	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Exploratory wells (2)										
Crude Oil	21	7	12	2	14	3	14	4	4	2
Natural Gas	8	2	5	1	5	1	5	2	4	1
Dry	24	8	14	3	13	2	4	1	8	3
Total	53	17	31	6	32	6	23	7	16	6

Drilled Under Farmout (1) (3)

	1987			1986			1985		
	Encor/Home		Other Farmout	Encor/Home		Other Farmout	Encor/Home		Other Farmout
	Gross	Dome Retained Interest	Gross	Gross	Dome Retained Interest	Gross	Gross	Dome Retained Interest	Gross
Exploratory wells (2)									
Crude Oil	6	2	9	23	4	23	44	9	45
Natural Gas	2	1	11	16	3	17	35	7	17
Dry	1	1	26	28	6	15	55	12	49
Total	9	4	46	67	13	55	134	28	111

	1984			1983		
	Encor/Home		Other Farmout	Encor/Home		Other Farmout
	Gross	Dome Retained Interest	Gross	Gross	Dome Retained Interest	Gross
Exploratory wells (2)						
Crude Oil	29	6	24	27	4	32
Natural Gas	21	4	15	17	3	25
Dry	46	10	47	29	5	23
Total	96	20	86	73	12	80

(1) "Gross" refers to the number of wells in which Dome has a working interest. "Net" is calculated by multiplying each gross well by the percentage working interest of Dome and excludes wells in which Dome has only a royalty interest.

(2) In general, an "exploratory well" is a well drilled either in search of a new and as yet undiscovered pool of crude oil or natural gas, or with the expectation of significantly extending the limit of a pool which is partly developed.

(3) Refers to the number of wells drilled by Encor, Home and others under farmouts. The working interest of Dome in exploratory wells which are drilled by Encor and Home is not subject to the recovery of drilling costs by these companies. Working interests which revert to Dome after payout on farmout wells drilled by companies other than Encor and Home have not been included.

Western Canada. In 1987, exploration activities on Dome's lands were conducted primarily in western Canada. The majority of the exploratory wells drilled were funded through farmout. Of the 108 gross exploratory wells drilled on Dome's lands in 1987, 36 were crude oil wells, 21 were natural gas wells and 51 were dry holes.

Drilling in Alberta accounted for 81% of Dome's total exploratory wells in 1987, with activity throughout the province. At December 31, 1987, there were 12 gross (3.5 net) exploratory wells in progress in which Dome was a direct participant.

Dome has achieved significant benefit from an active exploration program conducted on its western Canada lands, which in recent years has been done largely through farmouts. Dome has therefore been able to retain a portion of its expiring acreage and add to its reserves without the risk or the cost of capital investment.

Frontier Lands. Dome commenced drilling activity in the Beaufort Sea region of northern Canada in 1976 and to the end of 1987 had participated in 26 wells directly or through farmout. Of these wells, 11 were crude oil wells, 4 were natural gas wells and 11 were dry holes.

Sufficient delineation wells have not yet been drilled on any one structure for Dome to determine whether any of the discoveries made to date will be commercial. Commercial production from these areas will depend on, among other things, the establishment of sufficient reserves to justify the very significant capital costs necessary for production facilities, the development of a suitable transportation system to bring the reserves to market, the availability of financing, the level of world oil prices and regulatory approvals.

A new fiscal policy relating to drilling on Frontier Lands was announced in October 1985 by the Government of Canada. The policy has raised the net cost of drilling for the industry, including Dome's major partners. See "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME". These changes, in conjunction with depressed world crude oil prices, resulted in no new exploration activity being conducted directly on Dome's Beaufort Sea acreage in 1986 and 1987.

Dome has land interests in the Mackenzie Valley in the Northwest Territories, the Arctic Islands and in the offshore areas of the east coast of Canada. In 1987, one well was drilled under farmout on Dome's lands in the Northwest Territories.

Contract Drilling

Dome, under the trade name "Canmar," has been engaged in contract drilling in the Canadian and U.S. Beaufort Sea since 1976. Dome owns and operates five drilling systems supported by a fleet of 15 vessels including icebreakers and ice-strengthened supply vessels. Services and materials are supplied to offshore drillsites from a shorebase at Tuktoyaktuk, Northwest Territories. The four drillships and the larger marine vessels are wintered at McKinley Bay, a medium draft harbour approximately 70 miles northeast of Tuktoyaktuk. The fifth drilling system is the SSDC/MAT, a bottom-founded mobile Arctic drilling unit. It was moved to Alaska in 1986 to continue work on a two year contract under Canmar's joint venture with Reading & Bates Drilling Co. This contract is for Tenneco Oil Company and will end on August 31, 1988.

Compared to earlier years when most of its offshore drilling systems were operating, Canmar has experienced a considerable downturn in equipment utilization over recent years. This downturn is due primarily to the drop in world crude oil prices, and to changes to the Canadian government frontier energy policy. The SSDC/MAT was the only Canmar drilling system operating in 1987. Five icebreakers and supply vessels were utilized during August and September to relocate the SSDC/MAT from Harrison Bay, Alaska to a new drilling site near Kaktovik in the U.S. Beaufort Sea. Three additional supply vessels were moved south in late 1986 and were on charter out of Vancouver, British Columbia and Newfoundland for most of 1987. Two of four drillships are mothballed at McKinley Bay. The remaining two drillships and several icebreakers and supply vessels are stored in a state of readiness for an anticipated upturn in U.S. Beaufort Sea exploratory drilling during 1988.

There are only two companies that currently provide floating offshore contract drilling services in the Beaufort Sea market. One company is Canmar, which owns four floating drilling systems, and the other company is Gulf Canada Resources Limited ("Gulf"), which owns one drilling system. There was no work for any of these systems in 1987.

In general, the level of Arctic offshore drilling activity is largely dependent on world oil prices, lease expiries and exploratory results. Besides the Tenneco Oil Company drilling in the U.S. Beaufort Sea, the only other Arctic offshore drilling during 1987 was by Gulf's bottom-founded drilling unit, the Molikpaq, which involved further delineation drilling of the Amauligak structure in the Canadian Beaufort Sea. Assuming this drilling is successful, Gulf has announced plans to convert its Molikpaq drilling system into a temporary production platform and commence seasonal shipments of Beaufort Sea oil in 1989. Gulf's seasonal production plans and activities could renew industry exploratory drilling interest in both the Canadian and the U.S. Beaufort Sea.

Dome's contract drilling operations in Canada and the U.S. are subject to government regulations relating to the protection of the environment. Although it is unable to fully insure against such risks, Dome believes it carries an appropriate amount of insurance in respect of these obligations given its current level of operations.

NGL Operations

Dome is engaged in the production, purchase, transportation, storage, processing and wholesale marketing of NGL. Dome's NGL operations include various interests in two integrated systems—the NGL System and the Alberta Ethane Gathering/Cochin Pipeline System—including extraction plants, gathering systems, storage facilities, pipelines and fractionation plants. Production of NGL from field plants is not included in the production volumes in this business segment but rather in the production volumes of the crude oil and natural gas business segment. These volumes are, however, purchased by the NGL segment from the crude oil and natural gas segment at market price and subsequently processed and sold to third parties.

In 1987, operating income from NGL operations was $91 million, an increase of 117% from the 1986 level. See Note 18 to the Dome Financial Statements. This improvement for 1987 was due primarily to lower costs for all products and improved profitability for butanes and condensate. A major factor contributing to lower product acquisition cost was lower natural gas prices in 1987. Other factors improving operating income were increased pipeline revenues and higher sales volumes.

Dome believes that its NGL facilities, which could not be duplicated without large capital expenditures with significant lead time, are sufficiently developed to enable Dome to maintain its NGL operations with a relatively low level of future capital expenditures. Capital expenditures for NGL operations totalled $9 million in 1987.

NGL consists of ethane, propane, butane, pentanes plus and mixtures thereof extracted from natural gas. Ethane is used for industrial fuel, as a feedstock for petrochemical production, and for the enhanced recovery of crude oil from mature fields (miscible floods). Propane is used for residential and industrial heating, petrochemical feedstock, crop drying, automotive fuel, and for miscible floods. Butanes are used in refinery operations and as a petrochemical feedstock. Pentanes plus are used as feedstock in petroleum refining and petrochemical production and as a diluent in the transportation of heavy oil.

Dome's NGL facilities permit it to produce, purchase, transport and process NGL at a relatively low cost, giving it a competitive advantage in certain markets. The size and diversity of these facilities enable Dome to deliver or arrange exchanges of its NGL in different geographic markets upon relatively short notice. This network permits Dome to direct NGL to the areas in which optimal prices can be obtained.

Marketing

Dome is the largest marketer of NGL in Canada and one of the largest in North America.

Dome's average sales of NGL for the five years ended December 31, 1987 were as follows:

	1987	1986	1985	1984	1983
		(thousands of barrels per day)			
Ethane	23	19	27	32	30
Propane	38	32	41	31	29
Butane	23	21	26	21	20
NGL mix	4	4	4	8	19
Pentanes plus	14	15	15	18	18
Total NGL	102	91	113	110	116

Sales of propane and butane were up in 1987 because of an increase in NGL supply, resulting from an increase in industry natural gas sales flowing through the straddle plants. Increased ethane sales in

1987 were the result of continuing market development efforts in eastern Canadian fuel markets and in western Canadian miscible flood markets.

Average prices realized through marketing operations for the five years ended December 31, 1987 were as follows:

	1987	1986	1985	1984	1983
		(Canadian Dollars per barrel)			
Ethane	$ 6.58	$ 9.85	$11.62	$13.23	$14.54
Propane	11.73	15.85	20.77	22.33	22.74
Butane	20.31	20.44	30.12	30.56	33.29
NGL mix	12.91	14.24	21.30	21.16	20.97
Pentanes plus	23.81	21.41	34.79	31.70	31.96
Average NGL	14.27	16.50	22.64	22.71	23.57

The majority of Dome's NGL production is marketed under annual supply contracts, which provide for short-term price renegotiation. Prices were generally stable during 1987 as compared to 1986, until they fell in November and December, concurrently with the decrease in crude oil prices. The price of butane was particularly strong for the first 10 months, while the propane to crude oil price ratio did not recover to its historical long-term average.

In 1987, 52% of Dome's NGL sales volumes were sold to markets in Canada and 48% were sold into the United States. Prior to April 1, 1985, the NEB controlled the export of NGL through issuance of export licenses which contained volume and pricing restrictions and through review of monthly reports. Since April 1, 1985, the NEB has monitored exports of propane and butane but has not imposed volume or pricing restrictions. The Province of Alberta controls ethane shipments leaving the province. Dome has one Alberta removal permit for ethane, one NEB ethane export license, and a long-term NEB license for the export of propane.

Dome opened its new Greensprings, Ohio propane terminal in October, 1987. This terminal, which is connected by pipeline to large underground propane storage caverns at Windsor and Sarnia, Ontario, provides a secure, competitive supply of propane to additional eastern markets.

Supply

Dome has contractual rights with pipeline companies to extract NGL from natural gas streams at major straddle plants for periods of up to 25 years. About 31% of the NGL sold by Dome in 1987 was extracted at these straddle plants. Production from these plants flows into the Alberta Ethane Gathering System and the NGL System. Dome's production of NGL from straddle plants is dependent upon the volume of natural gas production flowing through these plants, and on the portion of that natural gas for which Dome has extraction rights. This includes natural gas which is marketed by the pipeline companies and additional direct sales volumes where Dome has negotiated extraction rights. About 15% of the natural gas produced in Alberta is now purchased directly by consumers from producers.

Before the deregulation of the natural gas industry in 1986, the price paid for NGL produced at straddle plants was related to that of natural gas at the Alberta border. Under deregulation, the price is the average field price plus transportation costs to the Alberta border or a negotiated price in the case of direct sales.

The NGL product purchased from other producers in western Canada is collected through the COED, Peace and other pipelines and plants connected to them. In eastern Canada, Dome purchases NGL from various sources in Michigan and transports it for fractionation at Sarnia, Ontario.

In recent years, an issue has arisen in Alberta regarding the right of natural gas producers to extract ethane at field plants. In 1987, the Government of Alberta issued a policy statement dealing with the extraction of ethane from Alberta natural gas upstream of the straddle plants. In the statement, the Government committed to guarantee a minimum level of ethane availability to the Alberta petrochemical industry from the straddle plants, which would be protected from "upstreaming". The Energy Resources Conservation Board was given the task of consulting with the industry and making recommendations to the Government regarding what this minimum protected volume for the petrochemical industry should be, as well as other aspects of implementation of the policy. This recommendation is expected in the first quarter of 1988. Further proliferation of upstream extraction facilities would have a negative impact on the Alberta petrochemical industry and the NGL supply available to Dome through its straddle plant interests.

NGL System

Dome is the operator of and owns various interests in the integrated NGL System. The system consists primarily of extraction (including straddle plants), gathering, fractionation and storage facilities in Alberta and storage, fractionation and distribution facilities in eastern Canada and the U.S. midwest. Dome has major fractionation facilities at Fort Saskatchewan, Alberta and at Sarnia, Ontario. Its major extraction facilities are located at Edmonton and Empress, Alberta, and Steelman, Saskatchewan. These facilities are linked by the Interprovincial Pipeline Limited system and by Lakehead Pipeline Company ("Lakehead"), which are independent common carriers. In addition, the system includes a storage facility at Superior, Wisconsin, which facilitates movement of NGL through the Lakehead pipeline. The eastern portion of the system is centered on the large capacity fractionation and distribution complex at Sarnia which is owned approximately 50% by Dome and which in 1987 produced an average 42,070 barrels per day of propane, 35,190 barrels per day of butane, 3,740 barrels per day of NGL mix and 14,000 barrels per day of pentanes plus. Storage capacity at the plant is over five million barrels for both raw and finished product.

Alberta Ethane Gathering System and Cochin Pipeline System

Dome is the operator and one-third participant in the Alberta Ethane Gathering System and is the operator and 32.5% owner of the Cochin Pipeline System. The Alberta Ethane Gathering System is a 530 mile pipeline system which transports ethane from eight plants located in Alberta, including straddle plants in which Dome holds an interest, to the Cochin Pipeline terminus at Fort Saskatchewan, Alberta and to two ethylene plants near Red Deer, Alberta owned by companies other than Dome.

Cochin is an 1,870-mile pipeline system which transports ethylene, propane, ethane and NGL to eastern Canada and propane to the United States. The rates charged by Cochin for transportation are subject to regulation by the NEB and by the Federal Energy Regulatory Commission in the United States. Cochin operated at about 63 percent of its normal capacity during the winter (first and fourth quarters) and 54 percent of its normal capacity during the summer (second and third quarters) compared to 61 percent and 29 percent, respectively, in 1986. The main reason for the improvement in utilization of Cochin was the increase in propane shipments.

A major ethane market is its use in miscible floods to enhance production from crude oil wells in Alberta. Dome is the marketing agent for the Cochin Ethane Marketing Joint Venture. In 1987, marketing efforts have been focused on the development of new petrochemical feedstock markets. Dome and other participants have approved construction of a carbon dioxide removal plant at Fort Saskatchewan, Alberta to upgrade ethane for sale to petrochemical producers in the U.S. midwest. Start-up, subject to regulatory approval, is scheduled for mid-1988. The Cochin Pipeline will be used to transport the product, thereby improving Cochin's utilization.

Other Pipeline Systems

Dome owns and operates the Rangeland Pipeline System, which consists of 962 miles of crude oil and NGL trunk and gathering lines in Alberta. The trunk line system extends from Rimbey in central Alberta to the Alberta-Montana border, and over a part of this distance, consists of both an NGL line and a crude oil line. In late 1985, Rangeland modified its system to allow shipping of bitumen/pentanes plus blended oil from the Esso Resources Canada Limited ("Esso") Cold Lake Project to Esso's Billings, Montana refinery. As a result of this modification, the pipeline ran close to capacity during 1987.

Dome also owns a 16% interest in Peace Pipeline Ltd., which owns and operates a crude oil and NGL gathering trunkline system in northwestern Alberta, and a 50% interest in the Pembalta and Mitswan pipelines.

Sulphur

Dome is the sixth largest Canadian producer of sulphur, a by-product of natural gas operations. Dome markets sulphur directly in Canada and the United States and sells to the international market outside of North America through Cansulex Limited, a producer-owned marketing consortium in which Dome holds an interest. During 1987, Dome sold 1,608 long tons per day on behalf of itself and its partners, including its entire 1987 sulphur production and additional sales from inventory. Dome's net share of this volume was 991 long tons per day. The average sales price in 1987 was $83.89 per long ton compared to $120.91 per long ton in 1986.

Sulphur is a commodity, the primary use of which is in the generation of sulphuric acid for the production of phosphate fertilizers. Demand and price are determined, to a large extent, by world agricultural markets. In the early 1980's, demand, which exceeded production, was satisfied by a drawdown of Canadian inventories. During this time, prices rose sharply. Throughout the latter half of 1986, however, the market for sulphur weakened, reflecting the condition of the world agricultural industry. The Canadian and U.S. markets experienced reduced prices during 1987, and this trend is expected to continue in 1988.

Investments

Encor

On December 8, 1987, Dome sold its 42,501,855 common shares of Encor for $9.375 per common share. This investment represented Dome's 42.1% interest in Encor. Proceeds of $398 million were received, of which $363 million was used to pay out the loans secured by the Encor shares. The remaining $35 million is being used for Dome's continuing operations. See Notes 2, 5, 8 and 17 to the Dome Financial Statements.

Encor has agreed to accept the consideration provided for under the Arrangement in settlement of Dome's outstanding liabilities to Encor of $129 million, including accrued and deferred interest, as at December 31, 1987. In addition, Amoco Canada and Encor have agreed to a settlement relating to Encor's joint and several liability with Dome under the APC/J Contract. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Encor".

Placer Dome

On August 13, 1987, Placer Development Limited, Dome Mines Limited and Campbell Red Lake Mines Limited were amalgamated to form Placer Dome reducing Dome's pre-amalgamation interest of 21.5% of Dome Mines Limited to 8.1% of Placer Dome. Placer Dome in turn owns 18.5% of the Common Shares. See Notes 2, 5 and 17 to the Dome Financial Statements.

Placer Dome is primarily engaged, directly and through its subsidiaries, in the acquisition, exploration, development and operation of gold mining properties and the production of gold bullion for sale on the free market. Placer Dome and its subsidiaries also constitute a significant producer of silver, copper, and molybdenum and are engaged in the exploration for, and the acquisition, development and production of, crude oil and natural gas, primarily in western Canada and the southern United States.

Dome has determined that its investment in Placer Dome is not integral to its business and accordingly, would be prepared to dispose of its investment under the proper conditions.

As part of the Placer Dome Settlement (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome"), Placer Dome has agreed with Amoco Canada to vote its Common Shares in favour of the Plan of Arrangement.

Selected Financial Data

The following selected financial data of Dome, as it relates to the five years ended December 31, 1987, is derived from the Dome Financial Statements examined by Clarkson Gordon, independent chartered accountants:

	1987	1986	1985	1984	1983
		(Millions of Canadian Dollars, Except Per Share Amounts)			
Consolidated Financial Data (1) (3) (4)					
Income Statement Data— Year Ended December 31					
Revenue	$ 1,489	$1,541	$2,424	$2,440	$2,590
Write-down of corporate and operating assets	(346)	(2,084)	—	—	(1,099)
Operating income (loss) (2)	64	(1,670)	936	805	(363)
Foreign exchange	75	(286)	(28)	(123)	(27)
Gain (loss) on disposal of corporate and operating assets	60	81	66	40	(65)
Income (loss) before extraordinary item	(401)	(2,199)	7	(197)	(1,105)
Net income (loss)	(318)	(2,199)	7	(197)	(1,105)
Per Common Share:					
Before extraordinary item	(1.21)	(6.94)	(0.02)	(0.84)	(4.72)
Net income (loss)	(0.96)	(6.94)	(0.02)	(0.84)	(4.72)
Dividends declared per Common Share	—	—	—	—	—
Balance Sheet Data— At December 31					
Debt	$ 5,745	$6,080	$6,270	$6,303	$5,987
Accrued and deferred interest	421	209	52	60	82
Redeemable preferred shares	34	316	446	318	318
Shareholders' equity (deficiency)	(2,623)	(2,429)	(266)	(420)	(231)
Total assets	4,152	4,904	8,179	7,916	8,178

(1) The above amounts reflect a change in the method of accounting for oil and gas properties and equipment and changes in accounting policies, on a Canadian basis, adopted in the five year period reported on, as described in Notes 3 and 4 to the Dome Financial Statements. See also Note 8 to the Dome Financial Statements regarding the treatment of foreign exchange commencing in 1986.

(2) Operating income (loss) is after write-down and gain and loss on disposal of operating assets.

(3) The Dome Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada. These principles differ in some respects from those applicable in the United States. See Note 21 to the Dome Financial Statements. If the Dome Financial Statements had been prepared in accordance with accounting principles generally accepted in the United States, certain of the selected financial data would have been restated as follows:

	1987	1986	1985	1984	1983
		(Millions of Canadian dollars, Except Per Share Amounts)			
Income Statement Data— Year Ended December 31					
Foreign exchange	$ 9	$ (15)	$ (173)	$ (190)	$ (29)
Write-down of assets	(84)	(2,361)	—	—	(646)
Income (loss) before extraordinary item	(164)	(2,205)	(167)	(270)	(757)
Net income (loss)	(69)	(2,205)	(167)	(270)	(757)
Per Common Share:					
Before extraordinary item	(0.48)	(6.96)	(0.62)	(1.14)	(3.24)
Net income (loss)	(0.24)	(6.96)	(0.62)	(1.14)	(3.24)
Balance Sheet Data— At December 31					
Redeemable preferred shares	$ 159	$ 433	$ 551	$ 427	$ 431
Shareholders' equity (deficiency)	(2,392)	(2,440)	(259)	(243)	16
Total assets	4,598	5,107	8,372	8,252	8,583

(4) Reference should be made to Note 2 to the Dome Financial Statements regarding Dome's ability to continue as a going concern.

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion of results of operations and financial condition should be read in conjunction with the Dome Financial Statements and notes thereto.

Summary

For the year ended December 31, 1987, the Company had a net loss of $318 million, after an extraordinary item of $83 million resulting from the reduction of current income taxes on the utilization of loss carry forward, compared with a net loss of $2,199 million in 1986 and net income of $7 million in 1985. The losses in 1987 and 1986 are attributable to lower operating income as a result of lower energy prices and the write-down of certain of the Company's assets in both those years.

Dome's financial statements are prepared in accordance with Canadian generally accepted accounting principles. If they had been prepared in accordance with U.S. generally accepted accounting principles, the Company would have reported a net loss of $69 million. The difference of $249 million is principally due to the accounting treatment of oil and gas properties and equipment. See Note 21 to the Dome Financial Statements for a discussion of the differences in accounting principles.

In 1986 and 1987, Dome's financial condition continued to deteriorate largely due to significantly lower crude oil and natural gas prices. The Company's unrestricted cash balance declined by $48 million in 1987 and $264 million in 1986 and stands at $154 million at December 31, 1987. The major part of the decline occurred prior to May 1, 1986, the effective date of the Interim Plan, as a result of cash from operations and proceeds from asset disposals being insufficient to cover debt service and capital expenditure payments. It is expected that Dome's financial condition will continue to deteriorate until its current financial difficulties are resolved.

Financial Condition

At December 31, 1987, the Company had outstanding indebtedness, including accrued and deferred interest, of $6,166 million and a shareholders' deficiency of $2,623 million. Since June 30, 1987, the Company has been in default under substantially all of its loan agreements and, accordingly, the holders of substantially all of Dome's debt instruments can demand payment of all amounts owing thereunder. As of the date hereof, no lender, other than the holders of SFr 290 million aggregate principal amount of publicly issued debt, has given notice of acceleration under its debt instrument.

Amoco Canada and the Company have signed an Arrangement Agreement, as amended, which provides for the acquisition of the Company by a wholly owned subsidiary of Amoco Canada pursuant to a Plan of Arrangement to be approved by the Court of Queen's Bench of Alberta. Pursuant to the Plan of Arrangement, holders of Common Shares and Preferred Shares would be entitled to receive subordinated exchangeable debentures of Amoco Canada and certain cash amounts. In addition, new securities and, in certain instances, cash will be exchanged by Amoco Canada for certain existing debt of Dome. Certain other indebtedness, including trade liabilities, will remain as outstanding indebtedness of Dome and unaffected by the Plan of Arrangement. The aggregate amount of cash and the face value of the securities to be issued by Amoco Canada, together with the amount of the liabilities which will remain outstanding, is approximately U.S. $3.96 billion (approximately Cdn. $5.15 billion).

The Company's existence as a going concern is dependent on a number of economic factors beyond its control and its ability to obtain a resolution of its financial difficulties which is not assured. The proposed sale of the Company to Amoco Canada is expected to resolve the Company's current financial difficulties. There are numerous conditions to the consummation of the Arrangement, some of which may not be satisfied or waived on a timely basis, or at all, thus increasing the risk that the Arrangement will not be consummated. If the Plan of Arrangement is not successfully concluded, the Company's ability to continue as a going concern could be jeopardized and a liquidation might result. See Note 2 to the Dome Financial Statements for a more detailed description of Dome's current financial condition.

Financial Position

Cash used in operations amounted to $29 million in 1987 compared with the $5 million generated in 1986. Cash from crude oil and natural gas operations in 1987 increased primarily as a result of higher average crude oil prices and the elimination of PGRT, partially offset by lower prices for natural gas and reduced contract drilling activity. Cash from NGL operations increased primarily due to lower product acquisition costs, partly as a result of lower natural gas prices, and improved margins for butanes and condensate. However, these items and the increase in cash resulting from lower interest and financing costs, due mainly to reduced average interest rates and lower principal amounts, were more than offset by the decline in cash from other operating items. The principal component of these other items is the change in cash attributable to accounts receivable, inventories and accounts payable relating to operating activities. Generally, these items fluctuate in conjunction with changes in energy prices. In 1986, largely as a result of the significant decline in energy prices, these items declined, the net effect of which resulted in an increase in cash from operations of $107 million. In 1987, a more stable industry environment resulted in Dome's operating accounts receivable and inventories, net of related accounts payable, remaining relatively unchanged at 1987 year end from 1986 year end levels. Other operating items also include current income taxes which in 1987, net of the extraordinary item, were higher than in 1986, further reducing cash from operations.

The drop in cash from operations of $537 million to $5 million in 1986 compared with 1985 was mainly due to the severe decline in revenues resulting from the decline in the international price of crude oil.

Capital expenditures, before capitalized interest and general and administrative expenses, were $129 million in 1987, as compared with $114 million and $139 million in 1986 and 1985 respectively. In addition to its own capital expenditures, Dome is continuing to explore and to develop its oil and gas assets through an extensive farmout program. For 1988 the Company has budgeted approximately $158 million for capital expenditures, before capitalized items, which will be directed primarily to crude oil and natural gas development.

Although previously scheduled debt repayments have been reduced due to the impact of the Interim Plan in 1987 and 1986, Dome has applied proceeds from asset disposals against debt in both years. In 1987, Dome disposed of its interest in Encor for proceeds of $398 million of which $363 million was used to reduce debt. In 1986, Dome sold 10 million shares of Dome Mines for proceeds of

$147 million which were used to reduce debt. Although asset disposals generated cash of $142 million in 1985, only $3 million related to secured assets and was applied to debt.

The issue of debt in 1987 and 1986 represents the elimination of preferred shares issued by subsidiaries and the replacement thereof by unsecured bank loans from the holders of the shares.

At the present time Dome is continuing to make debt payments substantially in accordance with the terms of the Interim Plan. These payments are expected to continue to be substantially below amounts scheduled prior to the implementation of the Interim Plan.

The higher level of cash used for financing activities in 1985 was largely as a result of a reduction in interest payable on income taxes, a decrease in taxes payable due to a lump sum payment of PGRT and other general liability reductions.

In May 1985, Dome successfully raised $114 million of net cash proceeds from a public equity issue.

Results of Operations

Business Segment Results

	Year Ended December 31,		
	1987	1986	1985
	(Millions of Canadian Dollars)		
Revenue			
Crude oil and natural gas	$ 867	$ 915	$1,413
Natural gas liquids	622	626	1,011
	$1,489	$ 1,541	$2,424
Operating expense			
Crude oil and natural gas	$ 272	$ 352	$ 399
Natural gas liquids	512	563	802
Depletion and depreciation	295	366	376
Write-down and gain on disposal of assets	346	1,930	(89)
	$1,425	$ 3,211	$1,488
Operating income (loss)			
Crude oil and natural gas	$ (27)	$(1,712)	$ 737
Natural gas liquids	91	42	199
	$ 64	$(1,670)	$ 936

Asset Write-downs. At December 31, 1987 the Company wrote down its oil and gas properties and equipment by $346 million, primarily due to lower year end crude oil prices and a reduction in proved oil and gas reserves. During 1986, Dome wrote down its operating and corporate assets by $1,930 million and $154 million, respectively. Dome recorded a write-down of $880 million, largely in the third quarter, relating to crude oil and natural gas business segment assets and other corporate assets, resulting from a detailed review of all assets, undertaken primarily in conjunction with Dome's long term assessment of the outlook for energy prices. At December 31, 1986 the Company changed its method of determining the limitation on the carrying value of oil and gas properties and equipment. This change, in conjunction with lower reserve quantities and energy prices, including a significant reduction in natural gas prices in the fourth quarter resulting from deregulation, resulted in a write-down of oil and gas properties and equipment of $1,204 million. A more detailed description of the change in accounting for oil and gas properties and equipment and the write-downs is contained in Notes 3 and 14 to the Dome Financial Statements.

Crude Oil and Natural Gas Segment

	1987	1986	1985
	(Millions of Canadian Dollars)		
Revenue	$867	$ 915	$1,413
Operating expense			
Crude oil and natural gas	272	352	399
Depletion and depreciation	276	345	354
Write-down and gain on disposal of assets	346	1,930	(77)
	894	2,627	676
Operating income (loss)	$(27)	$(1,712)	$ 737

Crude oil and natural gas operating income before write-downs and gain on disposal of assets increased $101 million or 47% in 1987 compared with 1986. The elimination of the PGRT in late 1986 and lower levels of depletion and depreciation, as a result of the 1986 asset write-down, more than offset a sharp decline in contract drilling activity.

Crude oil and natural gas revenues, excluding contract drilling revenue, increased as higher average oil prices and the elimination of PGRT more than offset natural gas price declines for 1987. The natural gas price declines are mainly attributable to deregulation and increased competition in both Canada and the United States.

In 1986, revenue and operating income declined as a result of lower prices for oil and natural gas liquids and reduced production of natural gas compared with 1985. In addition, operating income from this business segment declined significantly in 1986 from 1985 principally as a result of the 1986 write-down of operating assets.

Dome's average 1987 crude oil price was Cdn. $22 per barrel compared to $18 and $34 in 1986 and 1985 respectively. Average natural gas prices fell 24% in 1987 following a 16% drop in 1986.

Oil production remained fairly constant compared with 1986 and 1985 as new drilling and productivity improvements in 1987 offset natural production declines. Natural gas production volumes increased slightly in 1987 as compared to 1986 due to increased export sales; 1986 volumes declined by 9% as compared to 1985 as a result of lower domestic and export sales. NGL production increased nominally in 1987 as compared to 1986 due to higher natural gas volumes and a full year of production from the Wembley plant, which started operations in April 1986. NGL production remained relatively unchanged in 1986 as compared to 1985.

Operating expenses, excluding write-downs, decreased both in 1987 and 1986 as compared to 1985 mainly due to lower contract drilling activity, reduced enhanced oil recovery expenses and shutting in uneconomic wells.

The decline in contract drilling revenue from 1986 and 1985 is due to the reduced utilization of drilling equipment. Lower activity in the Canadian Beaufort Sea was a result of the severe decline in oil prices and the termination of the Petroleum Incentives Program in 1986. In 1987, the Company had only one drilling system, the SSDC/MAT, under contract in the U.S. Beaufort Sea. This contract expires in August 1988. The Company had one drillship testing one location in the Canadian Beaufort Sea in 1986 together with contracts for one drillship and the SSDC/MAT in the U.S. Beaufort Sea. In 1985, there were three drillships working at four locations in the Canadian Beaufort Sea, and one drillship operating in the U.S. Beaufort Sea.

NGL Segment

	1987	1986	1985
	(Millions of Canadian Dollars)		
Revenue	$622	$626	$1,011
Operating expense			
Natural gas liquids	512	563	802
Depletion and depreciation	19	21	22
Gain on disposal of assets	—	—	(12)
	531	584	812
Operating income	$ 91	$ 42	$ 199

NGL operating income increased $49 million in 1987 as compared with 1986. The increase is primarily due to lower costs for all products and improved profitability for butanes and condensate. A major factor contributing to lower product acquisition cost was lower natural gas prices. Other factors improving operating income were increased pipeline revenues and higher sales volumes.

Operating income from NGL operations was $42 million in 1986, a decrease of 79% from the previous year. This decline was the result of the fall in world crude oil prices which was followed by decreases in selling prices for NGL and an overall 19% decline in volumes. The declines in the selling prices for NGL were exacerbated by the increased availability of NGL on North American markets as a result of the higher levels of production in middle eastern countries. Additionally, as the price of Canadian natural gas was not fully deregulated until November 1986, the cost of NGL, extracted from the natural gas stream at straddle plants, was held up during a period in which energy prices were generally falling. This, together with the fact that inventories held at the beginning of 1986, which had been acquired at higher cost, were sold into a declining market, contributed to the decrease in operating income.

Corporate Expenses

Corporate expenses, including income taxes and equity earnings, decreased $64 million in 1987 compared with 1986 and $400 million in 1986 as compared to 1985. The decrease in 1987 was principally due to a lower amount of deferred income tax drawdowns, a foreign exchange gain in 1987 as compared to a foreign exchange loss in 1986 and the absence of a write-down of corporate assets in 1987. The $400 million decrease in corporate expenses to $529 million in 1986 was principally due to a reduction of income taxes partially offset by the charge to operations of substantially all of the remaining deferred foreign exchange, a write-down of corporate assets and Dome's share of a net loss recorded by Encor.

Total interest and financing costs were slightly lower in 1987 compared to both 1986 and 1985. Primarily as a result of lower interest rates and lower principal, interest on debt decreased $17 million in 1987 and $48 million in 1986. These improvements were partially offset by interest and financing charges relating to the Interim Plan and the Company's debt restructuring activities.

The reductions in interest on debt were also offset by a reduction in the amount of interest capitalized. This mainly resulted from the transfer of all non-depleted oil and gas properties, upon which interest was capitalized, to the pool of depleted oil and gas properties by the end of 1986.

At the end of 1987, 83.7% (1986-85%) of Dome's debt was at floating interest rates. The interest rate on approximately 60% (1986-59%) of the floating rate debt varies directly with the Canadian prime rate. The interest rate on the remaining 40% (1986-41%) of floating rate debt is based on the London Interbank Offered Rate (LIBOR) and is generally fixed for periods of up to six months. The impact of changes in this rate is therefore not immediately reflected in interest expense. LIBOR rates have increased slightly since year end 1987 to a level of approximately 6.875%. The average interest rate on the floating rate debt in 1987 was 9.5% compared with 10.0% in 1986 and 10.6% in 1985.

At December 31, 1986, the Company was working towards a resolution of its financial difficulties and was therefore unable to determine the fixed and ascertainable terms of the majority of its foreign currency denominated debt. Accordingly, the Company charged $214 million of the related balance of deferred foreign exchange to operations at December 31, 1986, contributing to the overall foreign exchange loss of $286 million for the year. During 1987, foreign exchange gains and losses related to this debt have been charged directly to operations. As a result, the significant increase in the value of the Canadian dollar compared with the U.S. dollar was mainly responsible for the foreign exchange gain of $75 million in 1987. However these gains are unrealized and have no cash impact. As the Canadian dollar continues to fluctuate in value compared with the U.S. dollar, the Company will record further unrealized foreign exchange gains or losses on debt.

In 1985, the rescheduling of Dome's debt over the period to 1995 and the resulting deferral and amortization of foreign exchange gains and losses significantly reduced the immediate impact of the 5% decline in the Canadian dollar on the results of operations.

Gross general and administrative expense (before recoveries from partners) declined 11% in 1987 mainly due to staff reductions which took place during 1986. This decrease was more than offset by a 32% decline in overhead recoveries from partners, in part due to the termination of the Corporate Services Agreement with Encor in October of 1986, and a lower level of overhead capitalization in 1987. As a result, net general and administrative costs increased $6 million in 1987.

Net general and administrative expense increased by 24% in 1986 to $77 million compared with $62 million in 1985. This increase is largely the result of costs associated with the 1986 staff reductions, the termination of certain leases, lower costs recovered from joint venture partners and lower amounts capitalized.

The provision for income taxes differs significantly from the amounts calculated by applying the corporate tax rate to the income or loss before income taxes because a number of items are not included in the determination of income for income tax purposes. The most significant of these items include non-deductible crown royalties and other charges (partially offset by provincial rebates and federal resource allowance), PGRT (eliminated after September 30, 1986), depletion and depreciation on the excess of the purchase price of assets acquired over their income tax values and the non-taxable portion of write-downs and other charges and gains and losses on asset dispositions.

Dome has substantial unused deductions available which may be used as required to reduce future income taxes otherwise payable. As a result of claiming a part of these deductions for tax purposes in 1986 and 1985, Dome had no significant current income tax provision in those years.

Current income tax expense in 1987 includes amounts relating to reassessments of income taxes of prior years which were eliminated by using previously unrecorded loss carry forward, the benefit of which is shown as an extraordinary item in the statement of operations. The majority of the balance of current income tax expense will not result in a cash outflow as the Company will apply unutilized investment tax credits.

Effects of Changing Prices and Sensitivities

The consolidated financial statements are prepared on the basis of historical dollars and as such do not reflect the cumulative effects of increasing costs and changes in the purchasing power of the Canadian dollar.

Dome's financial position is dependent upon a number of factors beyond its control. Dome's revenue is indirectly affected by inflation. All of Dome's revenue is directly or indirectly influenced by the international price of crude oil which is itself a factor in determining inflation. Although operating and corporate expense is affected by inflation, it is not considered a significant influence. The majority of Dome's debt is tied to the Canadian prime bank rate and LIBOR. Government monetary policy affects these rates and consequently Dome's interest expense. Other factors include the demand for petroleum products and the exchange rate between the Canadian and U.S. dollar.

The following table summarizes the pro forma effect of changes in certain of these factors on Dome's results of operations for 1987:

Variable	1987 Average Level	Change	Impact on Net Income	Impact on Cash (2)
			($ Cdn. millions)	
Prices (1)				
Crude oil and field NGL (per barrel)	Cdn. $20.83	Cdn. $1.00	$13	$24
Natural gas (per thousand cubic feet) (3)	Cdn. $1.66	Cdn. $0.10	$ 9	$16
Volumes (1)				
Crude oil and field NGL (thousands of barrels per day)	87	1	1	4
Natural gas (millions of cubic feet per day)	548	10	1	4

(1) Crude oil and natural gas royalty rates vary with price and individual well productivity. Thus the impact of changes is not linear for larger volume and price changes.

(2) The income tax effect of these changes is assumed to be deferred and thus would have no impact until the Company becomes currently taxable.

(3) This excludes the effect on the cost of NGL supply at straddle plants of approximately $4 million in cash savings for each 10 cents per thousand cubic feet decline in natural gas prices.

First Quarter 1988 Results of Operations

The following sets forth on an unaudited basis the Company's consolidated results of operations with respect to the three months ended March 31, 1988 and 1987:

	Three Months Ended March 31, 1988	1987
	(Millions of Canadian Dollars, Except Per Share Amounts)	
Revenue		
Crude oil and natural gas	$ 209	$ 223
Natural gas liquids	197	164
	$ 406	$ 387
Operating income before write-down		
Crude oil and natural gas	$ 65	$ 86
Natural gas liquids	28	25
	$ 93	$ 111
Operating income (loss) after write-down		
Crude oil and natural gas	$ (123)	$ 86
Natural gas liquids	28	25
	$ (95)	$ 111
Net income (loss)	$ (111)	$ 77
Net income (loss) per Common Share	$(0.32)	$ 0.22

This unaudited financial information of the Company has been prepared in accordance with accounting principles generally accepted in Canada on a going concern basis which assumes the recovery of the Company's assets in the normal course of business. If the Company were unable to continue as a going concern, the amounts realized on disposal of its assets may be substantially below their recorded amounts.

In the opinion of the Company, the foregoing unaudited financial information contains all adjustments necessary to present fairly the results of its operations for the three months ended March 31, 1988 and 1987. All such adjustments are of a normal recurring nature except for the write-down described in the following paragraph. The results of operations for the three months ended March 31, 1988 are not necessarily indicative of the results to be expected for the full year. Certain comparative figures for the three months ended March 31, 1987 have been reclassified to conform to the current period's financial presentation.

The Company recorded a first quarter net loss of $111 million in 1988, compared with first quarter net income of $77 million in 1987, principally as a result of a write-down in the carrying value of its oil and gas properties and equipment of $188 million, before deferred income taxes of $36 million. The write-down resulted from lower period end energy prices than those prices at December 31, 1987. Operating income before the write-down declined $18 million, but this decline was offset by an increase in unrealized foreign exchange gains on debt as the Canadian dollar continued to strengthen in value against the U.S. dollar in the first quarter of 1988.

Under United States generally accepted accounting principles the Company would have reported an unaudited net loss of $72 million ($0.21 per Common Share) for the three months ended March 31, 1988 compared with an unaudited net income of $77 million ($0.22 per Common Share) for the three months ended March 31, 1987.

Crude oil and natural gas operating income before write-down decreased $21 million compared to the same period in 1987. Lower average crude oil and natural gas prices and an increase in operating expenses more than offset the effect of higher production volumes and lower depletion and depreciation.

Natural gas liquids operating income was relatively unchanged in the first quarter of 1988 as compared with the same period one year ago. Although sales volumes increased significantly, resulting in higher overall revenues, product costs increased by similar amounts.

Legal Proceedings

For information concerning certain litigation with respect to the Arrangement, see "BACKGROUND TO THE ARRANGEMENT—Financial Condition of Dome" and "OTHER MATTERS AFFECTING THE ARRANGEMENT—Certain Litigation Relating to the Arrangement".

On or about July 29, 1987, Marubeni and Marubeni Nederland B.V. commenced an action in the Federal Court of Canada, Trial Division, naming as defendants Dome and 117906 Canada Inc., a Dome subsidiary, seeking a declaration that the plaintiff Marubeni has an equitable mortgage on the surface ship portion of the SSDC/MAT marine drilling system. The plaintiffs allege that Marubeni agreed to lend to Dome U.S. $87 million to finance the acquisition of the SSDC/MAT and that Marubeni reserved the right to require from Dome collateral security on the SSDC/MAT. Default judgment recognizing the right to such equitable mortgage was granted September 10, 1987. Various lenders sought to have the decision set aside. Their application was heard October 7, 1987 and judgment was reserved. On November 30, 1987 the matter was adjourned, subject to reinstatement. Marubeni is included among the Secured Group pursuant to the Plan of Arrangement.

There are no other material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or of which any of their properties is the subject.

Market for the Company's Common and Preferred Shares and Related Shareholder Matters

The principal public trading market for the Common Shares in Canada is The Toronto Stock Exchange and in the United States is the American Stock Exchange. The Common Shares also trade on the Montreal Exchange and the London Stock Exchange. The following table sets forth the high and low prices and trading volumes for the Common Shares on the Toronto and Montreal Stock Exchanges and on the American Stock Exchange for the periods indicated:

	Toronto and Montreal Stock Exchanges			American Stock Exchange		
	High	Low	Volume	High	Low	Volume
	(Canadian Dollars)		(Thousands)	(United States Dollars)		(Thousands)
1986						
1st quarter	$3.30	$1.80	20,618	$2.38	$1.31	25,480
2nd quarter	2.29	0.93	23,851	1.63	0.63	27,323
3rd quarter	1.53	0.96	10,284	1.13	0.69	10,949
4th quarter	1.23	0.80	11,134	0.88	0.56	16,426
1987						
1st quarter	$1.24	$0.85	14,104	$0.94	$0.63	13,382
2nd quarter	2.05	1.00	38,476	1.56	0.75	27,204
3rd quarter	1.24	1.03	18,195	0.94	0.81	11,085
October	1.17	0.75	4,262	0.94	0.56	4,509
November	1.06	0.75	4,564	0.81	0.56	6,008
December	0.96	0.76	4,967	0.75	0.56	8,680
1988						
January	$1.06	$0.87	5,695	$0.88	$0.69	5,469
February	1.20	1.02	11,526	1.00	0.81	10,799
March	1.27	1.12	8,347	1.06	0.88	15,292
April (through April 26)	1.33	1.21	4,773	1.13	0.94	8,992

The Series A Preferred Shares and the Series B Preferred Shares are listed on the TSE. The following table sets forth the high and low prices and trading volumes for the Series A Preferred Shares and Series B Preferred Shares on the TSE for the periods indicated:

	Series A Preferred Shares			Series B Preferred Shares		
	High	Low	Volume (000's)	High	Low	Volume (000's)
1986						
1st quarter	$17.25	$5.00	829	$16.88	$5.50	63
2nd quarter	6.00	2.30	657	6.25	2.35	66
3rd quarter	3.00	2.00	370	2.60	2.00	27
4th quarter	3.00	1.85	372	2.80	1.95	20
1987						
1st quarter	$6.50	$2.30	831	$7.00	$2.45	25
2nd quarter	8.50	4.50	1,053	6.75	4.65	77
3rd quarter	6.38	4.35	413	6.25	4.30	34
October	6.88	5.00	459	6.50	5.50	31
November	6.50	5.00	140	6.38	5.63	4
December	6.50	5.50	144	6.25	6.13	7
1988						
January	$7.00	$6.25	261	$6.75	$6.25	4
February	6.50	5.25	317	6.63	5.25	5
March	6.75	6.38	96	6.75	6.50	3
April (through April 26)	7.50	6.25	178	7.38	6.50	17

The closing price of the Common Shares on the TSE and on the American Stock Exchange on April 16, 1987, the business day before the public announcement of the Arrangement, was $1.50 and U.S. $1.18, respectively, and of the Series A Preferred Shares and the Series B Preferred Shares on the TSE on such date was $6.75 and $6.75, respectively. On April 26, 1988 the closing price of the Common Shares on the TSE was $1.30 and on the American Stock Exchange was U.S. $1.06 and the closing price of the Series A Preferred Shares and the Series B Preferred Shares on the TSE was $6.25 and $6.63, respectively.

Insurance

During the period November 25, 1986 to November 16, 1987, the Company maintained a Directors' and Officers' Liability Insurance Policy with a limit of liability of $25,000,000 to cover, as a group, the directors and officers of the Company and to cover the Company for any liability arising out of its indemnification of such directors and officers. The premium was $838,735. Effective November 16, 1987 the coverage was extended to U.S.$75,000,000 at a premium of $4,854,461 for the period November 18, 1987 to December 31, 1988. The directors as a group pay $15,000 of the premium and the officers as a group pay $3,525 of the premium.

Indemnification of the Company's Directors and Officers

Section 8.02 of the By-laws of the Company provides that the Company will indemnify every present or former director or officer of the Company, and certain other persons, against all costs, charges and expenses reasonably incurred by such person in respect of certain actions if: (i) he acted honestly and in good faith with a view to the best interests of the Company; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. No director or officer will be indemnified by the Company for a breach of any duty or responsibility imposed under the CBCA or any other statute unless he has achieved complete or substantial success as a defendant in such action. This indemnification is subject to Section 119 of the CBCA which limits indemnity in derivative actions to that approved by a court.

The Company maintains insurance policies under which officers, directors and other employees or agents may be indemnified against certain losses arising from certain claims.

The Arrangement Agreement provides that Amoco Canada will cause the Company, including any successor thereto under the Arrangement, and certain of its subsidiaries to continue to indemnify each of their employees, agents, directors and officers (including all persons who were serving in any such capacity on May 12, 1987 or have so served at any time thereafter until the Effective Date) to the same extent that they will be entitled to indemnification on the Effective Date, after the enactment of the by-law indemnification provisions described above in "PLAN OF ARRANGEMENT—Indemnification," with respect to any claims made during a ten year period commencing on the Effective Date. The performance by the Company of its indemnification obligations is guaranteed by Amoco Canada.

Transactions with Management and Others

Mr. Fraser M. Fell, a director of the Company, is a partner in the law firm of Fasken & Calvin, Toronto. Mr. Maclean E. Jones, a director of the Company, is a former partner (retired March 31, 1988) in the law firm of Bennett Jones, Calgary. Such law firms were retained as counsel by the Company during 1987 on various matters. Payments in 1987 to the firm of Bennett Jones, who are Dome's principal counsel with respect to all corporate and financial matters in Canada, in respect of fees for services rendered to the Company, were $2,976,711.

Mr. Frederick B. Whittemore, a director of the Company, is a managing director of Morgan Stanley which has performed financial advisory and investment banking services for the Company in 1987, including advising the Company with respect to its debt restructuring proposals. In addition, Morgan Stanley advised the Company with respect to acquisition proposals, including the Amoco Canada proposal. See "BACKGROUND TO THE ARRANGEMENT—Fairness Opinions". Morgan Stanley is the holder of an option to acquire 2,750,000 Common Shares of the Company at $5.60 per share until November 3, 1988. Such option will be cancelled without payment upon the consummation of the Arrangement.

Placer Dome has provided a guarantee of $225 million to four Canadian banks for the repayment of indebtedness of the Company. The Company has granted a fixed charge on certain Beaufort Sea acreage as security for the repayment to Placer Dome of any amounts which it may be required to pay under the guarantee. In addition, Placer Dome has certain subrogation rights as guarantor on other security taken by the banks. For a discussion of the proposed resolution of the guarantee as agreed to by Placer Dome with Amoco Canada see "OTHER MATTERS RELATING TO THE ARRANGEMENTS—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome".

Security Ownership of Management

The following table sets forth the Common Shares and common shares of Placer Dome beneficially owned by each director of the Company and by all the directors and officers of the Company as a group at April 22, 1988. All shares indicated are currently owned and not subject to future acquisition or control by option or otherwise, except as noted. Unless otherwise disclosed below, the beneficial owners exercise sole voting and investment power over the shares held by them.

Name	Common Shares of the Company (1)	Common Shares of Placer Dome (1)
Norman J. Alexander	125,000	—
John M. Beddome	224,440 (2)	—
Harold Bridges	5,000	—
H. Michael Burns	1,500	—
Marshall A. Crowe	5,600	—
Fraser M. Fell	10,600	128,012 (3)
Maclean E. Jones	85,000	4,425
Allen T. Lambert	30,000	3,063
James G. Livingstone	4,000	—
J. Howard Macdonald	1,500,000 (2)	—
Harold P. Milavsky	5,000	—
Frederick B. Whittemore	—	—
All directors and officers as a group (27 persons)	2,845,788 (2)	135,500

(1) No person or group referred to in the above table owns more than 1% of the outstanding Common Shares or common shares of Placer Dome. The holdings of Placer Dome have been included because Placer Dome may be deemed to be an affiliate of Dome.

(2) Includes Common Shares which these persons have or may have the right to acquire upon exercise of incentive options within 60 days as follows: Mr. Macdonald—1,500,000 shares; Mr. Beddome—125,000 shares; all directors and officers as a group—2,368,500 shares.

(3) Includes 110,970 common shares of Placer Dome which Mr. Fell has the right to acquire upon the exercise of incentive stock options.

AMOCO CANADA PETROLEUM COMPANY LTD.

General

Amoco Canada is engaged in the exploration for and production of crude oil, natural gas, NGL and sulphur in Canada; transportation of NGL and wholesale marketing of crude oil and NGL to serve Canadian and United States markets; and mining operations in Canada. Amoco Canada markets natural gas and also produces and markets sulphur derived from the processing of natural gas. Amoco Canada's major oil and gas producing properties are located in the provinces of Alberta and British Columbia as well as in the Northwest Territories. Exploration activities are carried out principally in western Canada and the Beaufort Sea, and to a lesser extent on the east coast of Canada. Amoco Canada holds a substantial interest in a number of NGL facilities, including extraction, gathering and processing facilities in Alberta and fractionation, storage and distribution facilities in eastern Canada. Amoco Canada does not engage in crude oil refining or retail marketing of refined petroleum products.

Amoco Canada was incorporated under the Canada Corporations Act in 1969 and acquired the Canadian operations previously conducted by other entities owned by Amoco Corporation. Amoco

Canada was continued under the CBCA in 1978. The Company's registered and principal office is located at 444 Seventh Avenue S.W., Calgary, Alberta T2P 0Y2, Canada and its telephone number is (403) 233-1313.

Amoco Corporation owns 100 percent of the outstanding shares of Amoco Canada. If the Arrangement is completed Amoco Canada has undertaken that not less than 20% of the voting equity of Amoco Canada will be sold to the public. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Sale of Shares".

Amoco Canada has two subsidiaries, both of which are wholly owned, Amoco Holdings and Amoco Acquisition. In connection with the Arrangement, Amoco Acquisition will amalgamate with the Company. See "PLAN OF ARRANGEMENT—Description of the Plan of Arrangement".

Amoco Canada and its predecessors have been engaged in the crude oil and natural gas industry in Canada since 1948 and have participated in the discovery of major oil and gas fields in western Canada. Amoco Canada holds a substantial developed acreage position and believes it is Canada's 8th largest producer of crude oil and NGL and 5th largest producer of natural gas.

The Canadian oil and gas industry is highly competitive in all phases of operations, including acreage acquisition, exploration and development of new sources of production, and marketing oil and natural gas. Competition includes individual producers and operators, independent oil and gas concerns and other major oil companies. The oil and gas industry also competes with other industries in supplying energy, fuel, and other needs of consumers. In addition, the Canadian oil and gas industry is subject to comprehensive governmental regulation. See "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME". The discussions under "Exploration", "Production" and "Marketing Arrangements" below provide information relating to Amoco Canada's operations.

Amoco Canada owns substantially all of the property, plant and equipment essential to its operations. As of the date hereof, none of such assets is pledged as security or is subject to negative pledges. See "DESCRIPTION OF NEW SECURITIES" for a description of the assets of Amoco Canada and Dome to be pledged to secure certain of the New Securities.

Financial Data by Industry Segment

Amoco Canada's business is divided into two industry segments, Petroleum Operations and Other Operations. Petroleum Operations include Exploration and Production and Supply and Marketing. The Exploration and Production segment is engaged in exploring for, developing and producing crude oil, NGL, natural gas and sulphur. Exploration and Production segment revenues include sales to trade customers and intersegment sales to the Supply and Marketing segment, and income relating to processing royalty and other third party natural gas production. The Supply and Marketing segment includes those operations associated with the downstream sale of crude oil, NGL and sulphur, including quantities purchased for resale. The Supply and Marketing segment also includes the operation of certain NGL gathering, processing, storage and distribution facilities.

Amoco Canada's Other Operations segment includes certain oil sands research and minerals exploration activities, but excludes Amoco Canada's 50 percent ownership interest in the Detour Lake gold mine project.

The following table, showing selected financial data by industry segment for the five years ended December 31, 1987, should be read in conjunction with "Information by Industry Segment" presented in Note 12 to the Amoco Canada consolidated financial statements set forth in Appendix B to this Proxy Statement (the "Amoco Canada Financial Statements").

	Year Ended December 31,				
	1987	1986	1985	1984	1983
	(Thousands of Canadian Dollars)				
Revenue other than inter-segment sales:					
Petroleum Operations					
Exploration and Production					
Crude oil and condensate(1)	$ 12,121	$ 10,664	$ 227,766	$ 514,002	$ 452,875
NGL(2)	(634)	123	8,013	19,125	21,051
Natural Gas	194,667	234,494	272,051	270,375	253,884
Processing income	21,433	32,345	28,872	25,062	30,664
Other	10,552	5,500	8,944	1,991	7,645
	238,139	283,126	545,646	830,555	766,119
Supply and Marketing					
Crude oil	$ 846,321	$ 588,498	$ 859,251	$ 272,639	$ 199,269
NGL	326,075	343,240	482,905	462,179	470,097
Sulphur	72,849	111,321	99,821	75,222	68,422
Other	327	443	464	65	174
	1,245,572	1,043,502	1,442,441	810,105	737,962
Unallocated corporate amounts	27,948	17,734	26,751	37,135	118,337
Total	$1,511,659	$1,344,362	$2,014,838	$1,677,795	$1,622,418
Sales to affiliated companies included above:					
Crude oil	$ 293,891	$ 122,632	$ 348,284	$ 245,942	$ 174,983
NGL	65,319	57,402	92,799	87,488	68,005
Sulphur	199	—	41,057	65,184	56,330
Total	$ 359,409	$ 180,034	$ 482,140	$ 398,614	$ 299,318
Intersegment Sales:					
Petroleum Operations—					
Exploration and Production					
Crude oil and condensate	$ 386,893	$ 304,508	$ 317,360	$ 1,475	$ 272
NGL	60,858	71,450	69,621	67,925	67,623
Sulphur	43,133	66,681	62,639	39,581	40,176
Total	$ 490,884	$ 442,639	$ 449,620	$ 108,981	$ 108,071

(1) The drop in Exploration and Production crude oil and condensate revenues commencing in 1986 was due to the impact of lower prices and the assumption by Supply and Marketing, following deregulation (see "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME"), of the marketing of Amoco Canada's proprietary crude oil and condensate production.

(2) The negative amount in 1987 reflects adjustments related to prior years' sales contracts.

Capital and Exploration Expenditures

Capital expenditures and exploration expenditures charged to income are shown in the following table for the five years ended December 31, 1987:

	Year Ended December 31,				
	1987	1986	1985	1984	1983
	(Thousands of Canadian Dollars)				
Capital Expenditures					
Exploration and Production Operations					
New and renewed leases, licences and permits	$ 24,279	$ 6,596	$ 35,828	$ 17,819	$ 9,498
Wells, production facilities and support equipment	122,379	120,507	166,621	122,994	84,177
Total	146,658	127,103	202,449	140,813	93,675
Supply and Marketing Operations	686	17,195	3,260	3,383	6,106
Other Operations	8	45	9	21	11
Total capital expenditures	147,352	144,343	205,718	144,217	99,792
Exploration expenditures charged to income	67,459	73,489	99,635	82,740	80,391
Total	$214,811	$217,832	$305,353	$226,957	$180,183

Drilling Activity

Amoco Canada's exploratory and development drilling activities during the five years ended December 31, 1987 are summarized in the table below. The term "gross wells" refers to the total number of wells in which Amoco Canada has an operating interest. "Net wells" refers to Amoco Canada's total proportionate share in wells drilled.

	Year Ended December 31,				
	1987	1986	1985	1984	1983
Net wells drilled					
Exploratory wells					
Wildcat wells					
Productive	4	9	12	16	10
Dry	17	26	28	24	19
Total	21	35	40	40	29
Field extension wells on undeveloped acreage					
Productive	14	21	19	10	6
Dry	5	14	12	7	2
Total	19	35	31	17	8
Total exploratory wells	40	70	71	57	37
Development wells					
Productive	7	91	95	33	39
Dry	3	26	2	3	2
Total	10	117	97	36	41
Total net wells drilled	50	187	168	93	78
Gross wells drilled	94	308	332	179	122

	December 31, 1987
Wells in process	
Gross	22
Net	15

The reduction in wells drilled during 1987 was principally due to reduced drilling activity associated with oil sands and heavy oil development programs (see "Oil Sands and Heavy Oil") which occurred as a result of the significant decline in crude oil prices during 1986.

Acreage Holdings and Wells

The following table sets forth the gross and net acreage in which Amoco Canada held oil and gas rights as of December 31, 1987:

	Crown Reservations, Licenses and Permits (Undeveloped)	Leases	
		Undeveloped	Developed
	(Thousands of Acres)		
Gross acreage:			
Alberta	579	3,295	2,439
Arctic (islands and offshore)	594	—	—
British Columbia	468	279	26
East Coast Offshore	806	—	—
Yukon and Northwest Territories	422	33	63
Total	2,869	3,607	2,528
Net acreage:			
Alberta	547	2,048	888
Arctic (islands and offshore)	102	—	—
British Columbia	468	203	10
East Coast Offshore	238	—	—
Yukon and Northwest Territories	388	8	61
Total	1,743	2,259	959
Acreage included above applicable to oil sands licences, permits and leases in Alberta			
Gross	79	612	17
Net	62	453	17

The number of productive wells owned by Amoco Canada as of December 31, 1987 are shown below:

	Oil Wells	Gas Wells	Total (*)
Gross wells	3,947	1,551	5,498
Net wells	1,233	747	1,980

(*) The totals above include 193 gross (94 net) wells with multiple completions.

See "Exploration", "Production", "Marketing Arrangements", "Mining Operations" and "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME" herein for additional information.

Exploration

During 1987, exploration efforts focused primarily on new natural gas prospects in western Alberta. A relatively high proportion of 1987 expenditures were directed to land acquisition, reflecting an emphasis on new, long-term exploration opportunities.

In 1987, Amoco Canada participated in drilling 56 gross (40 net) wildcat and field extension wells. See the table under "Drilling Activity".

Amoco Canada's only offshore well drilled in 1987 was the Narwhal F-99 well, offshore Newfoundland, by Northcor Energy Ltd. on a farmout from Amoco Canada and partners. This well proved to be dry and was abandoned.

With the prospect of an eventual improvement in gas markets, which have been depressed due to oversupply and lower demand, the search for additions to Amoco Canada's natural gas reserve base will continue in 1988, with continued focus on western Alberta and northeastern British Columbia.

Reserves

This section should be read in conjunction with the data on reserves presented in "Unaudited Supplementary Data" to the Amoco Canada Financial Statements.

All of Amoco Canada's oil and gas reserves are located in Canada. As of December 31, 1987, more than 99 percent of the net proved crude oil, condensate and NGL reserves and approximately 97 percent of the net proved natural gas reserves were located in Alberta. Approximately 5 percent of net proved crude oil and condensate reserves are attributable to heavy oil properties described under "Oil Sands and Heavy Oil."

Amoco Canada's energy equivalent reserves, calculated on the basis of the approximate relative energy content of crude oil, NGL and natural gas decreased slightly in 1987 due primarily to reserve additions not fully compensating for production. During 1987, approximately 87 percent of Amoco Canada's energy equivalent production was replaced by reserve additions. The majority of the additions were in the form of crude oil. Approximately 26 million barrels of crude oil and condensate reserve additions more than offset 18 million barrels of production, resulting in a net increase in crude reserves. The most significant increases resulted from additions at the Nipisi, Swan Hills, Ricinus, Panny and Caroline fields. Nearly all the natural gas additions were due to discoveries and extensions (34 BCF), the most significant of which were in the Caroline, Brazeau River and Grande Prairie areas.

Amoco Canada has not filed estimates of its crude oil and natural gas reserves with any authority or agency of the United States other than the SEC. Amoco Canada is not aware of any event believed to have caused a significant change in its estimated net proved reserves, as shown below, since December 31, 1987 except for normal production and development activities.

	Crude Oil, Condensate and NGL (Millions of Barrels)	Natural Gas (Billions of Cubic Feet)
Net proved reserves:		
December 31, 1987	205	2,135
December 31, 1986	198	2,211
December 31, 1985	223	2,184
December 31, 1984	202	2,145
Net proved developed reserves:		
December 31, 1987	194	1,849
December 31, 1986	187	1,899
December 31, 1985	190	1,881
December 31, 1984	189	1,808

The foregoing table has been prepared using definitions of proved reserves prescribed by the SEC. These definitions differ in certain respects from those prescribed by Canadian securities regulatory authorities. Had the foregoing table been prepared using definitions prescribed by such regulatory authorities, total proved reserves would not have been materially different than total proved reserves set forth in the foregoing table.

Proved reserves cannot be measured exactly and the estimation of reserves involves some judgmental and subjective determinations. Accordingly, proved reserves for Dome and Amoco Canada may not be directly comparable.

Production

Amoco Canada's average gross and net daily production of crude oil, condensate (pentanes plus), NGL, natural gas and sulphur for the five years ended December 31, 1987 are summarized in the table below. The term "gross production" refers to Amoco Canada's working interest share of production before deduction of royalties and similar interests. The term "net production" refers to gross production less royalties and similar interests.

	Year Ended December 31,				
	1987	1986	1985	1984	1983
Crude oil, condensate, and NGL (barrels per day)					
Gross production	71,767	68,912	71,019	74,685	70,673
Net production					
Alberta—Crude oil and condensate	48,015	44,903	41,434	41,255	37,927
—NGL	9,370	8,312	9,961	11,847	10,613
British Columbia	148	184	203	127	151
Total	57,533	53,399	51,598	53,229	48,691
Natural gas (thousands of cubic feet per day)					
Gross production	415,476	345,096	387,955	357,380	340,640
Net production					
Alberta	298,242	239,190	260,659	235,391	230,602
British Columbia	1,774	1,420	1,151	1,520	1,801
Northwest Territories	11,597	15,614	16,159	13,900	12,842
Other	1,057	1,096	1,098	1,111	882
Total	312,670	257,320	279,067	251,922	246,127
Sulphur (long tons per day)					
Gross production	1,466	1,417	1,269	1,500	1,520
Net production—Alberta	1,233	1,205	1,059	1,254	1,266

Approximately 56 percent of Amoco Canada's crude oil production comes from the Swan Hills, Brazeau, Pembina, Nipisi and West Pembina fields in Alberta. Almost all of the production from these fields is assisted by some form of secondary or tertiary recovery (see "Enhanced Recovery" below), including a significant portion subject to miscible flooding. A major miscible flood has been in operation at the South Swan Hills project since 1973 where it is expected to increase recovery to approximately 60 percent of the original oil-in-place. Amoco Canada holds a 44 percent working interest in the project. Approximately 10 percent of Amoco Canada's crude oil production in 1987 came from the Elk Point oil sands project (see "Oil Sands and Heavy Oil" below). Amoco Canada is actively pursuing the development of its oil sands properties to increase its crude oil production and to offset further declines anticipated in the production of conventional crude oil.

The maximum allowable production of crude oil from wells in Canada is limited by various regulatory authorities on the basis of engineering and conservation principles. The increase in Amoco Canada's net crude oil production during the three years ended December 31, 1987 reflected the impact of increased heavy oil production, implementation of additional enhanced recovery projects, and decreased royalties.

Amoco Canada's natural gas production comes from a wide distribution of fields in western Canada. During 1987, the top five producing fields, Blackstone, Marten Hills, the Grande Prairie Area, including Elmworth and Wapiti, East Crossfield, and Leismer in Alberta, accounted for approximately 41 percent of Amoco Canada's net production. Sales of natural gas increased in 1987 as a result of greater demand under existing contracts and due to the implementation of new contracts.

In 1986, Amoco Canada's NGL production, most of which occurs in Alberta, declined, reflecting a reduction in the liquid content in certain gas cycling projects and the increased use of proprietary NGL in enhanced oil recovery projects (which is not accounted for as production when returned to its original reservoir). In 1987, NGL production increased in association with greater sales of natural gas.

Enhanced Recovery

Amoco Canada believes it is one of the most active companies in Canada in the application of enhanced oil recovery techniques to increase recoverable oil from conventional reservoirs. One of these techniques, referred to as a miscible flood, involves the injection of a solvent, such as ethane or propane, into a crude oil reservoir. The solvents mix with residual crude oil that would otherwise be left in the reservoir at abandonment, thereby increasing the volume of crude oil which can be recovered. A portion of the solvents is recovered through the injection of natural gas which sweeps the reservoir prior to abandonment. Currently, miscible flood projects located in the Rainbow South, Ante Creek, Nipisi, Bigoray and South Swan Hills areas of Alberta are operated by Amoco Canada. Amoco Canada is undertaking a significant expansion of its Nipisi miscible flood, and additional projects are in the planning stages for its properties in the Pembina area of Alberta. In addition, certain outside-operated reservoirs in which Amoco Canada has an interest, including Rainbow, Swan Hills, Kaybob, Pembina and Brazeau, are under miscible flood and plans are underway to implement a similar scheme in the Carson Creek North and Caroline areas in Alberta.

Amoco Canada has developed an ethane plus pipeline system which supplies its various miscible flood projects. This supply network connects many gas plants producing NGL, so that these liquids can be readily supplied for use in current and future miscible floods. (See "NGL Marketing and Facilities" below.) To assist in monitoring the volume of NGL available for miscible floods, Amoco Canada has participated in the construction and ownership of several gas plant additions designed to recover incremental amounts of NGL (primarily ethane plus) from purchased natural gas. However, Amoco Canada is a net purchaser of NGL for its miscible flood projects and also trades NGL to ensure that its partners have adequate supplies.

Oil Sands and Heavy Oil

As of December 31, 1987, Amoco Canada held 708,000 gross acres (532,000 net acres) of oil sands leases and permits in Alberta containing substantial quantities of crude bitumen and heavy oil. Crude bitumen is a highly viscous oil which normally cannot be recovered by conventional oil recovery means but which Amoco Canada believes will become an important source of hydrocarbon supply. Amoco Canada is actively engaged in several projects and studies designed to develop techniques for commercial recovery of both crude bitumen and heavy oil. Amoco Canada estimates that over 75 percent of Alberta's total oil sands deposits are buried so deeply that they can be produced only by in situ (in place) recovery techniques. Since 1958, Amoco Canada has tested a variety of processes at a number of experimental projects on its Gregoire Lake oil sands leases. A steam drive initiated in the first quarter of 1987 has shown favourable results and the project has been extended through 1988.

The installation of a pilot project typically precedes the initiation of commercial development. The decision to proceed with any commercial crude bitumen or heavy oil project requires satisfactory resolution of royalty and income tax issues, in addition to other basic business issues relating to the projects. Amoco Canada is currently evaluating four such projects.

On a 100 percent owned 17,000 acre oil sands lease near the town of Elk Point, Alberta, Amoco Canada is testing a variety of recovery techniques, including the technique of primary and cyclic steam stimulation progressing to steamflood. Although the drop in oil prices in 1986 resulted in the temporary suspension of activities, primary production recommenced in late 1986. Construction of the 13-well pilot project was completed in the second quarter of 1987 and steam stimulation began in the third quarter. A decision to continue commercial development was made in the third quarter of 1987 with the result that wells are being drilled on two quarter section pads and a facility expansion is underway. It is anticipated that these additional wells and facilities will be completed in the third quarter of 1988.

Favourable fiscal terms for the Elk Point project have resulted in investments of approximately $80 million to date. A decision on further commercial development will be made following evaluation of the existing pilot project and the success of the wells currently being drilled.

Amoco Canada received government approval to construct and operate a 16-well pilot project in the Soars Lake area in Alberta where Amoco Canada has a 100 percent interest in a 22,000 acre oil sands lease. Construction commenced in the summer of 1987. Amoco Canada had previously tested steam stimulation on 18 wells. The new pilot project will test cyclic steam stimulation techniques on ten acre well spacing. Production from the pilot project will be subject to an experimental royalty rate of five percent; however, prior to any commercial development, Amoco Canada will negotiate fiscal terms for the commercial project. Capital costs of the new pilot project are anticipated to total approximately $9 million in addition to the $13 million already invested in the area.

Amoco Canada holds a 100 percent interest in over 30,000 acres of oil sands leases in the Wabasca area in Alberta, where it has conducted steam testing. Operations were suspended in March 1986 but recommenced in June 1987 and continued through December when the project was shut-in to avoid high costs associated with winter operations. The 20 wells produced heavy oil at an average aggregate rate of 277 barrels per day.

Amoco Canada has a 30 percent interest in the Ipiatik project, located in Alberta, operated by Alberta Energy Company Ltd. The planning, evaluation, and implementation of a steam process on its approximately 30,000 net acre oil sands lease has been underway since 1981 and evaluation of the project will continue through 1988. A multi-well expansion is presently testing new technology to improve oil production with encouraging results. Total project expenditures to the end of 1987 were $40 million.

Research and Development Activities

Amoco Canada conducts research through third parties, affiliate companies and pilot operations. These research activities are directed towards developing techniques for improving the recovery of conventional crude oil, the extraction of oil from oil sands and the reduction of sulphur emissions at sour gas plants. Expenditures on research and development through third parties and affiliate companies were $13.4 million in 1987, $13.5 million in 1986, and $11.5 million in 1985. Approximately 80 percent of these amounts were spent under a reciprocal arrangement whereby Amoco Canada contributes to the cost of research performed by affiliated companies in return for the right to utilize all patents and technology developed.

In addition, technological expenditures for pilot operations totaled $9.7 million in 1987, $11.8 million in 1986 and $28.4 million in 1985, all of which were spent in Alberta on activities directed towards developing economical and efficient processes of oil extraction from Amoco Canada's heavy oil and oil sands properties. Pilot projects in 1987 included construction of a 13-well steam stimulation pilot at Elk Point, a 16-well cyclical steam pilot at Soars Lake, testing of new technology at the Ipiatik heavy oil project with Alberta Energy Company Ltd. and experimentation with in situ steam stimulation at the Gregoire Lake Project (see "Oil Sands and Heavy Oil").

Amoco Canada has undertaken to Investment Canada to spend not less than $100 million during the five-year period following the Effective Date for research and development activities, including technological expenditures for pilot projects described above. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Research and Development".

Environmental Regulation

Amoco Canada's operations are subject to federal, provincial, and local environmental laws and regulations. Capital expenditures for environmental purposes in 1988 are forecast at approximately $8 million, with the greatest portion of these costs to be spent on surface casing required to protect ground water from contamination.

Marketing Arrangements

Crude Oil

Amoco Canada is an active wholesale marketer and shipper of crude oil. Of the total crude oil marketed by Amoco Canada in 1987, approximately 50 percent was proprietary production and the balance was purchased from other companies.

When Canadian oil prices were decontrolled effective June 1, 1985 (see "GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME"), Amoco Canada actively pursued the purchase of third party crude oil supplies for resale to its customers. During 1987, Canadian customers accounted for approximately 65 percent of sales, with the balance being exported to the United States. Crude oil is typically marketed under long-term "intent" agreements which, nevertheless, may be cancelled by either the buyer or seller on 30 days notice and which are subject to regular price renegotiation.

Amoco Canada is an active wholesale marketer of condensate (pentanes plus). Condensate is used as a petrochemical feedstock and as a diluent for heavy oil to allow it to be transported by pipeline. The increase in Alberta's heavy oil production has created a growing demand for this product. See "NGL Marketing and Facilities" below.

Natural Gas

Substantially all of Amoco Canada's natural gas production is sold under long-term contracts based on production from specified properties. Under such contracts, the volumes are subject to change in accordance with production performance of the gas reserves dedicated to the contract. Amoco Canada has not entered into any contracts requiring delivery of fixed or determinable quantities of natural gas.

The majority of Amoco Canada's natural gas sales during 1987 were to the following four Canadian buyers: TransCanada, Alberta and Southern Gas Co. Ltd. ("Alberta and Southern"), Pan Alberta Gas Ltd. ("Pan Alberta"), Syncrude Canada Ltd. ("Syncrude") and ProGas Limited ("ProGas"). Sales to TransCanada accounted for 21 percent of total sales; Pan Alberta, 21 percent; Alberta and Southern, 21 percent; Syncrude eight percent; and ProGas, seven percent. Amoco Canada has received payments from certain buyers for volumes of natural gas which the buyer failed to take, but was obligated to pay for under take-or-pay arrangements. As of December 31, 1987, Amoco Canada held a total of $126 million in recoverable prepayments under such take-or-pay arrangements. These payments are recoverable by the buyers as credits against payments for future deliveries of natural gas to such buyers. If there should be insufficient amounts of natural gas available from dedicated reserves to allow recovery in this manner, Amoco Canada would be obligated to return any uncredited funds to the buyers.

The prices received for the majority of natural gas sold are determined on a netback basis under the terms of the Natural Gas Marketing Act of Alberta. In essence, Amoco Canada receives the price received by the applicable buyer upon resale of the natural gas to the buyer's customers, less all applicable transportation and administrative costs and fees. Under these netback pricing arrangements, the buyer is required by regulation to obtain producer support of the ultimate resale arrangement.

Demand for natural gas fluctuates seasonally with higher demand occurring in winter months as compared to summer months. Amoco Canada's sales reflect these variances in demand. Net sales during 1987 ranged from 206 million cubic feet ("MMCF") per day in August to 422 MMCF per day in November.

Amoco Canada is attempting to broaden its market base and utilize seasonably available excess deliverable quantities by selling natural gas directly to industrial end users and local distribution companies in Canada and the United States. A number of such sales contracts, with deliveries to be made on a reasonable efforts basis, have been signed with customers in California, the Pacific Northwest and the Midwest United States. Volumes sold to date have been small primarily because Amoco Canada has not had access to pipeline transportation to these markets. Should access to pipeline systems, particularly into the United States markets, improve in the future, increased direct marketing opportunities will result. Amoco Canada has sufficient natural gas supplies and marketing capability to capitalize on such opportunities.

Due to the short-term, interruptible nature of natural gas sales made directly to end users, prices received for such sales tend to be lower than those received for natural gas sold to Amoco Canada's traditional buyers such as TransCanada or Alberta and Southern. This situation is likely to continue until the current North American excess supply of natural gas dissipates.

NGL Marketing and Facilities

Amoco Canada is engaged in the production, purchase, transportation, storage, fractionation, and wholesale marketing of NGL. NGL consists of ethane, propane, butanes and pentanes plus extracted from natural gas and associated gas production. Ethane is used for industrial fuel, petrochemical feedstock and for miscible floods. Propane is used for residential and industrial heating, petrochemical feedstock, crop drying, automotive fuel, and miscible floods. Butanes are used for refinery and petrochemical feedstock and for miscible floods. Pentanes plus are used for refinery and petrochemical feedstock and as a diluent in the transportation of heavy oil.

Amoco Canada is a joint-venture owner with Dome in numerous, privately-operated NGL facilities, consisting of gathering, storage and fractionation facilities in Alberta and storage, fractionation and distribution facilities at Sarnia, Ontario. Amoco Canada's investment in these facilities through December 31, 1987 was approximately $90 million, excluding product line fill.

Much of Amoco Canada's proprietary and purchased NGL, including that from 82 major gas liquid extraction plants in Alberta, is collected through several 50 percent owned pipelines (the remaining interest is owned by Dome). These pipelines have a total length of 890 miles with transportation capacity of 103,200 barrels per day ("BPD"). Nine of these liquid extraction plants are operated by Amoco Canada. A large fractionation facility is located at Fort Saskatchewan, Alberta, capable of a design recovery of 13,700 BPD of propane and 11,000 BPD of pentanes plus, to meet local markets. NGL storage facilities located at Fort Saskatchewan and Edmonton have storage capacity of 1,025,000 barrels. Dome operates the Edmonton and Fort Saskatchewan facilities, with Amoco Canada holding a 50 percent working interest.

The Interprovincial and Lakehead pipeline systems, which are independent common carriers, handle the transportation of NGL to Sarnia, Ontario. Amoco Canada has a 48 percent ownership interest in the Sarnia storage and fractionation facilities, with a design fractionation capacity of 87,000 BPD of raw NGL feedstock. The facilities, which are operated by Dome, include raw and finished product storage capacity of 5.4 million barrels.

The majority of Amoco Canada's NGL are marketed on a wholesale basis under annual supply contracts which provide for price redetermination based on prevailing market prices. Approximately 60 percent of the NGL are sold in Canada, with the balance being sold for export to the United States.

Amoco Canada utilizes the facilities described above in connection with NGL trading activities effected through various types of buy/sell arrangements whereby Amoco Canada resells both raw mix and processed NGL products back to the original sellers.

Amoco Canada is a working interest participant in an ethane plus system, located in Alberta, consisting of 280 miles of gathering and distribution pipelines and storage facilities, the purpose of which is to collect ethane plus from gas plants for delivery to miscible flood projects. Amoco Canada's investment in this system through December 31, 1987 was $8 million. The ethane plus system transports a specific type of NGL which is used exclusively for miscible floods. See "Enhanced Recovery". Most of the facilities utilized for ethane plus are common to the NGL facilities discussed previously. Approximately 45 miles of pipeline are currently used exclusively for ethane plus.

Sulphur

Amoco Canada believes it is the third largest producer in Canada and is a major worldwide marketer of sulphur. In 1987, Amoco Canada sold an average of 1,723 long tons per day with 1987 net proprietary sulphur production contributing 1,233 long tons per day. Sulphur is produced primarily as a byproduct of natural gas production.

Sulphur is transported to domestic markets primarily in liquid form in insulated rail cars or tank trucks and to offshore markets as formed solid products. Amoco Canada has a working interest participation in four major sulphur-forming facilities in Alberta located at gas processing plants.

Sulphur is used primarily for making sulphuric acid for the production of phosphate fertilizers. Its demand is determined by world agricultural markets. In the early 1980s, sulphur demand, which exceeded production, was satisfied by a reduction of Canadian inventories. During this time, sulphur prices rose sharply. During the latter half of 1986, however, the market for sulphur softened, reflecting the weakening condition of the world agricultural industry. The Canadian and U.S. markets experienced continued reduced demand during 1987.

Mining Operations

Amoco Canada holds a 50 percent ownership interest in the Detour Lake gold mine operated by Placer Dome and located 125 miles northeast of Timmins, Ontario. An underground mine exploration program was completed during 1986 and production from underground mining began in the third quarter of 1987. Surface mining operations have been phased out. Amoco Canada's share of ore processed during 1987 amounted to approximately 368,300 tons, including both open pit stockpiles and underground operations. The ore averaged a grade of 0.088 troy ounces per ton and produced a total of approximately 32,500 troy ounces of finished gold during the year.

Upon consummation of the Arrangement, Amoco Canada will dispose of its interest in the Detour Lake gold mine. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Agreements with Dome Creditors and Shareholders—Placer Dome" for a summary description of the agreement between Amoco Canada and Placer Dome providing for the disposition of Amoco Canada's interest in the Detour Lake gold mine.

Employees

As of December 31, 1987, Amoco Canada had approximately 1,530 employees, of whom three percent were represented by a labour organization.

From time to time Amoco Corporation and its affiliates provide to Amoco Canada the exclusive services of officers and employees. Amoco Canada bears the cost of all salaries, bonuses, stock options, and other benefits of such personnel. Amoco Canada's President; Vice President, Finance and Administration; Vice President, Exploration; and Controller and Treasurer are currently serving with Amoco Canada pursuant to this arrangement.

Selected Financial Data

The following dollar amounts, insofar as they relate to each of the years 1983 through 1987, have been derived from annual financial statements of Amoco Canada, including the Consolidated Statement of Financial Position at December 31, 1987 and 1986 and the related Consolidated Statements of Income for the four years ended December 31, 1987 and notes thereto appearing elsewhere herein. See the Amoco Canada Financial Statements set forth as Appendix B hereto.

	1987	1986	1985	1984	1983
	(Millions of Canadian dollars, Except Ratios)				
Income Statement Data—Year Ended December 31					
Sales and other operating revenues	$1,480	$1,325	$1,990	$1,646	$1,501
Net income	146	159	232	194	182
Ratio of earnings to fixed charges(*)	6.1	13.9	42.9	80.2	20.6
Balance Sheet Data—At December 31					
Total assets	$2,157	$1,981	$2,140	$2,123	$1,955
Advance from Amoco Corporation	499	499	—	—	—
Shareholder's equity	808	663	1,190	1,158	964

(*) Earnings consist of income before income taxes and fixed charges; fixed charges include interest expense and a portion of rental expense representative of an interest factor.

Selected unaudited financial results of Amoco Canada for the three months ended March 31, 1988 and 1987 are as follows:

	Three Months Ended March 31,	
	1988	1987
	(Millions of Canadian Dollars)	
Sales and other operating revenues	$395	$348
Net income	26	45

The increased revenues in the first quarter of 1988 compared with the 1987 period reflect higher sales of purchased products, principally crude oil. The decrease in net income during the 1988 period was primarily due to lower crude oil prices, higher operating costs, and increased foreign currency losses.

Management's Discussion and Analysis of Results of Operations and Financial Condition

This discussion should be read in conjunction with the Amoco Canada Financial Statements and notes thereto appearing in Appendix B. Such financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which for Amoco Canada conform in all material respects with those applicable in the United States. Reference is made to Note 15 to the Amoco Canada Financial Statements for a discussion of a future accounting change under United States generally accepted accounting principles relating to accounting for income taxes. The potential effect of this future accounting change is also discussed in the notes to the pro forma financial statements of Amoco Canada appearing elsewhere herein. (See "PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF AMOCO CANADA PETROLEUM COMPANY LTD."—Note 10 to Unaudited Pro Forma Condensed Combined Statement of Financial Position and Note 10 to Unaudited Pro Forma Combined Statement of Income.)

Summary of Results of Operations

Amoco Canada's net income was $146 million in 1987 compared with $159 million in 1986 and $232 million in 1985. The 8 percent decrease from 1986 resulted from the write-down of Detour Lake gold mine assets, increased interest expense and unfavourable foreign currency translation effects. Partially offsetting the decline were the absence of the Petroleum and Gas Revenue Tax ("PGRT") and improved operating results. Operating results improved due to higher crude oil prices and volumes and lower exploration, administrative and operating expenses.

Net income for 1986 was also 32 percent lower than 1985 mainly as a result of sharply lower crude oil and petroleum product prices. The reduction in worldwide energy prices was the primary factor in the 33 percent drop in revenues. Net income in 1986 was adversely impacted by lower foreign currency translation gains, higher depreciation and related charges, and higher selling and administrative expenses. The latter increase in expenses reflected the cost of a 1986 program which reduced Amoco Canada's workforce. Favourably affecting net income were reduced exploration expenses,

	Year Ended December 31,		
	1987	1986	1985
	(Thousands of Canadian Dollars)		
Operating loss	$3,185	$1,354	$2,866

The $3 million loss in 1987 was greater than 1986, reflecting increased oil sands activity. The loss of $1 million in 1986, compared with a $3 million loss in the previous year, was primarily attributable to reduced activity in mineral operations.

Liquidity and Capital Resources

Cash provided from operating activities totaled $328 million in 1987 compared with $304 million, and $257 million in 1986 and 1985, respectively. Capital and exploration expenditures were $215 million in 1987, compared with $218 million in 1986 and $305 million in 1985. Spending in 1987 was primarily directed toward exploration for new gas reserves, principally in Alberta, and enhanced oil recovery and heavy oil development as described previously under "Exploration", "Production", "Enhanced Recovery", and "Oil Sands and Heavy Oil".

There were no material commitments for capital expenditures as of December 31, 1987, other than those incurred in the ordinary course of business. The capital and exploration spending for 1988 is currently forecasted to be approximately $275 million which excludes any amounts relating to the Arrangement or ongoing operations of Dome properties. Upon consummation of the Arrangement, Amoco Canada's spending levels will increase significantly. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Undertakings to Investment Canada—Capital Expenditures" for a description of certain undertakings covering the five-year period after the Effective Date.

Working capital of $481 million at December 31, 1987, was $129 million above the 1986 level. Both current assets and current liabilities increased as petroleum product prices stabilized. Amoco Canada's ratio of current assets to current liabilities increased to 2.82 to 1 at December 31, 1987, from 2.73 to 1 at year-end 1986.

Currently, Amoco Canada has no long-term debt but does have a $499 million long-term advance from Amoco Corporation which is evidenced by a promissory note. This note bears interest at the prime rate of a Canadian chartered bank plus one half of one percent and has no fixed repayment terms. Under present terms, demand for repayment will not be initiated by Amoco Corporation without giving Amoco Canada at least 370 days' notice except in the case of certain events of default relating to bankruptcy or insolvency of Amoco Canada. Further, Amoco Canada has committed, contingent upon consummation of the Arrangement, to pay no dividends and to defer principal and interest on the advance from Amoco Corporation during the five-year period after the acquisition. It is the intention of Amoco Canada and Amoco Corporation to replace the promissory note on or prior to the Effective Date with a new promissory note. See "Dividends to and Advances from Amoco Corporation" for a description of the currently existing promissory note and the proposed terms of the replacement note.

Amoco Canada maintains no formal committed bank lines of credit. Certain Canadian chartered banks maintain uncommitted lines of credit which in the aggregate exceed $100 million, and which support Amoco Canada's normal business transactions, bank overdraft facilities and letters of credit. Although short-term borrowings are permitted under these lines, there have been no borrowings under these lines during the last five years. These lines of credit are cancelable at the option of the banks and do not require Amoco Canada to pay any standby or commitment fees or to maintain compensating balances. See "Certain Relationships and Related Transactions."

Upon consummation of the Arrangement, Amoco Canada's debt to debt-plus-equity ratio will increase significantly, resulting in greater demands on its cash flow and potentially leading to demands on its cash reserves. However, given present conditions, it is expected that cash flow from the combined Amoco Canada/Dome properties will be sufficient to meet the acquisition debt service requirements and fund ongoing operating and capital expenditures. Should there be a significant decline in oil prices, management believes that spending would be correspondingly reduced so as to enable cash flow to adequately service debt. In addition, debt service requirements under the ATNs would be automatically adjusted. Should the foregoing be insufficient to provide cash flow to service indebtedness, Amoco Canada would be required to consider selling certain assets or engaging in other transactions. There can be no assurance that any such asset dispositions or other transactions could be accomplished in the future on favourable terms. See "CERTAIN CONSIDERATIONS—Impact of the Transaction on Amoco Canada". In the event the Arrangement is not consummated, Amoco Canada has the option, subject to certain conditions, to purchase the Primrose Properties for $79 million. See "CERTAIN CONSIDERATIONS—Risk of Non-Consummation of the Arrangement".

Legal Proceedings Not Relating to the Arrangement

In addition to certain litigation with respect to the Arrangement (see "OTHER MATTERS AFFECTING THE ARRANGEMENT—Certain Litigation Relating to the Arrangement"), Amoco Canada is party to the lawsuit described below.

The Lubicon Lake Indian Band and numerous individual plaintiffs commenced an action in the Federal Court of Canada in April of 1980 naming as defendants the governments of Canada and Alberta, together with 11 oil companies including Amoco Canada. The Federal Court of Canada, on a special application, subsequently ruled that the Federal Court did not have jurisdiction over the Province of Alberta and the 11 oil companies named in the action. Accordingly, the plaintiffs recommenced their action in the Court of Queen's Bench of Alberta in February 1982. The plaintiffs are claiming title to a large area of land in northern Alberta, and, in addition, compensation in the amount of $900 million. They alleged that all their aboriginal title to the lands was not extinguished by the relevant Treaty No. 8 and that the said Treaty was abrogated, in any event, by conduct of the federal government and that, as a result, the subsequent grants of mineral interests to Alberta and the defendant oil companies are ineffective. The plaintiffs subsequently attempted to obtain an injunction against Alberta and the oil company defendants to halt development on certain lands subject to the claim. The injunction application was denied by the Court of Queen's Bench of Alberta and the Alberta Court of Appeal. The Supreme Court of Canada refused to hear an appeal of this decision. The plaintiffs and the corporate defendants are presently negotiating a discontinuance of this action against the corporate defendants only. The action may proceed against Alberta in the Court of Queen's Bench of Alberta, and before the Federal Court of Canada against the federal government of Canada, after discontinuance against the corporate defendants. The Company is also a defendant in this action.

There are no other material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which Amoco Canada or any of its subsidiaries is a party or of which any of their properties is the subject.

Description of Amoco Canada Common Stock

Amoco Canada's capital stock consists of common shares of no par value, of which 15,000,000 shares are authorized and 766,101 fully-paid and nonassessable shares are issued and outstanding, all of which are owned by Amoco Corporation. The holders of Amoco Canada's common shares are entitled from time to time to receive dividends out of assets legally available therefor, as and when declared by the Board of Directors. Each shareholder is entitled to one vote for each common share held. Upon liquidation, the assets legally available for distribution to shareholders shall be distributed ratable among the holders of Amoco Canada's common shares then outstanding. There exist no preemptive, conversion, or redemption rights in the common shares.

In connection with, and conditional upon consummation of, the Arrangement, Amoco Canada has undertaken that not less than 20 percent of the voting equity of Amoco Canada will be sold to the public upon certain specified terms. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Undertakings to Investment Canada—Sale of Shares".

Dividends to and Advances from Amoco Corporation

During 1987, no dividends were paid to Amoco Corporation. Regular dividends of $200 million were paid during each of 1986 and 1985; no dividends were paid in 1984.

During 1986, Amoco Canada received an advance of $499 million from Amoco Corporation primarily to recapitalize Amoco Canada (see Note 7 to the Amoco Canada Financial Statements). A $486 million dividend was paid to Amoco Corporation. The recapitalization of Amoco Canada effectively substituted debt for a portion of Amoco Canada's equity with no change in Amoco Corporation's investment level in Canada. Prior to the transaction, Amoco Canada had minimal debt, which management believed was unusual for a company of its size. The transaction increased Amoco Canada's debt as a percent of total capitalization to approximately 40 percent thereby improving the shareholder's rate of return on equity which in turn enhanced the attractiveness of future investment in Canada. The transaction also resulted in an after-tax saving to Amoco Corporation.

The advance from Amoco Corporation is presently evidenced by a demand note issued by Amoco Canada to Amoco Corporation. The parties amended the intercompany credit agreement relating to the advance and issued a replacement promissory note, to provide that Amoco Corporation may not exercise its right to demand repayment on less than 370 days notice except in the case of certain events of default relating to bankruptcy or insolvency of Amoco Canada. In addition, the interest payment provisions of the note were amended to allow Amoco Canada to defer payment of interest. Amoco Canada and Amoco Corporation intend to replace the promissory note on or prior to the Effective Date with a new promissory note. Such new note will mature on the eighth anniversary of the Settlement Date. Interest on such new note will accrue at the rate of 18.89% per annum, without compounding, from issuance to (but not including) the fifth anniversary of the Settlement Date. Such interest will be deferred to such date, at which time such deferred interest will be added to the principal amount of such note. Interest will accrue from and including the fifth anniversary of the Settlement Date at the rate of 13.75% per annum on the principal amount (including deferred interest) of such note and shall be payable semi-annually. Twenty-five percent of the total principal (including interest deferred and added to principal) will convert to a demand basis and will bear interest at the rate of 13.75% per annum on each of the fifth, sixth and seventh anniversaries of the Settlement Date. In connection with the Arrangement, the terms of the New Securities provide that intercompany indebtedness owed to Amoco Corporation (including the advance described above) is subordinated to the payment of such New Securities.

It is anticipated that an additional advance of up to U.S. $250 million will be required for Amoco Canada to meet its financing requirements associated with the Arrangement. See "OTHER MATTERS AFFECTING THE ARRANGEMENT—Amoco Canada's Financing Requirements." The repayment of this advance will be on substantially the same terms as the new note described in the preceding paragraph, except that this obligation will be denominated in U.S. dollars, the interest rate during the first five years will be 16.24%, and the interest rate thereafter will be 12.25%.

Amoco Canada has, contingent upon the consummation of the Arrangement, committed to pay no dividends to Amoco Corporation and to defer principal and interest on the $499 million advance from Amoco Corporation during the five-year period following the acquisition. See "CONDUCT OF BUSINESS OF AMOCO CANADA AFTER THE ARRANGEMENT—Undertakings to Investment Canada—Payment of Dividends; Inter-Company Debt".

Directors and Executive Officers

The following table sets forth information concerning the directors and executive officers of Amoco Canada as of December 31, 1987:

Name	Principal Occupation	Age	Served as Director or Officer Since
P. J. Early .... Chairman and Director	President, Amoco Production Company	54	1987

Name	Principal Occupation	Age	Served as Director or Officer Since
R. N. Brown .... Director	Vice President, Exploration of Amoco Canada	44	1986
R. D. Fullerton............. Director	Chairman, Canadian Imperial Bank of Commerce	56	1980
J. L. Gaffney .... Director	General Counsel, Manager—External Affairs and Corporate Secretary of Amoco Canada	51	1982
B. R. Libin .... Director	Partner in the law firm of Bennett Jones	37	1978
J. S. Moore .... Director	Vice President, Production of Amoco Canada	58	1984
N. J. Rubash .... Director	Executive Vice President, Amoco Production Company	55	1987
T. D. Stacy .... Director	President of Amoco Canada	53	1986
N. J. Stewart............... Director	Retired Vice President, Supply and Marketing of Amoco Canada	64	1976
Other Executive Officers:			
W. L. Bridgman	Vice President, Finance and Administration of Amoco Canada	41	1987
D. L. Morgenthaler	Controller and Treasurer of Amoco Canada	57	1982

No family relationships exist between any of the persons named above.

All of the above-named officers and directors other than Messrs. Fullerton, Libin and Stewart have been employed by Amoco Canada or by Amoco Corporation or its subsidiaries in an executive capacity related to their current position for more than five years. Mr. Stewart served as an executive officer of Amoco Canada prior to his retirement in 1986. He was Vice President, Supply and Marketing of Amoco Canada from January 1, 1986 to his retirement, and he previously had served as Vice President, Marketing and Corporate Affairs. Messrs. Libin and Fullerton have been engaged in their present occupations for more than five years.

Mr. Early was named director on October 1, 1987. He replaced H. O. Boswell who served as a director of Amoco Canada from April 15, 1981 through October 1, 1987. Mr. Boswell retired on October 1, 1987. Mr. Bridgman was named Vice President, Finance and Administration of Amoco Canada on October 4, 1987. He replaced R. B. Fischer who served in that capacity since December 1984. Mr. D. G. Salanty served as Vice President, Supply and Marketing from July 1986 through October 4, 1987.

Mr. Fullerton is a director of Canadian Imperial Bank of Commerce, and Mr. Libin is an officer and director of American Eagle Petroleums Ltd. and Enserv Corporation. Mr. Stewart is a director of TransCanada. On January 14, 1987, Mark's Work Wearhouse, Ltd. of Wyoming, an indirectly wholly-owned subsidiary of Mark's Work Wearhouse Ltd., an Alberta corporation, filed a petition in the Bankruptcy Court at Salt Lake City, Utah seeking protection under Chapter 11 of the United States Bankruptcy Code. Mr. Libin is a director and officer of both companies.

Directors are elected by the shareholder of Amoco Canada annually to hold office until their successors are elected. All officers serve at the pleasure of the Board of Directors.

Executive Compensation

Cash Compensation of Executive Officers During 1987

The following table shows the cash compensation during 1987 of the five highest paid executive officers of Amoco Canada and of all executive officers as a group:

Name/Group	Capacities In Which Served	Salary (1)	Allowances and Reimbursements (2)	Bonus Award For Service In 1986
T. D. Stacy	President	$ 237,813	$ 21,980	$ 46,611
R. N. Brown	Vice President, Exploration	163,730	2,179	13,317
J. S. Moore	Vice President, Production	158,625	—	18,000
D. G. Salanty	Vice President, Supply and Marketing	136,753	12,990	19,976
J. L. Gaffney	General Counsel, Manager— External Affairs and Corporate Secretary	142,050	—	11,000
All executive officers as a group (8 persons in 1987)		1,143,766	382,705	127,548

(1) W. L. Bridgman was temporarily assigned to Amoco Canada from Amoco Corporation on October 4, 1987. D. G. Salanty and R. B. Fischer were also officers of Amoco Canada through October 4, 1987. Mr. Bridgman's and Mr. Fischer's salaries are included in the aggregate for that period employed by Amoco Canada, and totalled $157,861.

(2) Allowance and reimbursements are cash payments made by Amoco Canada consisting largely of payments to or on behalf of expatriate employees of Amoco Corporation to compensate those employees for the higher cost of living and other special expenses associated with their Amoco Canada assignments. Included are items such as moving expenses paid or reimbursed by Amoco Canada associated with the moves of these employees to Canada and payments made on an individual's behalf to the Receiver General of Canada reflecting the approximate differential between United States and Canadian income tax rates. Because these amounts are deemed to constitute income for tax purposes, such payments must be compounded to avoid an adverse effect to the employee. This compounding results in significantly higher amounts of compensation to individuals in the form of tax paid to the Canadian government.

The aggregate amount of any other compensation, including any personal benefits valued at their incremental cost to Amoco Canada, received in 1987 by any executive officer included in the above table did not exceed the lesser of $25,000 or 10 percent of such person's 1987 cash compensation.

Directors' Compensation

Directors who are employees of Amoco Canada or its affiliates are not compensated separately for services as members of the Board of Directors or as members of any committee of the Board. Each non-employee director receives a director's fee of $6,000 a year plus $500 for each meeting attended.

Incentive Compensation Plan

Amoco Canada is a participating company according to the terms of Amoco Corporation's Incentive Compensation Plan under which bonuses may be awarded annually based on merit to selected key management employees, including officers of Amoco Canada, from a bonus reserve based on Amoco Corporation's consolidated earnings. Awards are made in the year following the bonus year. Bonus awards granted for service in 1986 are shown in the Cash Compensation Table shown above. Bonus awards may be made in cash, Amoco Corporation Common Shares, or in other forms having substantially the same cash equivalent value at the time of the award. The award to each employee is included in that employee's earnings base for purpose of determining benefits under the retirement, savings, group life insurance, and long-term disability plans.

Employee Savings and Deferred Savings Plans

Amoco Canada allows employees to contribute up to four percent (five percent after 10 years of service) of their current earnings to either the Employee Savings Plan or the Deferred Savings Plan. Amoco Canada matches this contribution. Employees may also elect to contribute up to an additional 10 percent of their earnings to either or both plans. Employees may elect to invest their Savings Plan contributions, all or in part, in Amoco Corporation Common Shares or an interest-bearing account. Amoco Canada's Employee Savings Plan contributions, however, are required to be invested initially in Amoco Corporation Common Shares. Employees may elect to invest Deferred Savings Plan contributions, all or in part, in a pooled common stock fund, a pooled bond fund, an interest-bearing account and (to a maximum 10 percent of the value of the account) Amoco Corporation Common Shares. The Deferred Savings Plan permits deferment of taxes on Amoco Canada's contributions and all earnings accruing under the Plan.

Contributions by Amoco Canada under these plans attributable to 1987 were $8,831 for J. S. Moore, Vice President of Production, and $6,122 for J. L. Gaffney, General Counsel, Manager—External Affairs and Corporate Secretary, and for all eligible executive officers as a group were $14,953.

Each of the President, the Vice President, Exploration, and the former Vice President, Supply and Marketing of Amoco Canada participates in the Employee Savings Plan of Amoco Corporation and Participating Companies, rather than the Amoco Canada plans. Under such Plan, in which all employees are eligible to participate after one year's service, Amoco Corporation matches up to six percent (or four percent and five percent with less than 10 and 15 years' service, respectively) of an employee's covered compensation contributed to the Plan. Contribution may be invested in Amoco Corporation's Common Shares, in a money market fund, or in U.S. savings bonds. Corporate matching contributions are invested initially in Amoco Corporation's Common Shares. The United States Employee Retirement Income Security Act of 1974, as amended, limits the contributions to any qualified savings plan and such limitations apply to the Plan. Amoco Corporation has therefore adopted a supplemental arrangement to maintain, for employees who may be affected by the limit, total corporate contributions at the level that otherwise would have been contributed.

The contributions (in U.S. dollars) by Amoco Corporation or a subsidiary under the Plan attributable to 1987 (the applicable portion of which was charged to Amoco Canada) were for the following named executive officers: T. D. Stacy, $12,814, R. N. Brown, $7,977; D. G. Salanty, $8,244, and, for all eligible executive officers as a group, $51,293. As the United States federal income tax credit for this Plan was repealed in 1987, no further amounts will be contributed by Amoco Corporation.

Employee Stock Ownership Plan

Amoco Corporation's Employee Stock Ownership Plan ("ESOP"), in which all U.S. dollar payroll employees of Amoco Corporation on loan to Amoco Canada (see "Employees") are eligible to participate after one year's service, permits Amoco Corporation to contribute ½ percent of its total payroll, which contribution is proportionately allocated to each participant's account according to annual compensation up to U.S. $100,000. Amoco Corporation receives a U.S. federal tax credit in the amount of this contribution. Distributions from the ESOP are made upon death, retirement, or other termination of employment. The corporate contributions (in U.S. dollars) under the ESOP attributable to 1987 (the applicable portion of which was charged to Amoco Canada), were for the executive officers named as follows: T. D. Stacy, $499, R. N. Brown, $499, D. G. Salanty, $499 and, for all eligible executive officers as a group, $2,994.

Performance Unit Plan

Amoco Canada is a participating company according to the terms of Amoco Corporation's Performance Unit Plan under which performance units may be granted based on merit to selected key employees. Grants of performance units are made contingent upon Amoco Corporation's performance over a specified performance period.

The Plan permits any performance period of three years or more. The performance measures relate to Amoco Corporation's cumulative consolidated net income per share and, for some grants, return on capital employed during the performance period, and the value per unit will range between U.S. $0 and U.S. $125, depending upon attainment of the performance measure. Grants are generally stated in terms of units having a dollar value, but the Plan also provides for grants stated in terms of Amoco Corporation Common Shares.

The amount payable to an employee with respect to a grant of performance units may not exceed 75 percent of the sum of such employee's base annual rate of salary at the end of the performance period and the amount of the then most recent incentive compensation award made to the employee. The grant amount paid is not included in an employee's benefit plan earnings base. The Plan is administered under the authority of a committee consisting entirely of non-employee members of Amoco Corporation's Board of Directors. Performance units, with a four-year performance period, were granted during 1987 to T. D. Stacy in the amount of 500 units. No other employees of Amoco Canada were granted performance units during 1987.

Stock Option Plan

Amoco Canada participates in Amoco Corporation's Incentive Stock Option Plan under which options with or without Stock Appreciation Rights ("SARs") may be granted to key employees to buy Amoco Corporation Common Shares at not less than 100 percent of its fair market value on the date of grant. Such options may be Incentive Stock Options ("ISOs") to the extent provided in the U.S. Internal Revenue Code. Options granted may not extend beyond 10 years and generally become exercisable 2 years after the date of the grant.

The following table shows for the executive officers named and for all executive officers of Amoco Canada as a group during 1987 (a) the number of shares covered by options with and without SARs granted, (b) the average option price per share of such grants and (c) the net value realized upon exercise of stock options and SARs during 1987:

Name/Group	Options Granted During 1987: No. of Options With SARs (1)	No. of Options Without SARs	Average Option Price Per Share (2)	Net Value Realized Upon Exercise Of Options/SARs (3)
			(In U.S. Dollars)	
T. D. Stacy	—	2,800	$85.00	$ —
R. N. Brown	—	1,650	85.00	—
J. S. Moore	—	1,800	85.00	—
D. G. Salanty	—	1,400	85.00	42,700
J. L. Gaffney	—	1,200	85.00	—
All executive officers as a group	—	12,000	85.00	57,794

(1) SARs entitle the holder, upon surrender of the related option, to receive the difference between the option price and the market value of the shares.

(2) In all cases, option prices were at least 100 percent of market value on dates of grant, and grants were for a term of 10 years.

(3) Represents the difference between the market value on the dates of exercise and related option prices.

Retirement Plan

Under Amoco Canada's Retirement Plan, the amount of annuity a retiring employee will receive on a single-life basis at normal retirement is determined by the greater of a basic retirement credit formula or a terminal earnings minimum formula. A married employee upon retirement receives an annuity payment that continues to cover the surviving spouse unless the employee, with spousal consent elects one of the other alternate options of equivalent actuarial value. Compensation for Retirement Plan purposes includes salaries and incentive bonus awards. Salary and bonus award information for 1987 is presented in the Cash Compensation table.

The terminal earnings minimum formula (including a percentage of the Canada Pension Plan benefits) is calculated at 1⅔ percent times the employee's years of participation times the average annual earnings determined by reference to the three highest consecutive calendar years' earnings during the last 10 years before retirement. The maximum annuity is 60 percent of such average annual earnings.

The following table shows the annual annuity amounts payable on a single life basis for various assumed average annual earnings, as calculated under the terminal earnings minimum benefit formula (the normal form of calculation), and for years of participation as indicated:

Assumed Three-Year Average Annual Earnings	20 Years	30 Years	36 Years & Over
$ 50,000	$ 16,667	$ 25,000	$ 30,000
100,000	33,333	50,000	60,000
150,000	50,000	75,000	90,000
200,000	66,667	100,000	120,000
250,000	83,333	125,000	150,000
300,000	100,000	150,000	180,000
350,000	116,667	175,000	210,000

The amounts above are payable upon retirement between ages 60 and 65. Age 65 is normal retirement age. For retirements before age 60, the annual annuity amounts are reduced as provided in the Plan. At year-end 1987, J. S. Moore, Vice President, Production had participated in the Retirement Plan for 32 years; and J. L. Gaffney, General Counsel, Manager—External Affairs and Corporate Secretary had participated for five years.

Each of the President (who is also an officer of Amoco Production Company), the Vice President, Exploration, and the former Vice President, Supply and Marketing of Amoco Canada participates in the Amoco Corporation Retirement Plan which is similar to the Amoco Canada Retirement Plan. The annual annuity amounts payable under the Amoco Corporation Retirement Plan, calculated as shown above, would be identical to the amounts reflected in the foregoing table. At year-end 1987, the following executive officers had participated in the Amoco Corporation Retirement Plan for the following number of years: T. D. Stacy, 27 years; R. N. Brown, 21 years; and D. G. Salanty, 35 years.

Certain Relationships And Related Transactions

Amoco Canada is a wholly owned subsidiary of Amoco Corporation. See "Executive Compensation" for a description of transactions relating to executive compensation, "Dividends to and Advances from Amoco Corporation" for a description of an outstanding intercompany advance, and Note 7 to the Amoco Canada Financial Statements for a description of transactions of Amoco Canada with Amoco Corporation and its affiliates.

Amoco Canada maintains an uncommitted $50 million line of credit at a Canadian chartered bank, of which Mr. Fullerton, a Director of Amoco Canada, is Chairman. Approximately $1.5 million of this credit was used to issue letters of credit and to guarantee a promissory note during 1987.

Indemnification Of Amoco Canada Directors And Officers

Section 16 of the By-laws of Amoco Canada provides that every director and officer of Amoco Canada shall be indemnified against (i) any liability and all costs, charges and expenses that he sustains or incurs in respect of actions performed or permitted by him in respect of the duties of his office; and (ii) all other costs, charges and expenses that he sustains or incurs in respect of Amoco Canada's affairs. This indemnification, however, is explicitly subject to Section 119 of the CBCA which limits indemnity in derivative actions to that approved by a court. In other actions, a director or officer may be indemnified if he has acted "honestly and in good faith with a view to the best interests of the corporation" and, in the case of a criminal or administrative action enforced by a monetary penalty, he "had reasonable grounds for believing that his conduct was lawful." Amoco Canada and its affiliates maintain insurance policies under which Amoco Canada officers, directors, and other employees or agents may be indemnified against certain losses arising from certain claims.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information with respect to beneficial ownership of Amoco Corporation Common Shares by the directors of Amoco Canada as of January 31, 1988. Such ownership, for all Amoco Canada directors and officers as a group, represents less than 1 percent of the outstanding Common Shares of Amoco Corporation's outstanding shares.

Name of Director	Amoco Corporation Common Shares Beneficially Owned(*)
R. N. Brown	5,784
P. J. Early	24,904
R. D. Fullerton	—
J. L. Gaffney	3,680
B. R. Libin	—
J. S. Moore	9,174
N. J. Rubash	22,048
T. D. Stacy	19,924
N. J. Stewart	6,685
All directors and officers as a group	101,265

(*) Includes Amoco Corporation Common Shares for which the following persons have a right to acquire beneficial ownership within 60 days after January 31, 1988 by exercising stock options: R. N. Brown, 3,100 shares; P. J. Early, 18,380 shares; J. L. Gaffney, 2,650 shares; J. S. Moore, 6,450 shares; N. J. Rubash, 13,301 shares; T. D. Stacy, 12,950 shares; N. J. Stewart, 5,550 shares; and all directors and officers as a group, 67,531 shares.

GOVERNMENTAL REGULATION OF THE OIL AND GAS INDUSTRY APPLICABLE TO AMOCO CANADA AND DOME

Introduction

The petroleum and natural gas industry operates in Canada under federal, provincial and municipal legislation and regulations governing land tenure, drilling activity, royalties, production rates, pricing, environmental protection, exports, taxation and other matters. Agreements were previously entered into by the Canadian government and the government of each of the provinces of Alberta (the main producing jurisdiction), British Columbia, Saskatchewan, Nova Scotia and Newfoundland (collectively the "Pricing Agreements"), which governed the pricing of petroleum and natural gas and the sharing of revenues from these resources. However, the pricing agreements were substantially altered by two new agreements, the Western Accord and the Agreement on Natural Gas Markets and Prices, which were announced on March 28, 1985 and October 31, 1985, respectively. Significant amendments were also made to frontier energy policy with the proclamation of the Canada Petroleum Resources Act on February 15, 1987. Outlined below are significant aspects of the agreements and changes.

Crude Oil Prices

According to the terms of the Western Accord, the price of all Canadian crude oil was decontrolled effective June 1, 1985. Since June 1985, oil prices have been subject to negotiations between buyers and sellers.

Natural Gas Prices

Effective November 1, 1986, the price of natural gas produced and sold in Canada was decontrolled. Accordingly, the price of natural gas is now determined by negotiations between buyers and sellers.

Production and Exports

Generally, the producing provinces have statutory provisions regulating maximum allowable rates of production from oil and gas wells within those provinces. In addition, the provinces of Alberta, British Columbia and Saskatchewan regulate the volume of natural gas which may be removed from the respective provinces, and/or conditions of removal.

The NEB regulates the volumes of crude oil and natural gas exported from Canada. There are currently no restrictions on the ability of a producer to export light crude oil under contracts with terms of one year or less or heavy crude oil under contracts with terms of two years or less. Contracts for longer terms require the prior approval of the NEB.

Exports of natural gas were previously allowed only if it could be shown that the gas to be exported was excess to Canadian needs for the next 15 years. In a decision dated September 9, 1987, the NEB eliminated that quantitative requirement and moved to what it calls the Market-Based Procedure. Under this procedure, the NEB will ensure that natural gas volumes licensed for export are surplus to Canadian needs through a public hearing process and an ongoing monitoring activity. The public hearings will consider complaints by Canadian users that gas is not available to them, will require the applicants to file an assessment of the impact of their export proposal on Canadian energy and natural gas markets, and will allow the NEB to consider any other factors it considers relevant in determining if the export is in the national public interest. Through its ongoing monitoring activity, the NEB will project energy supplies and demands for a 20 year period and will analyze natural gas supply, demand and prices. It is the NEB's opinion that the Market-Based Procedure is compatible with market determined prices while the previous system of setting aside pre-determined amounts of reserves interfered with proper functioning of the market.

The price of Canadian natural gas exported from Canada is determined by negotiations between buyers and sellers although prices must equal or exceed the price for natural gas delivered to Canadians under similar terms in the area or zone adjacent to the point of export.

The result of these moves towards decontrol has been increased competition among suppliers, which has led to lower prices for most consumers. Also, as a result of increased competition, some markets previously served by traditional buyers, such as TransCanada, have been captured by other parties.

On May 27, 1987, the United States Federal Energy Regulatory Commission ("FERC") issued Opinion No. 256-A with respect to ratemaking treatment of the cost of Canadian natural gas. The opinion effectively limits recovery of fixed transportation costs incurred in Canada by Canadian exporters of natural gas. This opinion is being challenged by two major gas exporters in litigation in the United States. If upheld, the effect of the decision may be to render Canadian natural gas less competitive in some U.S. market areas, thereby requiring a renegotiation of the prices and effectively reducing the price received by the Canadian producers.

The proposed Canada-United States Trade Agreement, which was signed by the two countries on January 2, 1988 but is subject to ratification by the Canadian Parliament and the United States Senate, contains a provision in which Canada agrees to "limit the application of its 'surplus test' for energy exports to a monitoring function, with any possible future restriction subject to . . . proportionality and non-discriminatory pricing conditions . . . ." It is unclear how these provisions will affect the NEB's new gas surplus procedure. Proportionality refers to the United States' right to proportional access to Canadian energy supplies in times of energy shortage. In addition, the Agreement provides the United States with "nondiscriminatory access" to Canadian energy supplies and "secure market access" for Canadian energy exports to the United States.

Federal Taxes

In addition to the income tax laws which are applicable to all residents of Canada, the petroleum and natural gas industry was, until October 1, 1986, subject to the Petroleum and Gas Revenue Tax ("PGRT"). The PGRT was eliminated effective October 1, 1986.

AMOCO CORPORATION IS NOT AN OBLIGOR ON, OR A GUARANTOR OF, OR LIABLE IN ANY MANNER WITH RESPECT TO PAYMENTS ON, THE NEW SECURITIES. AMOCO CORPORATION HAS NO OBLIGATION TO PROVIDE FINANCIAL SUPPORT TO AMOCO CANADA WITH RESPECT TO THE DEBT SERVICE OBLIGATIONS ON THE NEW SECURITIES OR OTHERWISE.

Summary Description of Business

Amoco Corporation was incorporated in Indiana in 1889 and has its principal executive offices at 200 East Randolph Drive, Chicago, Illinois 60601 (telephone: 312-856-6111). Amoco Corporation is a parent company concerned with overall policy guidance, financing, coordination of operations, staff services, performance evaluation and planning for its subsidiaries.

Amoco Corporation and its subsidiaries form a large integrated petroleum and chemical enterprise that conducts operations on a worldwide basis. Amoco Corporation's operations are principally conducted through the following three wholly-owned subsidiaries, the respective businesses of which are briefly summarized below:

Amoco Production Company	Exploration, development, and production of crude oil and natural gas
Amoco Oil Company	Refining, marketing and transporting of petroleum and related products
Amoco Chemical Company	Manufacture and sale of chemical products

The information on Amoco Corporation contained herein, including summary pro forma combined data, should be read in conjunction with Amoco Corporation's Form 10-K for the year ended December 31, 1987, which accompanies this Proxy Statement.

Selected Financial Data

The following selected financial data, insofar as they relate to the years 1983 through 1987, have been derived from the annual financial statements and notes thereto of Amoco Corporation expressed in U.S. dollars and prepared in accordance with accounting principles generally accepted in the United States. Such annual financial statements include the Consolidated Statement of Financial Position at December 31, 1987 and 1986 and the related Consolidated Statements of Shareholders' Equity, Income and Cash Flows for the three years ended December 31, 1987, and the notes thereto, which appear in Amoco Corporation's Form 10-K accompanying this Proxy Statement.

	1987	1986	1985	1984	1983
	(Millions of U.S. Dollars, Except Per Share Amounts)				
Income Statement Data—Year Ended December 31					
Sales and other operating revenues (excluding consumer excise taxes)	$20,174	$18,281	$26,922	$26,949	$27,635
Net income	1,360	747	1,953	2,183	1,868
Net income per share	5.31	2.91	7.42	7.70	6.39
Cash dividends per share	3.30	3.30	3.30	3.00	2.80
Balance Sheet Data—At December 31					
Total assets	$24,827	$23,706	$25,198	$25,734	$25,805
Long-term obligations (excluding current portion)	3,081	3,320	3,122	3,351	3,916
Shareholders' equity	12,107	11,324	11,588	12,524	12,440
Book value per share	46.99	44.29	44.79	46.14	42.57

Selected estimated unaudited financial results of Amoco Corporation for the three months ended March 31, 1988 and 1987 are as follows:

	Three Months Ended March 31, 1988	Three Months Ended March 31, 1987
	(Millions of U.S. Dollars, Except Per Share Amounts)	
Sales and other operating revenues (excluding consumer excise taxes)	$5,128	$4,673(*)
Net income	469	260
Net income per common share	1.82	1.02

(*) Restated to reflect adoption of United States Statement of Financial Accounting Standards No. 94, "Consolidation of All Majority-Owned Subsidiaries." See Note 1 to the consolidated financial statements of Amoco Corporation in the Annual Report on Form 10-K for the year ended December 31, 1987 accompanying this Proxy Statement.

Increased sales and other operating revenues in the first quarter of 1988 compared with the prior year primarily resulted from higher refined products and chemical sales. The first quarter 1988 earnings improvement reflected a substantial strengthening of refined product margins from last year's depressed levels and continued record earnings contributions from chemical operations.

Summary Pro Forma Combined Financial Data

The following selected pro forma income statement and balance sheet data have been derived from the unaudited pro forma condensed combined financial information of Amoco Corporation and notes thereto appearing in Amoco Corporation's Annual Report on Form 10-K for the year ended December 31, 1987 accompanying this Proxy Statement. This pro forma information gives effect to the Arrangement and certain related transactions.

	Pro Forma Combined (Millions of U.S. Dollars, Except Per Share Data)
Income Statement Data—Year Ended December 31, 1987	
Sales and other operating revenues (excluding consumer excise taxes)	$21,577
Net income(*)	1,250
Net income per common share(*)	4.88
Balance Sheet Data—At December 31, 1987	
Total assets	$28,705
Long-term obligations (excluding current portion)	6,311
Shareholders' equity(*)	12,107
Book value per common share(*)	46.99

(*) The pro forma information assumes that the SEDs remain outstanding during the period. If the information had been computed assuming that all SEDs would be exchanged for Amoco Corporation Common Shares, pro forma net income would have been U.S. $1,279 million (equivalent to U.S. $4.91 per Amoco Corporation Common Share), and pro forma shareholders' equity would have been U.S. $12,551 million (equivalent to U.S. $47.93 per Amoco Corporation Common Share).

Description of Amoco Corporation Common Shares

The total authorized capital stock of Amoco Corporation presently consists of up to 50 million shares of voting preferred stock, 50 million shares of non-voting preferred stock, and 800 million shares of common stock, without par value, referred to in this Proxy Statement as "Amoco Corporation Common Shares" of which 257,468,406 are outstanding as of March 31, 1988. All of the outstanding Amoco Corporation Common Shares are fully paid and nonassessable. No shareholder has any preemptive right to acquire additional Amoco Corporation Common Shares. Each holder of Amoco Corporation Common Shares is entitled to one vote per share on a noncumulative basis in the election of directors and all other matters on which shareholders are entitled to vote.

Each holder of Amoco Corporation Common Shares is entitled to share ratably in such dividends as may be declared by the Board of Directors out of funds legally available therefor. Upon liquidation, each holder of Amoco Corporation Common Shares is entitled to share ratably in all assets of Amoco Corporation remaining after distribution to creditors and preferred shareholders.

Although no preferred stock is currently outstanding, holders of preferred stock would be entitled to receive dividends before common shareholders and would be entitled to receive the liquidation value of their shares before any distributions are made to common shareholders should Amoco Corporation ever be dissolved. The dividend rights and liquidation value of a series of preferred stock would be determined by the board of directors of Amoco Corporation at the time of issuance of the series. The National Trust Company, The Chase Manhattan Bank (National Association) and The First National Bank of Chicago each acts as dual Transfer Agent and Registrar of Amoco Corporation Common Shares.

No shareholder is known to own beneficially five percent or more of the outstanding Amoco Corporation Common Shares. As of December 31, 1987, all officers and directors of Amoco Corporation as a group owned beneficially less than 1 percent of the outstanding Amoco Corporation Common Shares.

The date by which shareholder proposals must be received by Amoco Corporation for inclusion in the proxy materials relating to its 1989 annual meeting of shareholders is November 14, 1988.

Market Prices and Dividends on Amoco Corporation Common Shares

The table below sets forth in U.S. dollars the high and low share per share sales prices of Amoco Corporation Common Shares as reported on the NYSE and cash dividends paid for the periods presented:

	Market Prices		Cash Dividends
	High	Low	Paid
1983	$ 55	$ 38¼	$2.80
1984	60⅝	48⅛	3.00
1985	70¼	50¼	3.30(1)
1986			
First quarter	64⅛	53⅛	.825
Second quarter	66⅛	58	.825
Third quarter	72⅛	54½	.825
Fourth quarter	70	62¼	.825
1987			
First quarter	84⅜	65¾	.825
Second quarter	89¾	76⅛	.825
Third quarter	90¼	76⅞	.825
Fourth quarter	84¾	57	.825
1988			
First quarter	77½	67⅝	.875
Second quarter (through April 26, 1988)	80¼	71½	.875(2)

(1) Excludes the distribution of Cyprus Mineral Company shares, which had an initial trading value equivalent to U.S. $1.50 per Amoco Corporation Common Share.

(2) On April 26, 1988, the Board of Directors of Amoco Corporation declared a quarterly cash dividend of U.S. $.875 per Amoco Corporation Common Share to be paid on June 10, 1988 to holders of record at the close of business on May 11, 1988.

The closing price of Amoco Corporation Common Shares on the NYSE on April 16, 1987, the business day before the announcement of the Arrangement, was U.S. \$80⅛. Amoco Corporation will apply for the listing of the Amoco Corporation Common Shares for which Series A SEDs are exchangeable on the NYSE, TSE and such other exchanges where such listing is required. On April 26, 1988, the closing price of Amoco Corporation Common Shares on the NYSE was U.S. \$79. Amoco Corporation Common Shares are traded on the NYSE, the TSE, the Midwest and Pacific Stock Exchanges and four Swiss stock exchanges.

Amoco Corporation has paid regular quarterly cash dividends on its Amoco Corporation Common Shares since 1912. The declaration and payment of dividends on Amoco Corporation Common Shares in the future will depend upon Amoco Corporation's earnings, capital requirements, financial condition, and other relevant factors.

COMPARISON OF SHAREHOLDER RIGHTS UNDER LAWS OF CANADA AND INDIANA, UNITED STATES

The rights of the Shareholders of the Company, a Canadian corporation, are governed primarily by the CBCA. Upon consummation of the Arrangement, the Shareholders will become holders of Series A SEDs of Amoco Canada, a Canadian corporation, which Series A SEDs may be exchanged into Common Shares of Amoco Corporation, an Indiana corporation, and upon such exchange their rights will be governed primarily by Indiana law. Except as set forth below, Amoco Corporation and the Company do not believe that there are any material differences in shareholders' rights under Indiana law and the CBCA.

Anti-Takeover Effect of Indiana Law

The differences between Indiana law and the CBCA law described below under "Control Share Acquisitions" and "Business Combinations with Interested Shareholders", may make the acquisition of an Indiana corporation by a person not approved by the corporation's board of directors more difficult than a similar acquisition of a CBCA corporation. As a result, takeover bids, which could involve the purchase of shares at a premium over market value, may be more difficult under Indiana law than under the CBCA.

Derivative Actions

Under Indiana law, a shareholder may bring a derivative action if he was a shareholder at the time of the alleged wrongdoing and has made a demand on the board of directors for relief. Under the CBCA, a derivative action may be brought with leave of the court granted upon application by a present or former registered or beneficial holder of any security of a corporation or any of its affiliates, a present or former director or officer of a corporation or its affiliates, the Director appointed under the CBCA or any other person, upon leave of the court. Further, no derivative action may be commenced if under the CBCA it appears to the court that the party bringing such derivative action is not acting in good faith, has not given reasonable notice to the directors of the corporation or any of its affiliates of his intention to apply to the court for leave to commence the derivative action, and that the action is not in the interests of the corporation or its affiliates.

Terms of Directors

Under Indiana law, the articles of incorporation or, if authorized by the articles of incorporation, the by-laws may provide that directors be elected in two or more classes whose terms expire at different times, provided that no single term shall exceed three years. Amoco Corporation's Articles of Incorporation and By-Laws currently provide for three classes of directors with the term of office of one class expiring each year. Under the CBCA, directors may be elected for any stated term and not all directors need be elected for the same term. Presently all of the Company's directors are elected for a term expiring at the next succeeding annual general meeting of the Company, and all directors' terms expire simultaneously.

By-Laws

Under Indiana law, the power to adopt, amend or repeal by-laws vests in the board of directors unless the articles of incorporation provide otherwise. Amoco Corporation's Articles of Incorporation make no provision for shareholder power to adopt, amend or repeal by-laws. Under the CBCA, unless the articles of a corporation otherwise provide, the directors may by resolution make, amend or repeal any by-laws; however, any by-law or amendment or repeal of any by-law made by the directors must be submitted to the next meeting of shareholders for approval. Under the CBCA, by-laws are effective from the time of their approval by the directors but cease to have effect if not approved by the shareholders at, or are not submitted to, the next meeting of shareholders.

Dividend Declarations

Under Indiana law, a corporation has the power, subject to restrictions in its articles of incorporation, to make distributions to its shareholders unless after giving effect thereto (1) the corporation would not be able to pay its debts as they become due in the ordinary course of business, or (2) the corporation's assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy superior preferential rights if the corporation were dissolved at the time of such distribution. Amoco Corporation's Articles of Incorporation provide for the payment of dividends out of its unrestricted and unreserved capital surplus. Under the CBCA, a corporation may not declare or pay a dividend if there are reasonable grounds for believing that the corporation is, or after the dividend would be, unable to pay its liabilities as they become due or the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes of its shares.

Meetings of Shareholders

Under Indiana law, special meetings of shareholders may be called by the holders of shares entitled to cast not less than 25% of the votes at the meeting. Under the CBCA, the holders of not less than five percent of the shares of a corporation that carry the right to vote at the meeting sought to be held may requisition the directors to call a meeting of shareholders. If the directors fail to call such a meeting within 21 days, any shareholder who signed the requisition may call the meeting. Unless the by-laws otherwise provide, the holders of the majority of the shares entitled to vote at a meeting constitute a quorum. The Company's by-laws provide that the holders of not less than 25% of the shares entitled to vote at a meeting constitute a quorum.

Application for Court Relief

Under the CBCA, an application may be made by the persons referred to above under "Derivative Actions" to the court for relief which may be granted if the court is satisfied that, with respect to a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, or the business affairs of the corporation or its affiliates are or have been conducted in a manner, or the powers of the directors of the corporation or its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer. In any such case, the court has very broad powers to make any interim or final order it thinks fit, including an order enjoining the conduct complained of, appointing a receiver of the corporation, amending the by-laws or articles of the corporation, requiring a corporation to acquire the shares of or compensate an aggrieved person or winding-up the corporation. Indiana law has no similar provision.

Control Share Acquisitions

Under Indiana law, when a target corporation, incorporated in Indiana, and having its principal place of business, principal office, or substantial assets in Indiana, has a certain threshold of ownership by Indiana residents, any acquisition which, along with previous holdings, gives the acquiror at least 20 percent of the target's voting stock triggers a shareholder approval mechanism. If the acquiror files a statutorily required disclosure statement, the target's management has 50 days within which to hold a special meeting of shareholders at which all disinterested shareholders of the target (those not affiliated with the acquiror or any officer or inside director of the target) consider and vote upon whether the acquiror shall have voting rights with respect to the shares of the target held by it. Without shareholder approval, the shares acquired by the acquiror have no voting privileges. If the acquiror fails to file the statutorily required disclosure statement, the target can redeem the acquiror's shares at a price to be determined according to procedures devised by the target. The CBCA contains no similar provision.

Business Combinations with Interested Shareholders

Under Indiana law, no business combination (defined to include certain mergers, sales of assets, sales of 5% or more of outstanding stock, loans, recapitalizations or liquidations or dissolutions) involving an Indiana corporation and an interested stockholder (generally, any holder of 10% or more of the corporation's voting stock) may be entered into unless (1) approved by the board of directors of the corporation prior to the date upon which the interested stockholder became such (the "Share Acquisition Date") or (2)(a) five years have expired since the Share Acquisition Date, (b) all requirements of the corporation's Articles of Incorporation relating to business combinations are satisfied and (c) either (i) a majority of stockholders of the corporation (excluding the interested shareholder) approve the business combination or (ii) all shareholders are paid fair value (as defined) for their stock. The CBCA contains no similar provisions.

AVAILABLE INFORMATION

The Company, Amoco Canada and Amoco Corporation are subject to the informational requirements of the Securities Exchange Act of 1934 (the "1934 Act") and in accordance therewith file reports, proxy statements and other information with the SEC. Current information concerning such corporations' directors and officers, their remuneration, options granted to them, the principal holders of securities, and any material interest of such persons in transactions with the Company, Amoco Canada or Amoco Corporation, respectively, is disclosed in proxy statements distributed to shareholders of the Company and Amoco Corporation and in certain of the Company's, Amoco Canada's and Amoco Corporation's reports filed with the SEC. This Proxy Statement and such reports, proxy statements and other information can be inspected and copied at the offices of the SEC, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as the following Regional Offices: 26 Federal Plaza, New York, NY 10278; and Room 1204, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, IL 60604. Copies of such materials can also be obtained from the SEC's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Reports, proxy statements and other information concerning Amoco Corporation can be inspected at the NYSE and the Midwest and Pacific Stock Exchanges, and reports, proxy statements and other information concerning the Company can be inspected at the American Stock Exchange.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

There is hereby incorporated by reference in this Proxy Statement Amoco Corporation's Annual Report on Form 10-K for the year ended December 31, 1987 as filed with the SEC pursuant to the 1934 Act. A copy of such Annual Report is included with this Proxy Statement. Such Annual Report contains comprehensive information concerning Amoco Corporation and its operations and should be read carefully. Any statement contained in such Annual Report shall be deemed to be modified or superseded for purposes of this Proxy Statement to the extent that a statement contained herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Proxy Statement.

SOURCE OF INFORMATION CONCERNING AMOCO CANADA AND AMOCO CORPORATION

Information contained in this Proxy Statement relating to Amoco Canada and its subsidiaries and to Amoco Corporation, their respective businesses and property and the effect of the Arrangement thereon is not within the knowledge of the Company and has been supplied by Amoco Canada and Amoco Corporation. The Company covenanted in the Arrangement Agreement that this Proxy Statement will not on the date hereof and on the Effective Date, contain any (i) untrue statement of a material fact or (ii) omission to state a material fact that is required to be made or (iii) omission to state a material fact that is necessary to be made in order for the statements herein not to be misleading. Notwithstanding the foregoing, Amoco Canada will be responsible for any information provided by it in writing to the Company for the express purpose of inclusion in this Proxy Statement, except for the financial information provided to it by the Company for the purpose of preparing the pro forma information contained herein.

ACCOUNTANTS' REPRESENTATIVES

It is expected that representatives of Clarkson Gordon, Dome's independent chartered accountants, and Price Waterhouse, Amoco Canada's independent chartered accountants, will be present at the Shareholder Meeting to respond to appropriate questions from Shareholders and to make a statement if they so desire.

LEGAL OPINIONS

Certain legal matters in connection with the Arrangement will be passed upon by Bennett Jones of Calgary, on behalf of Dome and by Borden & Elliot of Toronto, and Howard, Mackie of Calgary, on behalf of Amoco Canada. The income tax consequences under Canadian law to the Shareholders will be passed upon by Bennett Jones. Baker & McKenzie of Chicago, special United States tax counsel to Amoco Canada and Amoco Corporation and Mayer, Brown & Platt of Chicago, special United States counsel to Dome will each pass upon the Federal tax consequences under United States law.

Mr. Libin, a director of Amoco Canada, is a partner in the firm of Bennett Jones.

Mr. Jones, a director of the Company, is a former partner in the firm of Bennett Jones. See "DOME PETROLEUM LIMITED—Transactions with Management and Others".

APPROVAL OF DIRECTORS

The contents and the sending of this Proxy Statement have been approved by the Board of Directors of the Company.

By Order of the Board of Directors

J. F. Scott
Corporate Secretary

April 26, 1988
Calgary, Alberta, Canada

APPENDIX A

DOME PETROLEUM LIMITED

CONSOLIDATED FINANCIAL STATEMENTS AND UNAUDITED SUPPLEMENTARY INFORMATION

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DOME PETROLEUM LIMITED

CONSOLIDATED BALANCE SHEET

(Millions of Canadian Dollars)
(See Note 1(a))

	December 31, 1987	December 31, 1986
ASSETS		
Cash and short term deposits		
Restricted	$ 71	$ 21
Unrestricted	154	202
Accounts receivable	319	326
Inventories		
Product	118	111
Materials and supplies	42	41
Investments	198	446
Property, plant and equipment	3,179	3,690
Other assets	71	67
	$4,152	$4,904
LIABILITIES		
Accounts payable and accrued liabilities	$ 371	$ 352
Accrued and deferred interest	421	209
Debt	5,745	6,080
Deferred revenue	157	181
Deferred income taxes	47	195
Redeemable preferred shares		
Issued by a subsidiary	—	220
Issued by the Company	34	96
Contingencies and commitments (Note 20)		
	6,775	7,333
SHAREHOLDERS' DEFICIENCY		
Preferred shares	103	103
Common shares (issued and outstanding at December 31, 1987—358,987,895; December 31, 1986—340,451,904)	470	408
Contributed surplus	57	57
Deficit	(3,253)	(2,932)
Dome Petroleum's pro rata interest in its common shares held by Dome Mines	—	(65)
	(2,623)	(2,429)
	$4,152	$4,904

The Company follows the full cost method of accounting.

The accompanying notes are an integral part of the consolidated financial statements.

DOME PETROLEUM LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (DEFICIT)

(Millions of Canadian Dollars)

	Years Ended December 31,				
	1987	1986	1985	1984	1983
Retained Earnings (Deficit), Beginning of Year	$(2,932)	$ (719)	$(711)	$(496)	$ 621
Net income (loss)	(318)	(2,199)	7	(197)	(1,105)
	(3,250)	(2,918)	(704)	(693)	(484)
Preferred share dividends					
Stock	—	—	(1)	(2)	(1)
Cash	—	(1)	(11)	(10)	(10)
Other	(3)	(13)	(3)	(6)	(1)
Retained Earnings (Deficit), End of Year	$(3,253)	$(2,932)	$(719)	$(711)	$ (496)

The accompanying notes are an integral part of the consolidated financial statements.

DOME PETROLEUM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions of Canadian Dollars)

	Years Ended December 31,				
	1987	1986	1985	1984	1983
OPERATING ACTIVITIES					
Revenue	$1,489	$1,541	$2,424	$2,440	$2,590
Operating expenses					
Crude oil and natural gas	(272)	(352)	(399)	(443)	(584)
Natural gas liquids	(512)	(563)	(802)	(834)	(895)
	705	626	1,223	1,163	1,111
Interest and financing	(643)	(672)	(678)	(891)	(784)
General and administrative	(99)	(97)	(86)	(112)	(140)
Other—net	8	148	83	49	12
Cash from (used for) operations	(29)	5	542	209	199
INVESTMENT ACTIVITIES					
Expenditures on property, plant and equipment	(129)	(114)	(139)	(129)	(287)
Other—net	3	(44)	4	12	75
Cash used for investment	(126)	(158)	(135)	(117)	(212)
FINANCING ACTIVITIES					
Debt					
Increase	220	130	3	5	82
Repayment	(469)	(361)	(242)	(268)	(578)
Proceeds on disposal of assets	406	204	142	139	563
Issue (redemption) of preferred shares	(282)	(130)	130	—	—
Issue of common shares and warrants	62	14	126	33	47
Other—net	220	53	(323)	137	206
Cash from (used for) financing	157	(90)	(164)	46	320
INCREASE (DECREASE) IN CASH	2	(243)	243	138	307
CASH, BEGINNING OF YEAR	223	466	223	85	(222)
CASH, END OF YEAR	$ 225	$ 223	$ 466	$ 223	$ 85

Cash comprises cash and short term deposits net of short term bank loans.

The accompanying notes are an integral part of the consolidated financial statements.

DOME PETROLEUM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Millions of Canadian Dollars, Except Per Share Amounts and as Otherwise Noted)

1. Summary of Significant Accounting Policies

(a) Consolidated Financial Statements

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada (see Note 21 for differences between Canadian and United States generally accepted accounting principles) on a going concern basis (see Note 2) which assumes the recovery of the Company's assets in the normal course of business. If the Company were unable to continue as a going concern, the amounts realized on disposal of its assets may be substantially below their recorded amounts.

Effective December 31, 1986, the Company's assets and liabilities are presented on a non-classified basis pending the resolution of the Company's financial difficulties. Prior to December 31, 1986, the Company segregated assets and liabilities between current and non-current.

The consolidated financial statements include the accounts of Dome Petroleum Limited and its subsidiary companies. The excess of the consideration paid for the shares of subsidiaries over their net book values on acquisition has been attributed to the related property, plant and equipment. Substantially all of the Company's oil and gas operations are carried out jointly with others and these consolidated financial statements reflect only the Company's proportionate interest in such operations.

(b) Foreign Currency Translation

The accounts of foreign operations are stated in Canadian dollars. Assets, other than property, plant and equipment, and liabilities are translated at the rates of exchange prevailing at the balance sheet date. Property, plant and equipment is translated at the rates in effect on the dates the assets were acquired. Exchange gains and losses arising on translation of liabilities with fixed and ascertainable terms extending beyond one year are deferred and amortized over the remaining term of the liabilities. Revenue and expense items are translated at monthly average rates during the year with the exception of depletion and depreciation, which are translated at the rates of exchange used for the related assets. The resulting gains and losses are included in income.

(c) Inventories

Inventories are valued at the lower of average cost and net realizable value.

(d) Investments

The Company's investment in ENCOR Energy Corporation Inc. (Encor), until its disposition in December 1987, was accounted for by the equity method. Under this method this investment was carried at cost plus the related equity in undistributed earnings less the amortization of the excess of the purchase price over the net book value on acquisition.

The Company's investment in Placer Dome Inc. (Placer Dome) is accounted for by the cost method.

(e) Property, Plant and Equipment

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas and related reserves are capitalized. Such costs include land acquisition, geological and geophysical, drilling of productive and non-productive wells including related overhead, interest and other carrying charges of unproved properties and the Company's share of frontier drilling including operating costs and depreciation of drillships and related facilities.

The carrying value of the Company's oil and gas properties and equipment is limited to the amount determined by estimating the present value of future net revenues from proved properties discounted at 10% and based upon current prices and costs together with the value of unproved properties at the lower of cost and net realizable value, all adjusted for related income tax effects (see Notes 3 and 14).

Gains and losses are not recognized upon disposition of oil and gas properties and equipment accounted for under the full cost method unless such a disposition would significantly alter the relationship between capitalized costs and proved reserves of oil and gas. Gains and losses are recognized upon disposition of other assets.

(f) Depletion and Depreciation

The provision for depletion of oil and gas properties and equipment and producing oil sands properties has been calculated on the unit-of-production method based on estimated proved reserves, before deduction of royalties, as determined by Company or independent engineers. For purposes of the calculation oil and gas are converted to a common unit of measure on the basis of relative energy content. Prior to 1985, the provision for depletion of oil and gas properties and equipment was calculated as the proportion of net property and equipment costs that current production revenues were to current plus estimated future revenues from proved reserves. The effect of this change on the results of operations for 1985 was to increase net income by $16 million ($0.06 per common share) net of deferred income taxes of $6 million.

Significant acquisition costs of unproved properties are excluded from the depletion calculation until it is determined whether proved reserves are attributable to the properties or impairment of value occurs.

The natural gas liquids system and pipelines, drillships and other vessels and other assets are depreciated on the straight line basis at rates designed to amortize the assets over their estimated useful lives.

(g) Deferred Revenue

Payments received for undelivered natural gas have been deferred and are recognized as revenue when deliveries are made or upon expiry of the period allowed for such deliveries.

(h) Capitalized Interest

Interest is capitalized on all oil and gas properties undergoing exploration and development activities that are not subject to depletion and on costs incurred during the construction of major additions to property, plant and equipment. When exploration and development ceases or is completed or the facility commences operations, subsequent interest costs are charged to income.

(i) Income Taxes

The Company follows the deferral method of tax allocation accounting under which the income tax provision is based on the consolidated results of operations reported in the accounts. Under this method, the Company makes provision for income taxes deferred principally as a result of claiming capital cost allowance, interest and exploration and development costs which differ from the related amounts provided in the accounts.

(j) Net Income (Loss) Per Common Share

Net income (loss) per common share is calculated, after deduction of preferred share dividend entitlements, using the weighted average number of common shares outstanding. There are no factors that would have a material dilutive effect on net income per common share.

2. Current Financial Condition

Interim Plan

In early 1986, the international price of crude oil declined significantly to below U.S. $12 per barrel, which was less than half of its 1985 level. The failure of crude oil prices and prices for natural gas and natural gas liquids to recover to their 1985 levels has had a material adverse impact on the Company's revenue, cash flow and asset values. To avoid a significant reduction of the Company's liquidity and to ensure the Company's continued operation, the Company sought and gained agreement from the lenders who were parties to its 1984 Debt Rescheduling Agreement, Dome Mines Limited (Dome Mines) and Encor to an interim plan (Interim Plan). The Interim Plan, which was effective May 1, 1986, was to expire on October 28, 1986, but was subsequently extended to June 30, 1987 (Interim Period).

Under the Interim Plan, payments of interest and principal to lenders whose debt was secured by assets which generated cash flow were limited to the extent of the cash flow generated by such assets, after the deduction of certain amounts, including amounts allocated for general and administrative expenses and capital expenditures. The Company was required to hold on deposit in restricted bank accounts, cash flow up to an estimate of amounts due to such lenders prior to actual determination and payment. Lenders having indebtedness, the repayment of which was secured by assets which did not generate cash flow, agreed, with one exception relating to indebtedness secured by shares of Encor owned by the Company, to the deferral by the Company of the payment of principal and interest otherwise due during the Interim Period. All amounts deferred pursuant to the Interim Plan became due and payable at the termination of the Interim Plan. As part of the Interim Plan, payments to unsecured creditors (other than trade creditors and holders of publicly issued unsecured debt) were suspended on May 1, 1986 and on June 1, 1986 the Company suspended dividend payments on, and redemptions and purchases of, preferred shares.

In late 1986, the Company obtained waivers of payments due and of rights of cross-default and prospective waivers of certain events of default from certain lenders and other parties, including the holders of the five series of publicly held unsecured debt and the holders of a majority of the three other series of publicly held unsecured Swiss Franc (SF) debt for a period ending no later than June 30, 1987. Such public unsecured debt was not affected under the Debt Rescheduling Agreement. In February, 1987, a holder of a SF 50,000 6% note (approximately $51,000) who did not sign a waiver, commenced legal proceedings in the Commercial Court of Zurich, Switzerland seeking payment of the amount due pursuant to such note. As a result, all waivers previously obtained from holders of the three series of SF denominated debt were automatically terminated in accordance with their terms. Since that time, six additional holders of Swiss debt have taken steps in Swiss courts and one holder has commenced an action in the Province of Alberta to enforce payment of the amounts owing to such holders. Waivers previously obtained from holders of the five other series of publicly held debt expired in accordance with their terms on June 30, 1987.

In late June 1987, the Company forwarded agreements providing for the extension of the Interim Plan to the parties to the Interim Plan. These agreements were not executed by certain parties, and as a result the Interim Plan expired on June 30, 1987, putting the Company in default under substantially all of its loan agreements. Accordingly, the holders of substantially all of the Company's debt instruments can demand payment of all amounts owing to them, including those amounts previously deferred under the Interim Plan. Since June 30, 1987, the Company has continued making payments to creditors substantially in accordance with the provisions of the Interim Plan and has not made any payments in respect of dividends on, or redemptions or purchases of, any preferred shares, as prescribed by the Interim Plan.

As at April 26, 1988, no lender, other than the holders of SF 290 million (approximately $296 million) aggregate principal amount of publicly issued debt, has given notice of acceleration under its debt instrument.

Arrangement Agreement

The Interim Plan was intended to be a short term solution to the Company's financial difficulties while a long term debt restructuring plan was being developed. Negotiation of the details of a plan to restructure the Company's debt commenced in May, 1986 and in March, 1987 a proposed plan (Debt Restructuring Plan) was circulated to all lenders. Concurrently with the development of the Debt Restructuring Plan, discussions were held with potential purchasers to determine whether any financially strong company would be interested in acquiring the Company upon more advantageous terms than those proposed under the Debt Restructuring Plan.

As a result of these discussions, on May 12, 1987, the Company and Amoco Canada Petroleum Company Ltd. (Amoco Canada), a wholly owned subsidiary of Amoco Corporation, signed an agreement (as amended, Arrangement Agreement) regarding the acquisition by Amoco Canada of all outstanding common and preferred shares of the Company and all of the right, title and interest of certain creditors of the Company and its subsidiaries in and to their respective credit facilities in exchange for securities and, in some cases, cash of Amoco Canada. As a result of the Company's decision to enter into the Arrangement Agreement, negotiations with respect to the Debt Restructuring Plan were terminated.

The Arrangement Agreement provides for the acquisition of the Company by Amoco Acquisition Company Limited (Amoco Acquisition), a wholly owned subsidiary of Amoco Canada, pursuant to a court-approved plan (Plan of Arrangement). Under the Plan of Arrangement holders of the common and preferred shares of the Company will be entitled to receive approximately U.S. $1.13 (approximately equivalent to Cdn. $1.39 as at April 26, 1988) and approximately U.S. $5.60 (approximately equivalent to Cdn. $6.88 as at April 26, 1988) principal amount per common and preferred share, respectively, of a 25-year 7⅜% subordinated exchangeable debenture of Amoco Canada, plus certain cash payments equal to interest at the rate of 7⅜% per annum that would have accrued, without compounding, on the debenture from and including December 1, 1987. If a shareholder's current level of shareholdings would otherwise result in his receiving a debenture with a principal amount of less than U.S. $100, the shareholder will receive the pro-rata share of the cash proceeds of the pooled sale of all such small interests. The debenture will be exchangeable at any time for common stock of Amoco Corporation at an exchange price of U.S. $105 per share. On April 26, 1988 the closing price of Amoco Corporation common stock on the New York Stock Exchange was U.S. $79 per share. Given current economic and market conditions, the debenture may initially trade at a discount from the principal amount.

The terms of the securities to be offered to creditors of the Company will result in an average payment to secured creditors of approximately 94 cents on the dollar and to unsecured creditors of approximately 45 cents on the dollar. The aggregate amount of the cash and the face value of the securities which would be issued by Amoco Canada, together with the amount of the liabilities which would remain outstanding, is expected to be approximately U.S. $3,958.5 million (approximately Cdn. $5,147.0 million) based on outstanding indebtedness at December 31, 1987 using year end rates of exchange, as follows:

	Indebtedness outstanding at December 31, 1987	Consideration from Amoco Canada
Creditors, including accrued and deferred interest of $421.0(1)	$5,991.0	$4,563.2
Common and preferred shareholders	—	583.8
	$5,991.0	$5,147.0

(1) excluding any amount relating to Arctic Petroleum Corporation of Japan (APCJ)—see (3)(e) below.

Amoco Corporation will not guarantee or be liable in any manner for payments on the securities to be issued by Amoco Canada, and has no obligation to provide financial support to Amoco Canada.

The Plan of Arrangement provides for a series of related transactions (Arrangement) to take place in a particular sequence on the date of the consummation of the Arrangement (Effective Date), none of which will occur unless all occur. These transactions, together with certain transfers of shares of various subsidiaries and of selected properties and assets of the Company, include charter amendments, amalgamations, amendments to the terms of certain outstanding indebtedness and securities exchanges with, and cash payments to, creditors and shareholders of the Company.

In order for the Arrangement to become effective, the following must have occurred:

(1) the Plan of Arrangement must have received the requisite levels of approval, as set forth in the Orders (Interim Order) of the Court of Queen's Bench of Alberta (Court), dated February 4, 1988 and March 17, 1988, from the various groups or classes of affected creditors and the common and preferred shareholders. The Interim Order provides that Amoco Acquisition shall not proceed with an application for an order approving the Plan of Arrangement (Final Order) unless the requisite levels of approval have been obtained from certain of the groups or classes of affected creditors. The court may exercise its discretion under certain exceptional circumstances to approve the Plan of Arrangement even though not all the requisite levels of approval have been obtained. Under certain exceptional circumstances the Court may amend all or any of the terms of the Plan of Arrangement or approve such plan subject to such terms and conditions as it thinks fit. In either such event, certain of the affected creditors may terminate their consents to the Plan of Arrangement.

Two common shareholders and one preferred shareholder appealed to the Alberta Court of Appeal, on various grounds, the granting of the Interim Order. On April 19, 1988, a three member panel of the Alberta Court of Appeal unanimously dismissed all three appeals on all grounds. Such shareholders may seek leave to appeal the granting of the Interim Order to the Supreme Court of Canada.

For purposes of voting upon or otherwise approving the Plan of Arrangement, the Interim Order directs that the common and preferred shareholders constitute a single group with each common and preferred shareholder entitled to one vote for each share held. Subject to further order of the Court, the approval of not less than two-thirds of the shares voting as a single class at a meeting of the shareholders is required. However, the Court has ordered separate tabulations of the votes of each series of preferred shareholders, the votes of the common shareholders and the votes of Placer Dome, the results of which the Court will also consider in its determination of the fairness of the Arrangement;

(2) the Plan of Arrangement must have been approved by the Court. The Court will commence a hearing with respect to the Arrangement on June 13, 1988 at which the Court will consider, among other things, the fairness of the Arrangement and the adequacy of disclosure provided to common and preferred shareholders, and has the discretion to consider the rights of dissent of the shareholders from the Plan of Arrangement; and

(3) each of the following conditions must be satisfied on or before the Effective Date or waived, to the extent capable of being waived, by the party benefiting from such condition:

(a) while the Interim Order sets forth levels of approval some of which are less than unanimous, certain creditors or groups of creditors, as Amoco Canada shall determine, must consent to the Plan of Arrangement;

(b) the Final Order, in form and substance satisfactory to Amoco Canada, shall have been granted;

(c) all necessary regulatory and similiar reviews, consents and approvals of governmental authorities, stock exchanges, securities and commodities commissions and other regulatory agencies with respect to the transactions contemplated by the Arrangement Agreement shall have occurred or been obtained, in form and substance satisfactory to Amoco Canada, including:

(i) approval of Investment Canada under the Investment Canada Act (Canada);

(ii) leave of the National Energy Board relating to the participation of certain of the Company's subsidiaries in the amalgamations contemplated by the Plan of Arrangement; and

(iii) the Competition Tribunal under the Competition Act (Canada) shall not have made a finding that the transactions contemplated by the Arrangement Agreement and the Arrangement prevent or lessen, or are likely to prevent or lessen, competition substantially, or have issued an order under Section 64 of that Act;

(d) receipt by Amoco Canada of favourable advance income tax rulings, in form and substance satisfactory to Amoco Canada, from Revenue Canada, Taxation and applicable provincial taxation authorities with respect to various aspects of the Arrangement;

(e) an accommodation having been reached with APCJ concerning existing contractual obligations of the Company (see Note 8). An essential element of any such accommodation will be the elimination or waiver of any ability on the part of APCJ to accelerate the maturity of the indebtedness due in the year 2030 by reason of events or omissions prior to the consummation of the Arrangement;

(f) there shall have been no material adverse change in the assets, financial condition or business of the Company and its subsidiaries except changes attributable to a decline in the price of hydrocarbons and any changes disclosed pursuant to the Arrangement Agreement by the Company to Amoco Canada;

(g) no event of default shall exist on the Effective Date, which has not been waived, under any material obligation of the Company or any of its subsidiaries entitling any parties thereto to accelerate the maturity of amounts owing thereunder, except certain specified debt obligations; and

(h) there shall not be in force any law, rule or order restraining or enjoining the consummation of the transactions contemplated by the Arrangement or which would result in a judgment or assessment of material damages relating to such transactions or which would prohibit Amoco Canada's ownership or operation of any material portion of the Company's assets or compel Amoco Canada or the Company to sell or hold separately any material portion of the assets of the Company or Amoco Canada or any of their subsidiaries, or the shares or debts to be acquired under the Arrangement or which would impose or confirm material limitations on the ability of Amoco Canada to effectively exercise full rights of ownership (including voting rights) of the common and preferred shares of the Company.

As at April 26, 1988, the conditions set forth in clauses (c)(i), (ii) and (iii) have been satisfied.

At any time prior to the Effective Date, the Plan of Arrangement may be amended or supplemented if the Court, the Company and Amoco Canada determine that the proposed amendment or supplement would not be prejudicial to the interests under the Plan of Arrangement of the shareholders, the affected creditors or APCJ. In the event the Court approves a plan substantially different from the Plan of Arrangement, Amoco Canada and the Company would seek the direction of the Court respecting the notification of common and preferred shareholders and requirements for additional approvals, if any.

Other Matters

(a) Amoco Canada and Placer Dome have reached agreement, conditional upon consummation of the Arrangement, with respect to certain transactions. On the Effective Date, Placer Dome will be released by certain of the Company's lenders from Placer Dome's guarantee of certain of the Company's indebtedness owed to those lenders. In addition, Placer Dome will be released and discharged from its claims as a creditor of the Company in respect of such guarantee and will pay

U.S. $15 million to Amoco Canada. Placer Dome will assign to such lenders the consideration which Placer Dome will be entitled to receive in respect of its holdings of common shares of the Company (which is identical on a per share basis with the payment to other holders of common shares). Amoco Canada will transfer its 50% interest in the Detour Lake gold mine to Placer Dome, which owns the other 50% interest. Placer Dome, which currently holds approximately 19% of the Company's outstanding common shares, has agreed to vote in favour of the Plan of Arrangement.

(b) Encor has agreed, conditional upon consummation of the Arrangement, to accept the consideration provided under the Plan of Arrangement in exchange for all its claims relating to one specific credit facility. In addition, Amoco Canada and Encor have agreed to a settlement relating to Encor's joint and several liability with the Company under the APCJ contract. Amoco Canada will assume all liabilities under the APCJ contract, for which Encor will pay $17.5 million. In addition, Amoco Canada has agreed to purchase all of Encor's Beaufort Sea oil and gas properties for $1.4 million.

(c) As at December 31, 1987, there were outstanding options to purchase 8,904,010 common shares of the Company (see Note 11). Pursuant to the Plan of Arrangement, holders of these options (other than the Morgan Stanley & Co. Incorporated (Morgan Stanley) option which will be cancelled upon consummation of the Arrangement) will be entitled to receive a cash payment of $0.15 per option share.

In connection with the implementation of the Interim Plan, the Company granted to certain of its lenders an option to receive fees in connection with their credit facilities payable in common shares of the Company instead of cash. These shares (Lenders' Shares) were to have been issued at market prices prevailing at the expiry of the Interim Plan. Under the Plan of Arrangement, the lenders entitled to receive Lenders' Shares will receive cash payments totalling approximately U.S. $3.2 million and $7 million in exchange for their right to receive such shares.

(d) Three lawsuits, two purported class actions and a purported shareholder derivative suit, have been commenced in United States courts by shareholders who are opposed to the Arrangement Agreement. Motions by the defendants to dismiss all three cases, on various grounds, are pending. In addition, one secured lender commenced an action in an Alberta court seeking to set aside or vary portions of the Arrangement Agreement on the grounds that the Arrangement Agreement is oppressive or unfairly prejudicial to or unfairly disregards the interests of the lender. The court, upon application of the defendants, dismissed the lender's application. The appeal by the lender was adjourned, subject to an application for reinstatement.

(e) Amoco Canada may terminate the Arrangement Agreement if holders of more than 10% of the aggregate number of common and preferred shares issued and outstanding on the day of the shareholders' meeting have advised the Company in writing of their objection to the Plan of Arrangement.

Amoco Canada and the Company may terminate the Arrangement Agreement under certain specified circumstances, including failure to obtain the requisite level of creditor approval, failure to obtain any necessary governmental or regulatory approval, failure of the Company to satisfy any unwaived conditions to Amoco Canada's obligations under the Arrangement Agreement, or failure to complete the transactions contemplated by the Arrangement by September 30, 1988. In addition, both companies may terminate the Arrangement Agreement upon 15 days notice on or after April 30, 1988.

The Company has granted Amoco Canada an option, subject to certain conditions, to purchase the Company's interest in its Primrose oil and gas properties for $79 million in the event the Arrangement is not completed.

Going Concern

The Company's existence as a going concern is dependent on a number of economic factors beyond its control and its ability to obtain a resolution of its financial difficulties which is not assured. The proposed sale of the Company to Amoco Canada is expected to resolve the Company's current financial difficulties. If the Plan of Arrangement is not successfully concluded, the Company's ability to continue as a going concern could be jeopardized and a liquidation might result.

There are numerous conditions to the consummation of the Arrangement, some of which may not be satisfied or waived on a timely basis, or at all, thus increasing the risk that the Arrangement will not be consummated. In the event that the Arrangement is not successfully concluded, the Company would either attempt to revive negotiations concerning the Debt Restructuring Plan or consider other alternatives, including soliciting further acquisition proposals. No assurance can be given that in these circumstances the Debt Restructuring Plan or any other restructuring plan could be concluded, or if concluded, that the terms thereof would be such as would allow the Company to continue to operate as a viable entity. In view of the passage of time since negotiations were terminated, the continuing uncertain economic climate in the oil and gas industry generally and depressed world crude oil and natural gas prices in particular, the successful conclusion of the Debt Restructuring Plan or other alternatives could be considered less likely and therefore the prospect of liquidation of the Company could be greater than would otherwise be the case.

3. Change in Accounting for Oil and Gas Properties and Equipment

During 1986, the Canadian Institute of Chartered Accountants (C.I.C.A.) issued a guideline with respect to the full cost method of accounting for oil and gas operations. The Company determined that, in all material respects but one, its full cost accounting practices were in compliance with the guideline. Therefore, the Company adopted the guideline on a prospective basis effective December 31, 1986, except that it is unable to comply with the recommendation in respect of the limitation on the carrying value of its oil and gas properties and equipment (ceiling amount).

Under the C.I.C.A. guideline, the Company would be required to determine the ceiling amount for its oil and gas properties and equipment by estimating the undiscounted value of future net revenues from proved reserves based upon period end constant prices and costs and after deducting estimated future general and administrative expenses, financing costs and income taxes, together with the value of unproved properties at the lower of cost and net realizable value.

The Company is currently working toward a resolution of its financial difficulties as described in Note 2. It is not possible to predict the effect of such a resolution on the future capital structure of the Company. As a result, the amount of future financing costs for purposes of calculating the ceiling amount under the C.I.C.A. guideline is not determinable at this time.

Under the Company's full cost accounting policy prior to December 31, 1986, the ceiling amount was limited at the end of each period to an amount determined by estimating the present value of future net revenues from proved properties together with the value of unproved properties at the lower of cost and net realizable value, all adjusted for related income tax effects. The determination of the present value of future net revenues was based on reserve quantities, prices, costs, production levels and other existing economic factors as determined by Company or independent petroleum consulting engineers and included escalations of future prices and costs.

A key recommendation contained in the C.I.C.A. guideline with respect to the determination of the ceiling amount is the use of period end prices and costs which are to be determined without provisions for future escalation because of the uncertainty in estimating future energy prices. In addition, the U.S. ceiling amount rules as prescribed by the Securities and Exchange Commission (S.E.C.) also require the use of period end prices and costs without future escalation.

In view of the foregoing, the Company concluded that although it was unable to comply with the ceiling amount provisions of the C.I.C.A. guideline, certain changes were required in the determination of its ceiling amount. Therefore, effective December 31, 1986, the Company adopted current prices and costs and a 10% discount factor in determining the present value of future net revenues from proved properties. This change results in the determination of the ceiling amount conforming substantially with U.S. accounting rules prescribed by the S.E.C.

As a result of this change in accounting, together with the effect of a reduction in reserve quantities and energy prices in 1986, the Company wrote down its oil and gas properties and equipment at December 31, 1986 by $1,204 million, before deferred income taxes of $305 million. Under the Company's previous method of accounting, no write-down of oil and gas properties and equipment at December 31, 1986 would have been required. At December 31, 1987, an additional write-down of oil and gas properties and equipment was required (see Note 14).

There can be no assurance that the carrying value of the Company's oil and gas properties and equipment will not be subject to a further ceiling amount reduction as a result of changes in circumstances.

4. Changes in Accounting Policies

(a) Frontier Exploration Costs

In 1983 the Company concluded that its investment in the frontier areas should be segregated from its western Canada oil and gas operations and that it was preferable to establish a separate cost centre. Under the previous accounting policy, any write-down of costs related to the frontier would not have been charged directly to income but would have been included in costs subject to depletion. This change in 1983, together with the effect of a similar change by Encor, resulted in an increase in the net loss for the 1983 year of $341 million ($1.44 per common share).

(b) Foreign Currency Translation

Effective December 31, 1983, the Company commenced translation of long term liabilities repayable in foreign currencies at the rates of exchange prevailing at the balance sheet date. The resulting exchange gains and losses are deferred and commencing January 1, 1984, amortized over the fixed and ascertainable terms of the related liabilities extending beyond one year (see Note 8). Previously, long term liabilities repayable in foreign currencies were translated at the rates in effect at the dates the liabilities were incurred and exchange gains and losses were included in income only as realized. There was no effect on the 1983 results of operations but for the year ended December 31, 1984, amortization of deferred foreign exchange resulted in an increase in the net loss of $19 million ($0.08 per common share).

5. Investments

	December 31, 1987	December 31, 1986
Placer Dome (quoted market value December 31, 1987—$348; Dome Mines—December 31, 1986—$222)	$198	$188
Less Dome Petroleum's pro rata interest in its common shares held by Dome Mines	—	(65)
	198	123
Encor (quoted market value December 31, 1986—$218)	—	323
	$198	$446

(a) Placer Dome

On August 13, 1987, Dome Mines, Campbell Red Lake Mines Limited and Placer Development Limited amalgamated to form Placer Dome reducing the Company's preamalgamation interest of approximately 21% in Dome Mines to approximately 8% in Placer Dome. At December 31, 1987 the Company owned 17,752,867 Placer Dome shares of which 15,702,819 shares were pledged under certain of the Company's loan agreements and Placer Dome together with its subsidiaries owned approximately 19% of the outstanding common shares of the Company. The Arrangement Agreement contemplates the disposition of the Company's investment in the common shares of Placer Dome with the proceeds being applied to debt.

At December 31, 1986, the Company owned 20,861,184 common shares of Dome Mines of which 18,452,198 shares were pledged under certain of the Company's loan agreements. The Company's holdings represented a 23% interest therein, and Dome Mines together with its subsidiaries owned approximately 19% of the outstanding common shares of the Company resulting in the Company having had a pro rata interest of 4% in its own common shares. Accordingly, the investment in Dome Mines was reduced and shareholders' deficiency was increased by the allocated portion of the cost of the investment that related to the pro rata interest in the Company's common shares.

In February, 1986 the Company sold 10 million common shares of Dome Mines for net cash proceeds of $147 million which were used to reduce debt. The sale resulted in a gain of $79 million, a decrease in the investment in Dome Mines of $81 million, a charge to the deficit of $13 million and a reduction in the Company's pro rata interest in its own common shares of $34 million. Income taxes resulting from the gain were eliminated by utilizing 1986 capital losses.

Additional reductions in the Company's interest in Dome Mines reflect equity issues by Dome Mines in which the Company did not participate. These issues resulted in gains of (in millions): 1987—$8; 1986—$4; 1985—$13 and 1984—$10, which are included in Other Corporate.

(b) Encor

On December 8, 1987 the Company sold its 42,501,855 common shares of Encor for net cash proceeds of $398 million of which $363 million was used to reduce debt. The sale resulted in a gain of $59 million. For income tax purposes the sale resulted in a capital loss and accordingly no income tax provision was required.

At December 31, 1986 the Company owned 42,501,855 common shares of Encor virtually all of which were pledged under certain of the Company's loan agreements. Effective March 17, 1987 Encor acquired all of the common shares of Aberford Resources Ltd. for an aggregate amount of $108 million through an issue of common shares, preferred shares and debentures. As a consequence of this issue the Company's interest in Encor was reduced to 42% and accordingly, the Company recorded a reduction in the carrying value of its investment and a charge to Other Corporate of $13 million at December 31, 1986.

6. Property, Plant and Equipment

	Depletion and Depreciation Rates (3)	December 31, 1987 Investment at Cost	December 31, 1987 Accumulated Depletion and Depreciation	December 31, 1987 Net Investment	December 31, 1986 Investment at Cost	December 31, 1986 Accumulated Depletion and Depreciation	December 31, 1986 Net Investment
Oil and gas properties and equipment (1)	Unit-of-production	$4,287	$1,728	$2,559	$4,503	$1,485	$3,018
Drillships and other vessels	6.7% to 15.0%	470	337	133	483	322	161
Natural gas liquids system and pipelines	2.5% to 7.4%	576	209	367	567	190	377
Other (2)	5.0% to 30.0%	293	173	120	303	169	134
		$5,626	$2,447	$3,179	$5,856	$2,166	$3,690

(1) Costs excluded from the depletion base were as follows:

	At December 31, 1987	Years Ended December 31, 1987	1986	1985	1984 and Prior
Acquisition costs	$ 811	$ —	$ —	$ —	$ 811
Exploration costs	430	—	—	22	408
Capitalized interest	768	—	6	22	740
Transfers to depletion base	(1,229)	—	(139)	(219)	(871)
Write-down	(717)	—	(264)	—	(453)
Amortization of frontier costs	(63)	—	(18)	(23)	(22)
	$ —	$ —	$ (415)	$ (198)	$ 613

(2) Includes the Company's interest in oil sands, mining, real estate and various other corporate assets.

(3) Depletion rates

	Years Ended December 31,				
	1987	1986	1985	1984	1983
Oil and gas properties and equipment					
Per barrel of production	$3.81	$4.31	$4.10	$ —	$ —
Per dollar based on production revenue	—	—	—	0.20	0.20

7. Income Taxes

(a) The income tax provisions differ from the calculated tax obtained by applying the combined Canadian federal-provincial corporate tax rate to the consolidated results of operations before income taxes as follows:

	Years Ended December 31,				
	1987	1986	1985	1984	1983
Corporate tax rate	49.5%	47.1%	47.1%	47.1%	47.1%
Calculated income tax provision	$(239)	$(1,301)	$ 97	$ (88)	$(553)
Add (deduct) the tax effect of					
Crown charges disallowed for tax purposes less provincial rebates	74	75	145	147	115
Federal resource allowance	(56)	(58)	(132)	(128)	(99)
Earned depletion allowance	(9)	—	(1)	(62)	9
Non-deductible interest and dividends	—	20	18	39	39
Non-deductible depletion and depreciation	46	55	55	56	45
Petroleum and gas revenue tax	—	21	65	61	51
Non-taxable component of dispositions, write-down and foreign exchange	143	429	4	27	316
Foreign operations	2	(4)	(36)	(12)	28
Deemed loss (gain) on dilution of investments in equity accounted associates	(4)	4	(6)	(5)	—
Reversal of tax provisions on dispositions of interests in subsidiaries	—	60	—	10	—
Other	(7)	48	9	(7)	23
Income tax provision	$ (50)	$ (651)	$ 218	$ 38	$ (26)

	Currency of Repayment	Repayment Dates (1)	December 31, 1987 (1)	1986
Unsecured				
Term loans and promissory notes				
Prime plus 5% payable to Encor	Cdn.		$ 101	$ 101
Prime minus ⅛% to prime plus 1¼%	Cdn.		614	394
LIBOR plus ¼% to LIBOR plus ⅞%	U.S.		716	761
10.84% notes	DM		19	16
6% notes	SF		102	86
16¼% notes	U.S.		4	4
10% Sinking Fund Debentures	U.S.		54	57
13½% Purchase Fund Debentures	U.S.		46	49
5¾% Purchase Fund Bonds	SF		97	81
7¼% Purchase Fund Bonds	SF		97	81
			1,850	1,630
Unaffected				
10⅜% Sinking Fund Debentures	Cdn.	1988-1996	19	21
14¾% Sinking Fund Debentures	U.S.	1992-2006	125	133
6% notes	Cdn.	1988-1998	51	56
Revenue Canada, Taxation (PGRT)	Cdn.	1988-1990	164	172
Leases and other			13	24
7.85% Collateral Trust Bonds net of funds on deposit of U.S. $2 million	U.S.	1994	—	—
Up to 16% advance	Cdn.	by 2030	175	175
			547	581
			$5,745	$6,080

(1) At December 31, 1987 holders of substantially all of the Company's debt instruments can demand payment of all amounts owing including those previously deferred under the Interim Plan.

Under the terms of the Arrangement Agreement the following interest, which includes accrued interest and interest which has been deferred from May 1, 1986 to December 31, 1987, will be repaid on the same basis as the related debt:

Secured	$124
Unsecured	294
Unaffected	3
	$421

At December 31, 1986 the Company was working toward a resolution of its financial difficulties, and was unable to determine the fixed and ascertainable terms of the majority of its foreign denominated debt. Accordingly, the Company charged $214 million of related deferred foreign exchange to operations at December 31, 1986. During 1987, foreign exchange gains and losses related to this debt have been charged to operations.

Security

Essentially all the assets of the Company are either pledged as security for existing indebtedness or are the subject of covenants in financial instruments whereby the Company's ability to give security on such assets is restricted.

Pursuant to an agreement among the Company, Encor and APCJ, $400 million was advanced to Encor during 1981 and 1982 to be used in conducting exploration activities in the Beaufort Sea. Of this advance, $175 million was assigned to the Company and the remaining $225 million was retained by Encor. The Company and Encor are jointly and severally liable for repayment of the principal balance of the loan which is secured by floating charge debentures on certain of the oil and gas interests of Encor and the Company in the Beaufort Sea region. The principal balance is due in the year 2030 unless default occurs at an earlier date in which event the principal amount is payable on demand. Differing events of default exist under various loan documents which may give rise to a right of acceleration of the loan and the potential right of APCJ to seek recourse against the general assets of the borrowers to satisfy payment. Any other repayment of the principal amount prior to 2030 is to be made from 20% of the net proceeds of production from certain fields which may be developed in the Beaufort Sea. The cost of borrowing is 16% per annum, compounded annually, calculated from the date the funds were advanced and is payable solely out of the proceeds of production. Accordingly, no provision will be made for such cost of borrowing until production commences. Under certain circumstances, the whole of the Company's proceeds of production from certain fields which may be developed in the Beaufort Sea may be required to service the debt obligation.

Debt Rescheduling Agreement

Under the terms of the Debt Rescheduling Agreement which was effective December 31, 1984, the majority of the Company's debt was rescheduled over the period to 1995. The Debt Rescheduling Agreement contains several significant provisions and covenants including, among others: the maintenance of various financial ratios and capital tests; restrictions on the level of capital expenditures and investments, the ability to grant new security, give guarantees, prepay debt, incur new debt or enter into capital and financial leases; restrictions on the payment of cash dividends on common shares; uniform events of default which are in addition to those currently in the Company's existing loan documents; cross default provisions; rights of certain secured lenders to receive prepayments or to be granted additional security under certain circumstances; and, additional interest payable on all rescheduled debt principal at the rate of $\frac{1}{8}$% per annum on April 1, 1987 with similar increases in 1990 and 1993.

Concurrently with the closing of the Debt Rescheduling Agreement, the Company reached agreement with Revenue Canada, Taxation to pay its 1982 and 1983 PGRT liabilities over a five year period commencing January 2, 1986 with interest at the rate prescribed by the Income Tax Act (Canada) and with Encor to reschedule certain obligations over the five year period commencing January 2, 1986. The Company suspended payment on these obligations on May 1, 1986.

9. Redeemable Preferred Shares Issued by Subsidiaries

		Years Ended December 31,					
		1987		1986		1985	
	Authorized	Outstanding	Amount	Outstanding	Amount	Outstanding	Amount
Provo Gas Producers Limited Series A	2,200,000		$ —	2,200,000	$220	2,200,000	$220
136908 Canada Ltd.	1,300,000		—		—	1,300,000	130
			$ —		$220		$350

11. Common Shares

Authorized: An unlimited number of common shares of no par value.

	Years Ended December 31,					
	1987		1986		1985	
	Outstanding	Amount	Outstanding	Amount	Outstanding	Amount
Issued to public(1)		$ —		$ —	34,000,000	$106
Issued to lenders(2)		—		—	12,223,757	27
Employee Profit Sharing Plan(3)	20,155	—	9,206,465	14	6,244,000	17
Employee Share Bonus Plans		—	6,273	—		—
Exercise of options		—	15,673	—	179,337	1
Share purchase plans		—		—		—
Exchange for Series 1 preferred shares	18,515,836	62		—		—
Exchange for shares of a subsidiary		—	3,937	—	7,687	—
Net increase	18,535,991	62	9,232,348	14	52,654,781	151
Beginning of year	340,451,904	408	331,219,556	394	278,564,775	243
End of year	358,987,895	$470	340,451,904	$408	331,219,556	$394
Weighted average number of common shares outstanding during the year reduced prior to August, 1987 by the Company's pro rata interest in its outstanding common shares held by Dome Mines	341,312,325		319,053,065		289,612,549	

	Years Ended December 31,			
	1984		1983	
	Outstanding	Amount	Outstanding	Amount
Issued to public		$ —		$ —
Issued to lenders		—		—
Employee Profit Sharing Plan(3)	10,470,843	32	9,248,895	42
Employee Share Bonus Plans	27,000	—	517,757	3
Exercise of options	326,757	1	825,005	2
Share purchase plans	(151,250)	—	(105,875)	—
Exchange for Series 1 preferred shares		—		—
Exchange for shares of a subsidiary	2,122	—	6,375	—
Net increase	10,675,472	33	10,492,157	47
Beginning of year	267,889,303	210	257,397,146	163
End of year	278,564,775	$243	267,889,303	$210
Weighted average number of common shares outstanding during the year reduced prior to August, 1987 by the Company's pro rata interest in its outstanding common shares held by Dome Mines	248,503,870		236,170,046	

(1) On May 14, 1985 the Company completed an equity issue of 34 million units, each consisting of one common share and one half common share purchase warrant, plus an additional 250,000 warrants, for aggregate net cash proceeds of $114 million. On December 15, 1986, these common share warrants expired without having been exercised.

(2) As partial consideration for rescheduling its debt, the Company issued 12,223,757 common shares in 1985 having a value of $27 million and charged this amount to operations in 1984.

(3) Suspended October 1, 1986.

Common Shares Reserved

At December 31, 1987 12,421,205 common shares (December 31, 1986—15,441,360) of the Company were reserved for issue as follows:

(a) 259,642 (December 31, 1986—279,797) for issue to the Employee Profit Sharing Plan at prevailing market prices,

(b) 7,815,362 (December 31, 1986—7,815,362) for Employee Share Bonus Plans and stock options,

(c) 1,500,000 (December 31, 1986—4,500,000) under options granted to Mr. J.H. Macdonald, Chairman and Chief Executive Officer of the Company,

(d) 2,750,000 (December 31, 1986—2,750,000) for an option granted to Morgan Stanley, and

(e) 96,201 (December 31, 1986—96,201) for shares of a subsidiary not yet presented for exchange.

During the year, the Company, pursuant to the terms of Mr. J.H. Macdonald's employment contract, as amended, paid him $1 million and cancelled 3,000,000 options.

The change in the number of common shares issuable under outstanding options is as follows:

Options outstanding, beginning of year	12,459,655
Granted	—
Exercised	—
Cancelled(1)	3,555,645
Options outstanding, end of year(2)	8,904,010

(1) All options cancelled during 1987 were exercisable at prices ranging from $1.95 to $5.87 per share.

(2) At December 31, 1987, 8,861,510 options were exercisable at prices ranging from $1.95 to $5.60 per share. The remaining 42,500 options will be exercisable on varying dates to 1996 at $1.95 per share.

12. Contributed Surplus

	Years Ended December 31,				
	1987	1986	1985	1984	1983
Contributed surplus, beginning of year	$57	$50	$46	$ 8	$ 5
Gain on purchase and cancellation of preferred shares	—	1	4	2	3
Gain on expiry of common share warrants, net of deferred income taxes (1986—$2 million and 1984—$11 million)	—	6	—	36	—
Contributed surplus, end of year	$57	$57	$50	$46	$ 8

13. Disposal of Assets

During 1985, the Company sold rights in the Primrose area of Alberta, the Producers/Westspur Pipe Line system and certain other assets for total proceeds of $142 million which resulted in a gain of $66 million before deferred income taxes of $5 million.

During 1984, the Company sold certain assets, including its 23% interest in Sovereign Oil & Gas PLC, for total proceeds of $139 million which resulted in a gain of $40 million before deferred income taxes of $10 million.

During 1983, the Company sold certain assets including virtually all of its producing and exploratory lands in the United States and its interest in TransCanada for total proceeds of $563 million. These disposals resulted in a loss of $65 million before deferred income tax charges of $12 million.

14. Write-Down of Assets

At December 31, 1987, the Company wrote down its oil and gas properties and equipment by $346 million, before deferred income taxes of $20 million (see Note 3).

During 1986, the Company wrote down the carrying value of its assets by $2,084 million, before deferred income taxes of $571 million, comprised of:

(a) Crude oil and natural gas business segment

(i) The Company wrote down its oil and gas properties and equipment by $1,204 million, before deferred income taxes of $305 million (see Note 3).

(ii) The Company recorded a write-down of $264 million, before deferred income taxes of $107 million, relating to certain acquisition and exploration costs in its Frontier cost centre which were previously held to be recoverable. Under the Company's long term view of energy prices, the majority of such costs were no longer considered to be recoverable.

(iii) The value of virtually all the Company's other crude oil and natural gas business segment assets is sensitive to the long term outlook for energy prices. Following the decline in the international price of oil in January 1986, the Company undertook a detailed review of these assets to determine whether the recorded amounts should be reduced. As a result of this review, and the Company's long term view of energy prices, the Company recorded write-downs aggregating $462 million, before deferred income taxes of $135 million, comprising: $244 million of acquisition costs related to the Company's oil sands mining properties, principally undeveloped rights, in recognition of the requirement for significant capital investment to develop these assets; $163 million of contract drilling assets and related inventory utilized in the offshore frontier areas reflecting both lower energy prices and termination of the Petroleum Incentives Program grants which have sharply curtailed drilling activity in the Canadian frontier; and $55 million related to the cost of certain other assets that the Company no longer believes to be recoverable.

(b) Other corporate assets

(i) The Company recorded a write-down of $154 million, before deferred income taxes of $24 million, of corporate assets related to the acquisition of certain mining, real estate and other corporate assets.

In 1983, the Company wrote down the carrying values of non strategic assets in the amount of $1,099 million before deferred income taxes of $202 million. The write-down was comprised of frontier oil and gas properties, mining assets, United States oil and gas properties and costs of certain deferred or terminated projects and other costs related to the Company's refinancing activities.

15. Interest and Financing

Interest and financing included in the consolidated statement of operations is comprised of the following:

	Years Ended December 31,				
	1987	1986	1985	1984	1983
Interest on debt	$599	$616	$664	$727	$ 713
Other interest and financing charges	44	56	14	164	71
Less interest capitalized	—	(6)	(23)	(52)	$(137)
	$643	$666	$655	$839	$ 647

16. Cash Flows

The consolidated statement of cash flows has been prepared on the basis of changes in the Company's cash resources which are comprised of cash and short term deposits net of short term bank loans.

(a) Operating Activities

Interest and financing (comprised of interest on debt and other interest and financing charges) and general and administrative expense are before deduction of capitalized amounts of (in millions): 1987—$16; 1986—$26; 1985—$47; 1984—$81 and 1983—$166.

(b) Investment Activities

Expenditures on property, plant and equipment are before capitalized items as follows:

	Years Ended December 31,				
	1987	1986	1985	1984	1983
Capital expenditures	$145	$140	$186	$210	$453
Deduct					
Capitalized interest	—	(6)	(23)	(52)	(137)
Capitalized general and administrative expense	(16)	(20)	(24)	(29)	(29)
	$129	$114	$139	$129	$287

Virtually all capitalized interest and general and administrative expense relates to oil and gas assets.

(c) Changes in Items Affecting Cash

	Years Ended December 31,				
	1987	1986	1985	1984	1983
(i) Changes in cash					
Cash and short term deposits					
Restricted	$ 50	$ 21	$ (83)	$(25)	$108
Unrestricted	(48)	(264)	311	83	70
Short term bank loans	—	—	15	80	129
Increase (decrease) in cash	$ 2	$(243)	$ 243	$138	$307

	1987	1986	1985	1984	1983
	Years Ended December 31,				
(ii) Cash effect of changes in other items					
Accounts receivable	$ 7	$ 305	$(134)	$106	$228
Inventories					
Product	(7)	12	38	(10)	32
Material and supplies	(1)	9	12	23	108
Accounts payable and accrued liabilities	19	(319)	(88)	(588)	126
Accrued and deferred interest	212	157	(8)	(22)	(26)
Items relating to the Debt Rescheduling Agreement	—	—	—	648	(134)
Other	1	(7)	(56)	41	(41)
Net cash effect	$231	$ 157	$(236)	$198	$293
The net cash effect relates to the following activities:					
Operating	$ 8	$ 148	$ 83	$ 49	$ 12
Investing	3	(44)	4	12	75
Financing	220	53	(323)	137	206
	$231	$ 157	$(236)	$198	$293

17. Related Party Transactions

(a) Encor

The Company was party to certain agreements with Encor including:

(i) The Dome Exploration Lands Agreement, certain provisions of which were extended to June 30, 1987, which enabled Encor to farm in on certain of the Company's exploration and development lands; and

(ii) A Corporate Services Agreement, terminated October 11, 1986, by which the Company provided most of Encor's administration.

With respect to these agreements, the Company charged Encor (in millions): 1987—$6; 1986—$64; 1985—$105; 1984—$206 and 1983—$303.

Encor holds a secured promissory note of the Company in the amount of $101 million which bears interest at prime plus 5% repayable from 1987 to 1990. The Company paid interest to Encor of (in millions): 1986—$6; 1985—$18; 1984—$15 and 1983—$12 in respect of this note. The Company suspended payment of principal and interest on this liability effective May 1, 1986.

(b) Dome Mines

The Company paid Dome Mines fees of (in millions): 1986—$4; 1985 and 1984—$11 and 1983—$12 with respect to a $225 million guarantee of certain term bank loans. The Company suspended payment of this fee effective May 1, 1986.

Prior to the amalgamation of Dome Mines with Campbell Red Lake Mines Limited and Placer Development Limited, the Company received dividends of (in millions): 1987—$1; 1986—$2; 1985 and 1984—$4 and 1983—$3.

18. Information by Business Segment and Geographic Area

The principal business segments of the Company are:

Crude oil and natural gas	Exploration, development and production of crude oil, natural gas, field liquids, sulphur, and offshore contract drilling.
Natural gas liquids	The production, purchase, transportation, storage, processing and marketing of natural gas liquids.

The information for 1985 and 1984 excludes the consolidation of Davie Shipbuilding Limited (Davie), which was sold in 1985, and Cyprus Anvil Mining Corporation (Cyprus), the mining assets of which were sold in 1985. The information for 1983 includes the consolidation of Davie and Cyprus.

BUSINESS SEGMENTS

	Years Ended December 31,				
	1987	1986	1985	1984	1983
REVENUE					
Crude oil and natural gas	$ 867	$ 915	$1,413	$ 1,427	$ 1,455
Natural gas liquids	622	626	1,011	1,013	1,135
	$ 1,489	$ 1,541	$2,424	$ 2,440	$ 2,590
TRANSFERS BETWEEN BUSINESS SEGMENTS (not included above)					
Crude oil and natural gas	$ 36	$ 41	$ 78	$ 43	$ 33
Eliminations	(36)	(41)	(78)	(43)	(33)
	$ —	$ —	$ —	$ —	$ —
OPERATING INCOME					
Crude oil and natural gas (1)	$ (27)	$(1,712)	$ 737	$ 645	$ (582)
Natural gas liquids	91	42	199	160	219
	64	(1,670)	936	805	(363)
CORPORATE REVENUE (EXPENSE)					
General and administrative	(83)	(77)	(62)	(83)	(111)
Interest and financing	(643)	(666)	(655)	(839)	(647)
Gain (loss) on disposal of investments and corporate assets	60	81	(23)	30	21
Write-down of corporate assets	—	(154)	—	—	(46)
Foreign exchange	75	(286)	(28)	(123)	(27)
Other corporate	45	9	38	23	(2)
Income taxes	50	651	(218)	(38)	26
Equity in earnings of associated companies	31	(87)	19	28	44
	(465)	(529)	(929)	(1,002)	(742)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(401)	(2,199)	7	(197)	(1,105)
REDUCTION OF CURRENT INCOME TAXES ON UTILIZATION OF LOSS CARRYFORWARD	83	—	—	—	—
NET INCOME (LOSS)	$ (318)	$(2,199)	$ 7	$ (197)	$(1,105)

(1) Includes write-down of assets of $346 million, $1,930 million and $1,052 million in 1987, 1986 and 1983 respectively.

Statement of Operations

	Years Ended December 31;				
	1987	1986	1985	1984	1983
Income (loss) in accordance with the Canadian basis as reported	$ (318)	$(2,199)	$ 7	$ (197)	$(1,105)
Add (deduct) adjustments for					
Full cost accounting(a)	245	(231)	4	—	341
Foreign currency translation(b)	4	260	(145)	(67)	(2)
Investment tax credits(c)	—	(35)	(33)	(6)	6
Other	—	—	—	—	3
Net income (loss) in accordance with the U.S. basis	$ (69)	$(2,205)	$ (167)	$ (270)	$ (757)
Per common share (after deduction of preferred share dividend entitlements)					
Before extraordinary item	$(0.48)	$ (6.96)	$(0.62)	$(1.14)	$ (3.24)
Net income (loss)	$(0.24)	$ (6.96)	$(0.62)	$(1.14)	$ (3.24)

Balance Sheet

	December 31,			
	1987		1986	
	Canadian basis	U.S. basis	Canadian basis	U.S. basis
Investment in Encor(a)	$ —	$ —	$ 323	$ 335
Investment in Placer Dome(a)	198	188	123	113
Property, plant and equipment(a)	3,179	3,641	3,690	3,906
Other assets(b)	71	65	67	52
Deferred income taxes(a)(e)	47	138	195	292
Redeemable preferred shares issued by the Company(d)	34	159	96	213
Preferred shares(d)	103	—	103	—
Deficit(e)	3,253	2,919	2,932	2,840

Notes to Statement of Operations and Balance Sheet

(a) The full cost accounting adjustments reflect the application of the full cost accounting rules prescribed by the S.E.C. Prior to 1987 the Company's full cost accounting policies and those of its equity accounted associates differed significantly from U.S. full cost accounting rules (see Notes 3 and 4). These differences related principally to the number of full cost centres maintained (only one would be permitted under U.S. rules for Canadian exploration and development costs) and the limitation on the carrying value of oil and gas properties and equipment (ceiling amount). Under the Company's present full cost policies, together with the changes in its investments as described in Note 5, these differences have now largely been eliminated. The cumulative effect of continuing differences relating primarily to definitions of reserves estimates and unproved properties is reflected in the different carrying values for oil and gas properties and equipment at December 31, 1987.

(b) Under U.S. rules, exchange gains and losses arising on translation of liabilities at period end are included in income immediately instead of being deferred and amortized over the fixed and ascertainable life of such liabilities (see Note 8).

(c) These adjustments reverse certain investment tax credits previously recognized only under U.S. rules which will expire without being realized.

(d) Under U.S. rules, the carrying amount of mandatory redeemable preferred shares which includes the Company's preferred shares is required to be increased by the amount of dividend entitlements not currently declared or paid, but which will be payable under the mandatory redemption features.

(e) The Financial Accounting Standards Board (FASB) has recently issued Statement No. 96 with respect to "Accounting for Income Taxes". The Company will be reviewing the recommendations contained in this Statement for adoption at the effective date in 1989 but is unable to determine the impact upon its U.S. basis financial statements at this time.

Reserve Quantity Information (1)

	Oil (2) (millions of barrels)	Gas (3) (billions of cubic feet)
Proved reserves at December 31, 1984	338	4,672
Revisions of previous estimates	(26)	(138)
Extensions and discoveries	10	54
Production	(29)	(211)
Proved reserves at December 31, 1985	293	4,377
Revisions of previous estimates	(8)	(315)
Extensions and discoveries	6	59
Production	(28)	(218)
Proved reserves at December 31, 1986	263	3,903
Revisions of previous estimates	12	(23)
Extensions and discoveries	7	46
Production	(29)	(201)
Proved reserves at December 31, 1987	253	3,725
Proved developed reserves at December 31:		
1984	268	3,107
1985	247	2,939
1986	228	2,322
1987	223	2,212
Company's proportionate interests in proved reserves of companies accounted for by the equity method at December 31:		
1984	26	321
1985	28	335
1986	20	281
1987	—	—

(1) All reserve figures are stated after overriding royalties and freehold royalties but before deduction of provincial royalties.

(2) Includes natural gas liquids reserves of (in millions of barrels): 1987—80; 1986—87 and 1985—90.

(3) Gas reserves are adjusted to a standard heat content of 1000 British thermal units per cubic foot.

Reserves as at December 31, 1987

	Proved Developed	Proved Undeveloped	Total Proved
Before deduction of Provincial Royalties			
Crude Oil (millions of barrels)	164	9	173
Natural Gas Liquids (millions of barrels) (i)	59	21	80
Natural Gas (billions of cubic feet) (ii)	2,212	1,513	3,725
After deduction of Provincial Royalties			
Crude Oil (millions of barrels)	142	9	151
Natural Gas Liquids (millions of barrels) (i)	45	16	61
Natural Gas (billions of cubic feet) (ii)	1,801	1,225	3,026

(i) Includes pentanes plus.

(ii) Natural gas volumes have been adjusted to a standard heat content of 1000 British thermal units per cubic foot.

Standardized Measure of Discounted Future Net Cash Flows and Changes Therein Relating to Proved Oil and Gas Reserves

Future net cash flows are based on year end prices, as determined in accordance with existing regulations, applied to the Company's proved oil and gas reserves and after deducting future expenditures to be incurred in developing and producing these reserves. Future income tax expense is computed by applying the statutory tax rates in effect at year end to the future pre-tax net cash flows less the tax basis of the properties involved. A 10% discount factor has been applied in determining the standardized measure of discounted future net cash flow.

The standardized measure of discounted future net cash flows and changes therein relating to proved oil and gas reserves disclosed in the following tables may be useful for certain comparison purposes, but should not be construed as representing the fair market value nor the future cash flow of the Company's oil and gas properties. Management does not rely upon this information in making investment and operating decisions, rather those decisions are based upon a wide range of factors, including estimates of probable reserves as well as proved reserves, and price and cost assumptions different from those reflected herein.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

	1987	1986	1985
Future cash inflows	$9,067	$9,923	$17,386
Future production and development costs	3,826	3,943	4,186
Future income taxes	1,623	2,018	5,456
Future net cash flows	3,618	3,962	7,744
Less 10% annual discount for estimated timing of cash flows	1,429	1,677	3,768
Standardized measure of discounted future net cash flows	$2,189	$2,285	$ 3,976
Company's proportionate interests in standardized measure of discounted future net cash flows of companies accounted for by the equity method	$ —	$ 128	$ 256

REPORT OF INDEPENDENT CHARTERED ACCOUNTANTS

To the Directors of
Amoco Canada Petroleum Company Ltd.

We have examined the consolidated statement of financial position of Amoco Canada Petroleum Company Ltd. as at December 31, 1987 and 1986, and the consolidated statements of income, shareholder's equity, and cash flows for each of the years in the four-year period ended December 31, 1987. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Amoco Canada Petroleum Company Ltd. as at December 31, 1987 and 1986, and the results of its operations and its cash flows for each of the years in the four-year period ended December 31, 1987 in accordance with Canadian generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta, Canada	PRICE WATERHOUSE
February 8, 1988	CHARTERED ACCOUNTANTS

AMOCO CANADA PETROLEUM COMPANY LTD.

CONSOLIDATED STATEMENT OF INCOME
(Thousands of Canadian Dollars)

	Year Ended December 31			
	1987	1986	1985	1984
Revenues:				
Sales and other operating revenues (net of royalties):				
Affiliated companies	$ 359,409	$ 180,034	$ 482,140	$ 398,614
Other	1,120,980	1,144,960	1,507,521	1,247,573
Other income	31,270	19,368	25,177	31,608
	1,511,659	1,344,362	2,014,838	1,677,795
Costs and expenses:				
Purchased crude oil and petroleum products	677,783	566,036	896,033	619,982
Operating expenses	157,945	179,139	172,957	154,777
Exploration expenses	67,459	73,489	99,635	82,740
Selling and administrative expenses	71,661	80,306	58,924	48,116
Foreign currency (gain) loss	22,704	(844)	(37,723)	(22,238)
Taxes other than income taxes	9,575	40,020	111,136	129,839
Depreciation, depletion, amortization, retirements and abandonments	136,074	101,416	79,992	150,821
Interest expense (principally Amoco Corporation in 1987 and 1986)	51,138	17,032	9,700	1,545
Equity (income) loss in joint venture	32,033	(836)	7,133	3,580
	1,226,372	1,055,758	1,397,787	1,169,162
Income before income taxes	285,287	288,604	617,051	508,633
Income taxes	139,596	130,071	384,865	314,461
Net income	$ 145,691	$ 158,533	$ 232,186	$ 194,172

(The accompanying notes are an integral part of these statements)

AMOCO CANADA PETROLEUM COMPANY LTD.

CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY
(Thousands of Canadian Dollars)

	Capital Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 1983	$7,661	$ 956,469	$ 964,130
Net income	—	194,172	194,172
Balance at December 31, 1984	7,661	1,150,641	1,158,302
Net income	—	232,186	232,186
Dividends	—	(200,000)	(200,000)
Balance at December 31, 1985	7,661	1,182,827	1,190,488
Net income	—	158,533	158,533
Dividends	—	(686,000)	(686,000)
Balance at December 31, 1986	7,661	655,360	663,021
Net income	—	145,691	145,691
Balance at December 31, 1987	$7,661	$ 801,051	$ 808,712

(The accompanying notes are an integral part of these statements)

AMOCO CANADA PETROLEUM COMPANY LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of Canadian Dollars)

ASSETS

	December 31 1987	December 31 1986
Current assets:		
Cash	$ 119	$ 727
Marketable securities at cost, which approximates market	416,430	263,332
Accounts receivable	267,703	246,574
Inventories	59,428	43,840
Prepaid expenses	873	932
	744,553	555,405
Investment and other assets:		
Investment in joint venture	39,381	61,998
Other assets	19,615	14,301
	58,996	76,299
Properties—at cost, less accumulated depreciation, depletion, amortization, retirements and abandonments of $999,109 at December 31, 1987 and $878,984 at December 31, 1986 (The successful efforts method of accounting is followed for costs incurred in oil and gas producing activities)	1,353,783	1,349,597
	$2,157,332	$1,981,301

LIABILITIES AND SHAREHOLDER'S EQUITY

	1987	1986
Current liabilities:		
Accounts payable	$ 215,261	$ 177,521
Accrued liabilities	13,963	13,527
Income taxes payable	34,436	12,105
	263,660	203,153
Deferred production revenue	125,766	143,606
Deferred income taxes	459,988	472,315
Advance from Amoco Corporation	499,206	499,206
Shareholder's equity:		
Capital stock	7,661	7,661
Retained earnings	801,051	655,360
	808,712	663,021
	$2,157,332	$1,981,301

(The accompanying notes are an integral part of these statements)

AMOCO CANADA PETROLEUM COMPANY LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Thousands of Canadian Dollars)

	Year Ended December 31			
	1987	1986	1985	1984
Cash provided by operating activities:				
Net income	$145,691	$158,533	$232,186	$194,172
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion, amortization, retirements and abandonments	136,074	101,416	79,992	150,821
Decrease (Increase) in accounts receivable	166	149,749	(26,816)	(50,873)
Decrease (Increase) in inventories	(15,588)	29,961	(22,237)	(17,260)
Increase (Decrease) in payables and accrued liabilities	48,178	(124,421)	(11,500)	78,070
Deferred taxes and other items	13,873	(11,296)	4,879	6,897
Net cash provided by operating activities	328,394	303,942	256,504	361,827
Cash provided by (used in) investing activities:				
Payments on capital expenditures	(156,318)	(137,906)	(209,646)	(140,983)
Investment in joint venture	(9,416)	6,970	(668)	(7,045)
Proceeds from disposition of property, plant and equipment	7,156	2,492	2,797	4,016
Net cash used in investing activities	(158,578)	(128,444)	(207,517)	(144,012)
Cash provided by (used in) financing activities:				
Advance from Amoco Corporation	—	499,206	—	—
Cash dividends paid	—	(686,000)	(200,000)	—
Repayment of long-term debt	—	—	—	(100,000)
Net cash used in financing activities	—	(186,794)	(200,000)	(100,000)
Net increase (decrease) in cash and marketable securities	169,816	(11,296)	(151,013)	117,815
Currency translation on foreign cash and marketable securities	(17,326)	(2,959)	12,155	8,343
Cash and marketable securities—beginning of year	264,059	278,314	417,172	291,014
Cash and marketable securities—end of year	$416,549	$264,059	$278,314	$417,172

(The accompanying notes are an integral part of these statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of Canadian Dollars, Except as Noted)

Note 1. Summary of Significant Accounting Policies:

The consolidated financial statements of Amoco Canada (a wholly-owned subsidiary of Amoco Corporation) have been prepared by management in accordance with generally accepted accounting principles in Canada which, in the case of Amoco Canada, conform in all material respects with those in the United States. The more significant of Amoco Canada's accounting policies are summarized below:

Principles of Consolidation

The consolidated financial statements include the accounts of Amoco Canada and two wholly owned subsidiaries.

Inventories

Inventories are carried at the lower of current market value or cost. Cost is determined under the last-in, first-out (LIFO) method for substantially all inventories.

Costs Incurred in Oil and Gas Operations

Amoco Canada follows the successful efforts method of accounting. Costs of property acquisition, successful exploratory wells, all development costs (including the cost of certain injected materials in enhanced recovery projects), and support equipment and facilities are capitalized. Unsuccessful exploratory wells are expensed when determined to be nonproductive. Production costs, overhead, and all exploration costs other than exploratory drilling are charged against income as incurred.

Depreciation, Depletion, and Amortization

Depreciation of plant and equipment, other than oil and gas facilities, is computed on a straight-line basis over the estimated economic lives (5 to 40 years) of the facilities. Depletion of the cost of proven oil and gas properties, amortization of related intangible drilling and development costs, and depreciation of production equipment are computed on the unit-of-production method. The portion of costs of unproved properties estimated to be nonproductive is normally amortized over projected holding periods.

Retirements and Abandonments

Upon normal retirement or replacement of plant and equipment, the gross book value of such facilities (less salvage) is charged to accumulated depreciation. Gains or losses from unusual retirements or sales are credited or charged to income.

Maintenance and Repairs

All maintenance and repair costs are charged against income. Renewals and improvements are capitalized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

Income Taxes

Provision is made in Amoco Canada's accounts to reflect the tax effects of differences in the timing of reporting transactions for financial statement and income tax purposes. Investment tax credits are deducted from the cost of the related expenditures.

Deferred Production Revenue

Deferred production revenue comprises amounts received under take-or-pay gas contracts which will be recognized as income when the related product is delivered to the purchaser.

Translation of Foreign Currencies

Amoco Canada sells a significant amount of product for export, principally to affiliated companies, which transactions are denominated in U.S. dollars and translated at the rate of exchange prevailing at the date of the transaction. Other amounts denominated in U.S. dollars (including amounts due from or to affiliated companies and certain marketable securities investments) are translated at the rate of exchange prevailing at the Consolidated Statement of Financial Position date. Gains and losses resulting from these translations are reflected in income as they occur.

Joint Venture Operations

Substantially all of the exploration and production activities of Amoco Canada are carried out through joint ventures. The assets, liabilities, and results of operations of these joint ventures are proportionately consolidated. As at December 31, 1987 Amoco Canada's 50 percent investment in the unincorporated Detour Lake gold mine joint venture was accounted for at estimated net realizable value since a plan exists to dispose of the investment. In prior periods, the investment was accounted for by the equity method.

Note 2. Marketable Securities:

Marketable securities held at December 31, 1987 and 1986 comprised the following:

	1987	1986
Government of Canada securities	$ 6,476	$ 5,463
Commercial paper	344,700	—
Eurodollar term deposits	65,254	257,869
Total	$416,430	$263,332

Note 3. Inventories:

Inventories at December 31, 1987 and 1986 are shown in the following table:

	1987	1986
Crude oil	$ 1,443	$ 2,314
Natural gas liquids	46,541	25,197
Other products (principally sulphur)	11,096	15,808
Materials and supplies	348	521
Total	$59,428	$43,840

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

Substantially all of Amoco Canada's inventories are valued on the LIFO method. If these inventories were instead valued on the FIFO method, the inventory at December 31, 1986 would have been higher by approximately $2.4 million. At December 31, 1987, the difference was not significant.

During the two years ended December 31, 1987, Amoco Canada reduced certain inventory quantities that were valued at lower LIFO costs prevailing in prior years. These reductions were not material.

Note 4. Property, Plant and Equipment:

Investment in properties at December 31, 1987 and 1986, detailed by industry segment was as follows:

	1987		1986	
	Gross	Net	Gross	Net
Exploration and Production	$2,240,599	$1,282,605	$2,116,806	$1,275,271
Supply and Marketing	109,032	70,933	108,377	74,023
Other Operations	3,261	245	3,398	303
Total	$2,352,892	$1,353,783	$2,228,581	$1,349,597

Note 5. Investment in Joint Venture:

Amoco Canada's investment relates to its interest in the Detour Lake gold mine. Its 50 percent interest in the net assets of the joint venture as of December 31, 1987 and 1986 comprised the following:

	1987	1986
Net working capital	$ (233)	$ 2,009
Property, plant and equipment, net	39,614	59,989
Total	$39,381	$61,998

Note 6. Capital Stock:

The authorized capital stock of Amoco Canada is as follows:

15,000,000 Common Shares, without par value

1,308,894 Preferred Shares, Series A, entitled to a noncumulative cash dividend of $10 per share, per annum, without par value

7,191,106 Preferred Shares, Series B, entitled to a noncumulative cash dividend of $12 per share, per annum, without par value

During the four years ended December 31, 1987, 766,101 common shares were issued and outstanding; no preferred shares were outstanding during the period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

Note 7. Related Party Transactions:

The consolidated financial statements include transactions with Amoco Corporation and affiliated companies as follows:

	Year Ended December 31			
	1987	1986	1985	1984
Balance, beginning of year	$(456,004)	$ 155,000	$ 174,996	$ 118,831
Sales to affiliated companies	359,409	180,034	482,140	398,614
Purchases from affiliated companies	(6,728)	(943)	—	—
Interest on advances to Amoco Fabrics Ltd.	1,703	2,972	3,392	3,680
Interest on advance from Amoco Corporation	(51,579)	(15,430)	—	—
Corporate general and administrative charges	(21,001)	(20,508)	(19,418)	(17,243)
Cash advances, reimbursements, collections, etc.	(306,474)	(757,129)	(486,110)	(328,886)
Balance, end of year	$(480,674)	$(456,004)	$ 155,000	$ 174,996

By classification in the Consolidated Statement of Financial Position:

	December 31	
	1987	1986
Accounts receivable:		
Amoco Fabrics Ltd.	$ 15,523	$ 24,950
Other affiliates	37,565	26,016
Accounts payable	(34,556)	(9,697)
Other assets	—	1,933
Advance from Amoco Corporation	(499,206)	(499,206)
Total	$(480,674)	$(456,004)

The advance from Amoco Corporation of $499.2 million, secured by a demand promissory note, bears interest at the Canadian Imperial Bank of Commerce prime rate plus one half of one percent and has no fixed repayment terms. Demand for repayment will not be initiated by Amoco Corporation without giving Amoco Canada at least 370 days notice.

Accounts receivable from Amoco Fabrics Ltd. largely represent amounts due pursuant to an agreement whereby Amoco Canada agreed to fund working capital needs of Amoco Fabrics Ltd. Advances under this agreement bear interest at short-term market rates.

Certain employees of Amoco Canada participate in Amoco Corporation's stock option and incentive compensation plans. Costs associated with these plans are charged to Amoco Canada.

The remaining transactions were incurred during the normal course of business and generally were non-interest bearing. Purchases from affiliated companies include costs related to product purchases and the periodic acquisition of tangible assets. Corporate general and administrative charges represent the costs of data processing and telecommunications, research and development activities, and financial and administrative functions provided by Amoco Corporation. The charges for these services are based largely upon Amoco Corporation's cost to provide them.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

Note 8. Retirement Plan:

Amoco Canada has a defined benefit pension plan covering substantially all employees. Plan benefits are generally based on employees' years of service and average final compensation. The cost of the plan is borne by Amoco Canada. Amoco Canada makes annual contributions to the plan in amounts that are intended to provide for the cost of pension benefits over the service lives of employees.

In 1985 and 1984 pension expense of $4.2 million and $4.4 million, respectively, was accounted for in accordance with the provisions of United States APB Opinion No. 8. Effective January 1, 1986, Amoco Canada adopted the provisions of United States Financial Accounting Standards Board ("FASB") Statement No. 87, "Employers' Accounting for Pensions", which generally conforms to the recommendations of the Canadian Institute of Chartered Accountants. The effect of applying this Statement, including changes in certain actuarial assumptions, was not material.

The components of 1987 and 1986 net pension expense were as follows:

	1987		1986	
Service cost—benefits earned during the year		$ 3,246		$ 3,321
Interest cost on projected benefit obligation		5,579		3,867
Actual (return) loss on assets	$ 769		$(7,355)	
Less—Unrecognized gain (loss)	(7,242)	(6,473)	1,309	(6,046)
Amortization of unrecognized amounts		(630)		(939)
Net pension expense		$ 1,722		$ 203

The status of the plan funding as of December 31, 1987 and 1986 was as follows:

	1987	1986
Fair value of plan assets, principally equity and fixed income securities	$ 66,772	$ 70,366
Actuarial present value of benefit obligations:		
Vested benefits	36,262	39,031
Non-vested benefits	82	271
Accumulated benefit obligation	36,344	39,302
Additional benefits based on estimated future salary levels	17,872	13,950
Projected benefit obligation	54,216	53,252
Excess of plan assets over projected benefit obligation	12,556	17,114
Unrecognized net losses	4,933	3,215
Unrecognized prior service costs	190	
Unrecognized net gains at date of adoption of FASB Statement No. 87	(18,792)	(19,731)
Prepaid (Accrued) pension cost	$ (1,113)	$ 598

The assumptions used for the pension plan for 1987 and 1986 were as follows:

	1987	1986
Discount rate for service and interest costs	9.0%	9.0%
Discount rate for projected benefit obligation	10.5%	9.0%
Rate of increase in compensation units	6-7¼%	6.0%
Long-term rate of return on assets	9.5%	9.5%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

The increase during 1987 in the projected benefit obligation and pension expense reflects, in part, changes in certain actuarial computation procedures. The increase in the projected benefit obligation was substantially offset by the change in the assumed discount rate.

Employees are also eligible to participate in defined contribution plans by contributing a portion of their compensation. Amoco Canada matches contributions up to specified percentages of each employee's compensation. Matching contributions charged to income were $3.2 million in 1987, $3.3 million in 1986, $3.3 million in 1985 and $3.2 million in 1984.

Note 9. Leases:

Amoco Canada leases various types of properties including buildings, data processing equipment, and other facilities primarily through operating leases. Total rental expense applicable to operating leases was $15.1 million in 1987, $16.3 million in 1986, $15.1 million in 1985, and $14.6 million in 1984.

Minimum rentals payable on noncancelable operating leases with terms of one year or more are as follows as of December 31, 1987:

1988	$11,400
1989	10,600
1990	8,321
1991	7,574
1992	7,537
After 1992	50,872
Total Minimum Rentals	$96,304

Note 10. Taxes:

Taxes other than income taxes include:

	Year Ended December 31			
	1987	1986	1985	1984
Petroleum and Gas Revenue Tax	$(1,026)	$29,620	$102,376	$117,849
Property taxes	8,281	7,794	7,395	8,371
Other	2,320	2,606	1,365	3,619
Total	$ 9,575	$40,020	$111,136	$129,839

The provision for income taxes was composed of:

	Year Ended December 31			
	1987	1986	1985	1984
Current	$151,923	$110,003	$373,776	$329,850
Deferred	(12,327)	20,068	11,089	(15,389)
Total	$139,596	$130,071	$384,865	$314,461

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

The reported income tax provisions differ from the amounts that would have resulted had the reported income before income taxes been taxed at the Canadian federal statutory tax rate. The principal reasons for the differences between the actual amounts provided and that which would have resulted from the application of the statutory rate were as follows:

	Year Ended December 31			
	1987	1986	1985	1984
Statutory federal income tax rate	45.5%	46.0%	46.0%	46.0%
Increase (reduction) resulting from:				
Non-deductible crown royalties and other provincial payments	25.2	22.0	22.5	30.3
Resource allowance	(18.6)	(16.4)	(16.4)	(21.4)
Non-deductible Petroleum and Gas Revenue Tax	(0.1)	4.7	7.6	10.7
Depletion allowance	(1.4)	(2.0)	(0.7)	(1.0)
Federal surtax	1.3	1.9	1.1	—
Incremental provincial taxes including manufacturing and processing credit	2.8	(2.2)	2.4	1.8
Provincial royalty tax rebates	(3.0)	(2.7)	(1.5)	(2.2)
Other	(2.8)	(6.2)	1.4	(2.4)
Effective income tax rate	48.9%	45.1%	62.4%	61.8%

The aggregate deferred income tax provision represents the effect of the following timing differences between book and tax income:

	Year Ended December 31			
	1987	1986	1985	1984
Accelerated depreciation deducted for tax purposes in excess of book provision	$(13,222)	$16,610	$17,447	$ 11,749
Book provision for intangible drilling and development costs in excess of deduction for tax purposes	(809)	(14,211)	(6,436)	(32,175)
Cost of oil and gas properties deducted for tax purposes in excess of book amortization	3,452	19,385	1,647	5,346
Other (net)	(1,748)	(1,716)	(1,569)	(309)
Total deferred income tax provision	$(12,327)	$20,068	$11,089	$(15,389)

Note 11. Contingent Liabilities:

Amoco Canada and other participants of the ProGas project have entered into an agreement with Nova, an Alberta Corporation, to act as a guarantor in the event of default of ProGas regarding cost of service due to Nova. Amoco Canada's maximum exposure as of December 31, 1987 was estimated at $4.1 million per year until expiration of the guarantee in 2001, and is dependent upon the occurrence of certain events, the probability of which is considered unlikely.

Amoco Canada is one of eleven companies, along with the government of Alberta, named as defendants by the Lubicon Lake Indian Band in a $900 million claim for damages and retroactive royalty payments, concerning certain lands in Northern Alberta in which Amoco Canada has an interest. This action was commenced in the Court of Queen's Bench of Alberta after having been

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

dismissed from the Federal Court in 1980 in respect of all defendants, other than the Government of Canada, for lack of jurisdiction of the court in which the action was filed. The plaintiff and corporate defendants are presently negotiating a discontinuation of the action against the corporate defendants. The extent of liability, if any, with respect to the total claim, cannot be determined at this time.

Amoco Canada has been notified that three shareholders of Dome Petroleum Limited ("Dome") have initiated separate lawsuits in certain United States courts all of which named Amoco Canada as a co-defendant. In part, each of the suits seeks an order declaring the Arrangement Agreement (See Note 16) between Amoco Canada and Dome null and void, or, alternatively, actual damages, consequential damages and punitive damages of an unspecified amount. Amoco Canada is not able to make a meaningful assessment of the outcome of these suits at this time.

Amoco Canada also has various other suits and claims pending against it for which, in Amoco Canada's opinion, the ultimate liability will not be material in relation to its consolidated financial position.

Note 12. Information by Industry Segment:

The following financial information by industry segment for the four years ended December 31, 1987, has been prepared in accordance with the recommendations of the Canadian Institute of Chartered Accountants and the provisions of United States FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise".

	1987	1986	1985	1984
Revenues:				
Petroleum Operations				
Exploration and Production(1)	$ 729,023	$ 725,765	$ 995,266	$ 939,536
Supply and Marketing(2)	1,245,572	1,043,502	1,442,441	810,105
Unallocated corporate amounts	27,948	17,734	26,751	37,135
Intersegment sales(3)	(490,884)	(442,639)	(449,620)	(108,981)
Total revenues	$1,511,659	$1,344,362	$2,014,838	$1,677,795
Operating profit (loss):				
Petroleum Operations				
Exploration and Production	$ 299,712	$ 270,792	$ 543,884	$ 435,986
Supply and Marketing	43,983	17,628	66,115	47,520
Other Operations	(3,185)	(1,354)	(2,866)	(6,883)
Total operating profit	340,510	287,066	607,133	476,623
Equity income (loss) in joint venture	(32,033)	836	(7,133)	(3,580)
Corporate revenues and interest expense	(23,190)	702	17,051	35,590
Income before income taxes	$ 285,287	$ 288,604	$ 617,051	$ 508,633

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Thousands of Canadian Dollars, Except as Noted)

	1987	1986	1985	1984
Identifiable assets:				
Petroleum Operations				
Exploration and Production	$1,428,192	$1,384,066	$1,377,395	$1,299,040
Supply and Marketing	272,776	270,157	415,509	331,474
Other Operations	434	1,021	1,010	352
Total identifiable assets	1,701,402	1,655,244	1,793,914	1,630,866
Investment in joint venture	39,381	61,998	68,132	74,597
Unallocated corporate amounts (cash and marketable securities)	416,549	264,059	278,314	417,172
Total assets	$2,157,332	$1,981,301	$2,140,360	$2,122,635
Capital expenditures:				
Petroleum Operations				
Exploration and Production	$ 146,658	$ 127,103	$ 202,449	$ 140,813
Supply and Marketing	686	17,195	3,260	3,383
Corporate and other	8	45	9	21
Total	$ 147,352	$ 144,343	$ 205,718	$ 144,217
Depreciation and related charges:				
Petroleum Operations				
Exploration and Production	$ 132,239	$ 98,179	$ 77,236	$ 145,729
Supply and Marketing	3,829	3,233	2,823	5,065
Corporate and other	6	4	(67)	27
Total	$ 136,074	$ 101,416	$ 79,992	$ 150,821
Export sales	$ 484,540	$ 313,265	$ 576,265	$ 447,018

(1) Prior to decontrol of Canadian crude oil marketing, effective June 1, 1985 (See "Government Regulation of the Oil and Gas Industry Applicable to Amoco Canada and Dome"), essentially all of Amoco Canada's proprietary crude oil was sold to the Alberta Petroleum Marketing Commission.

(2) For the year 1987 and 1986, Supply and Marketing segment revenues include crude oil sales to Imperial Oil Limited amounting to $205 million and $212 million, respectively.

(3) Intersegment sales of crude oil, related petroleum products, and sulphur from Exploration and Production to the Supply and Marketing segment are accounted for at prices which approximate arm's-length market prices.

Note 13. Other Income Statement Data:

	Year Ended December 31			
	1987	1986	1985	1984
Maintenance and repairs	$42,421	$46,935	$54,777	$45,334
Research and development	$13,428	$13,503	$11,450	$11,911

AMOCO CANADA PETROLEUM COMPANY LTD.

UNAUDITED SUPPLEMENTARY DATA
(Thousands of Canadian Dollars, Except as Noted)
(Unaudited)

OIL AND GAS EXPLORATION AND PRODUCTION ACTIVITIES

The supplemental information about oil and gas exploration and production activities is reported in accordance with the provisions of United States FASB Statement No. 69, "Disclosures about Oil and Gas Producing Activities".

Results of Operations for Oil and Gas Producing Activities

	Year Ended December 31			
	1987	1986	1985	1984
Oil and gas production revenues:				
Intersegment	$447,751	$375,958	$386,981	$ 69,400
Trade	206,154	245,281	507,830	803,502
Other revenues	75,118	104,526	100,455	66,634
Total revenues	729,023	725,765	995,266	939,536
Production costs:				
Taxes other than income	7,752	39,074	110,576	126,924
Other production costs	181,077	211,653	155,685	140,597
Exploration expenses	67,451	73,435	98,167	80,111
Depreciation, depletion, amortization, retirements and abandonments	128,313	93,194	73,176	141,680
Other related costs	44,718	37,617	13,778	14,238
Total costs	429,311	454,973	451,382	503,550
Operating profit	299,712	270,792	543,884	435,986
Income tax expense	126,470	123,469	351,565	287,994
Results of operations	$173,242	$147,323	$192,319	$147,992

Oil and gas production revenues reflect the market prices of net production sold or transferred, with appropriate adjustments for royalties, net profits interest, and other contractual provisions. Other revenues primarily represent sulphur sales and natural gas processing fees. Taxes other than income include the Canadian federal government Petroleum and Gas Revenue Tax and property taxes. Other production costs are lifting costs incurred to operate and maintain producing wells and related equipment, including such costs as operating labor, repairs and maintenance, materials, supplies, and fuel consumed. Production costs include administrative expenses, attributed currency gains or losses, and depreciation applicable to support equipment associated with production activities.

Exploration expenses include the costs of geological and geophysical activity, carrying and retaining undeveloped properties, and drilling exploratory wells determined to be non-productive. Depreciation, depletion, amortization, retirements and abandonments relate to capitalized costs incurred in acquisition, exploration, and development activities and does not include depreciation applicable to support equipment. Income taxes are generally assigned to the operations that give rise to the tax effects. Results of operations do not include corporate revenues and interest expense nor their associated tax effects.

Average Price and Cost Data

Average sales prices (including transfers) and production costs per unit of oil and gas produced are as follows:

	Year Ended December 31			
	1987	1986	1985	1984
	(Canadian dollars per unit)			
Product revenues				
Crude oil and natural gas liquids				
Crude oil (dollars per barrel)	$22.69	$19.14	$35.83	$34.04
Natural gas liquids (dollars per barrel)	$10.72	$12.39	$21.45	$20.69
Natural gas (dollars per thousand cubic feet)	$ 1.81	$ 2.32	$ 2.76	$ 3.03
Production costs (dollars per equivalent barrel)	$ 4.64	$ 7.03	$ 7.32	$ 7.56

Production costs are shown on a dollar-per-barrel basis after converting natural gas into equivalent barrel units on the basis of relative energy content. The production cost data includes the Petroleum and Gas Revenue Tax which on an equivalent barrel basis averaged $0.83 in 1986, $2.81 in 1985, and $3.33 in 1984. The Petroleum and Gas Revenue Tax was eliminated effective October 1986.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

The standardized measure of discounted future net cash flows relating to proved oil and gas reserves is prescribed by United States FASB Statement No. 69. The statement requires measurement of future net cash flows through assignment of a monetary value to proved reserve quantities and changes therein using a standardized formula. The amounts shown are based on prices and costs at the end of each period, statutory tax rates, and a 10 percent annual discount factor. Because the calculation assumes static economic and political conditions and requires extensive judgment in estimating the timing of production, the resultant future net cash flows are not necessarily indicative of the fair market value of estimated proved reserves, but provide a reference point that may assist the user in projecting future cash flows.

Summarized below is the standardized measure of discounted future net cash flows relating to proved oil and gas reserves for the four years ended December 31, 1987.

	December 31			
	1987	1986	1985	1984
	(Millions of Canadian Dollars)			
Future cash inflows	$8,116	$8,820	$14,881	$14,654
Future development and production costs	2,918	2,993	3,770	5,972
Future income taxes	2,527	2,752	5,536	5,667
Future net cash flows	2,671	3,075	5,575	3,015
Ten percent annual discount	1,369	1,547	2,916	1,599
Discounted net cash flows	$1,302	$1,528	$ 2,659	$ 1,416

Future cash inflows are computed by applying the year-end prices of oil and gas to proved reserve quantities. Future price changes are considered only to the extent provided by contractual arrangements. Future development and production costs are estimated expenditures to develop and produce the proved reserves based on year-end costs and assuming continuation of existing economic conditions. Future income taxes are calculated by applying appropriate statutory tax rates to future pre-tax net cash flows from proved oil and gas reserves less recovery of the tax basis of proved properties, and adjustments for permanent differences.

Statement of Changes in Standardized Measure of Discounted Future Net Cash Flows

The following table details the changes in the standardized measure of discounted future net cash flows:

	Year Ended December 31			
	1987	1986	1985	1984
	(Millions of Canadian Dollars)			
Balance at January 1	$1,528	$2,659	$1,416	$1,178
Changes resulting from:				
Sales and transfers of oil and gas produced, net of production costs	(465)	(371)	(629)	(605)
Net changes in prices, and development and production costs	(164)	(2,580)	813	767
Current year expenditures for development	127	136	155	122
Extensions, discoveries, and improved recovery, less related costs	209	56	549	258
Purchases (sales) of reserves in place	2	—	(10)	(7)
Revisions of previous quantity estimates	(186)	(89)	(1)	(10)
Accretion of discount	305	568	439	339
Net change in income taxes	161	1,364	23	(716)
Other	(215)	(215)	(96)	90
Balance at December 31	$1,302	$1,528	$2,659	$1,416

Estimated Proved Reserves

Net proved reserves of crude oil (including condensate), natural gas liquids ("NGL"), and natural gas at the beginning and end of 1987, 1986, 1985 and 1984 with the detail of changes during those years, are presented below. All of Amoco Canada's oil and gas reserves are located in Canada. Proved reserves cannot be measured exactly and the estimation of reserves involves judgmental and subjective determinations. Reserve estimates must be reviewed and adjusted periodically to reflect additional information gained from reservoir performance, new geological and geophysical data, and economic changes. The estimates were prepared by Amoco Canada's engineers and are based on current technology and economic conditions. Amoco Canada considers such estimates to be reasonable and consistent with current knowledge of the characteristics and extent of proved production. The estimates include only those amounts considered to be proved reserves and do not include additional amounts that may result from extensions of currently proved areas, or amounts that may result from new discoveries in the future, or from application of secondary or tertiary recovery processes not yet determined to be commercial. Proved developed reserves are those reserves that are expected to be recovered through existing wells with existing equipment and operating methods.

	Crude Oil	NGL	Natural Gas
	(Millions of Barrels)		(Billions of Cubic Feet)
Proved reserves:			
December 31, 1983	162	33	2,262
Revisions of previous estimates	5	3	(90)
Improved recovery applications	3	—	2
Extensions, discoveries, and other additions	16	1	61
Sales of reserves in place	(1)	—	(1)
Production	(16)	(4)	(89)
December 31, 1984	169	33	2,145
Revisions of previous estimates	3	—	(14)
Improved recovery applications	15	1	3
Extensions, discoveries, and other additions	21	—	148
Production	(15)	(4)	(97)
December 31, 1985	193	30	2,185
Revisions of previous estimates	(9)	2	95
Extensions, discoveries, and other additions	2	—	25
Production	(17)	(3)	(94)
December 31, 1986	169	29	2,211
Revisions of previous estimates	6	2	2
Improved recovery applications	16	—	1
Extensions, discoveries, and other additions	4	—	34
Purchases of reserves in place	—	—	6
Sales of reserves in place	—	—	(5)
Production	(18)	(3)	(114)
December 31, 1987	177	28	2,135
Proved developed reserves:			
December 31, 1984	159	30	1,808
December 31, 1985	163	27	1,881
December 31, 1986	161	26	1,899
December 31, 1987	168	26	1,849

Capitalized Costs

The following table summarizes capitalized costs for oil and gas exploration and production activities, and the related accumulated depreciation, depletion, and amortization.

	December 31			
	1987	1986	1985	1984
Unproved properties:				
Gross assets	$ 158,761	$ 148,221	$ 173,144	$ 157,745
Accumulated amortization	35,343	37,168	58,369	74,188
Net assets	$ 123,418	$ 111,053	$ 114,775	$ 83,557
Proved properties:				
Gross assets	$2,029,113	$1,917,051	$1,798,859	$1,653,503
Accumulated depreciation, depletion, etc.	898,537	782,005	690,727	626,108
Net assets	$1,130,576	$1,135,046	$1,108,132	$1,027,395

	December 31			
	1987	1986	1985	1984
Support equipment and facilities				
Gross assets	$ 52,725	$ 51,534	$ 47,072	$ 43,535
Accumulated depreciation	24,114	22,362	19,516	17,829
Net assets	$ 28,611	$ 29,172	$ 27,556	$ 25,706

Costs Incurred

Property acquisition costs include costs incurred to purchase, lease or otherwise acquire oil and gas properties. Exploration costs include the costs of geological and geophysical activity, carrying and retaining undeveloped properties, and drilling and equipping exploratory wells. Development costs include the costs of drilling and equipping development wells, injected materials for enhanced recovery projects, and facilities to extract, treat, and gather and store oil and gas. Exploration and development costs include administrative expenses and depreciation applicable to support equipment associated with these activities. Costs incurred summarized below include both amounts expensed and capitalized.

	Year Ended December 31			
	1987	1986	1985	1984
Property acquisition	$ 24,279	$ 6,596	$ 35,828	$ 17,819
Exploration	102,966	91,077	116,548	92,614
Development	127,127	136,116	155,427	121,790
Total	$254,372	$233,789	$307,803	$232,223

QUARTERLY FINANCIAL DATA

Comparative results of operations by quarter for the years 1984, 1985, 1986 and 1987 were as follows:

	Revenues	Operating Profit	Net Income
1984-First quarter	$437,940	$122,103	$56,487
Second quarter	393,421	121,369	46,079
Third quarter	381,653	102,805	39,910
Fourth quarter	464,781	130,346	51,696
1985-First quarter	501,459	174,913	79,936
Second quarter	578,158	140,272	50,674
Third quarter	407,899	124,037	45,545
Fourth quarter	527,322	167,911	56,031
1986-First quarter	419,548	110,978	50,293
Second quarter	275,031	43,286	25,208
Third quarter	312,849	78,684	49,583
Fourth quarter	336,934	54,118	33,449
1987-First quarter	355,660	86,683	45,041
Second quarter	341,535	93,342	45,166
Third quarter	389,580	75,203	34,458
Fourth quarter	424,884	85,282	21,026

APPENDIX C

PLAN OF ARRANGEMENT
PURSUANT TO SECTION 185.1
OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE I

INTERPRETATION

1.1 In this Plan of Arrangement (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

"Accrued Portion of a Partially Unmatured Coupon" means that part of the interest represented by any Unmatured Coupon as is attributable to that part of an interest period covered by such Unmatured Coupon which ends on and includes the day before the Settlement Date;

"Act" means the Canada Business Corporations Act, S.C. 1974-75, c. 33, as amended, including the regulations promulgated thereunder;

"Adjustable Term Notes" means the Adjustable Term Notes to be issued by Amoco Canada having the terms set forth or provided for in the Deed of Trust and Mortgage referred to in Schedule B annexed hereto and each of "Adjustable Term Notes (Series A)" and "Adjustable Term Notes (Series B)" means the series of Adjustable Term Notes so designated and having the terms set forth or provided for in the said Deed of Trust and Mortgage;

"Affected Credit Facilities" means the credit facilities and obligations of Dome and the other Dome Companies (as such term is defined in the Debt Rescheduling Agreement) listed on Schedule A annexed hereto including, without limitation, all obligations, documents, instruments, security, guarantees, agreements, assurances and undertakings listed with respect to such credit facilities and obligations, in Exhibits A-1 to A-26, inclusive, to the Debt Rescheduling Agreement identified beside the name of such facility (e.g., "(A-1)") in Schedule A annexed hereto, and, in the case of those facilities listed in items 2 to 7 of said Schedule A, in Notes 3 to 8 of said Schedule A, any and all amendments, modifications or supplements thereto, any and all other obligations, documents, instruments, security, guarantees, agreements, assurances and undertakings given in respect thereof and any and all claims of any creditor or lender against Dome or the other Dome Companies whether accrued, absolute, contingent, liquidated or unliquidated, known or unknown (including, without limitation, claims arising from guarantees and sureties by any entity related to such claims) under, arising out of, relating to or connected with such credit facilities or obligations;

"Amalco No. 1" means the amalgamated corporation referred to in Section 4.2;

"Amalco No. 2" means the amalgamated corporation referred to in Section 4.15;

"Amended Arrangement Agreement" means the Arrangement Agreement dated the 12th day of May, 1987 between Amoco Canada and Dome, as amended by Agreements dated as of June 15, 1987, July 15, 1987, September 15, 1987, October 15, 1987, November 19, 1987 and April 22, 1988, providing for this Plan of Arrangement;

"Amoco Acquisition" means Amoco Acquisition Company Ltd., a corporation incorporated under the Act;

"Amoco Canada" means Amoco Canada Petroleum Company Ltd., a corporation continued under the Act;

"Amoco Holdings" means Amoco Canada Holdings Ltd., a corporation incorporated under the Act;

"APCJ Credit Facility" means the credit facility and obligations of Dome, ENCOR and Provo referred to as "Arctic Petroleum Corp." in Exhibit G-1 to the Debt Rescheduling Agreement including all obligations, documents, instruments, security, guarantees, agreements, assurances and undertakings given in respect thereof and any and all amendments, modifications or supplements thereto, and any and all claims of the creditor thereunder against Dome, ENCOR or Provo, whether accrued, absolute, contingent, liquidated or unliquidated, known or unknown (including, without limitation, claims arising from guarantees and sureties by any entity related to such claims) under, arising out of, relating to or connected with such credit facility, including, without limitation, the following obligations, documents, instruments, security, guarantees, agreements and undertakings:

(i) Letter of Intent dated August 22, 1980 between Dome and Japan National Oil Corporation ("JNOC");

(ii) Amendment to Letter of Intent dated December 23, 1980 from JNOC to Dome;

(iii) Formal Contract dated February 16, 1981 made between Dome, ENCOR and Arctic Petroleum Corporation;

(iv) Floating Charge Debenture dated as of February 16, 1981 made by ENCOR in favour of Arctic Petroleum Corporation to secure Cdn. $400,000,000;

(v) Floating Charge Debenture dated as of February 16, 1981 made by Provo in favour of Arctic Petroleum Corporation to secure Cdn. $400,000,000;

(vi) Floating Charge Debenture dated as of February 16, 1981 made by Dome in favour of Arctic Petroleum Corporation to secure Cdn. $400,000,000;

(vii) Pledge Agreement dated February 16, 1981 between Dome, ENCOR, Provo and Arctic Petroleum Corporation;

(viii) Guarantee dated February 16, 1981 by Dome in favour of Arctic Petroleum Corporation;

(ix) Guarantee dated February 16, 1981 by Provo in favour of Arctic Petroleum Corporation;

(x) Letter Agreement dated February 16, 1981 among Dome, ENCOR and Arctic Petroleum Corporation;

(xi) Letter dated February 16, 1981 from Arctic Petroleum Corporation to Dome and ENCOR concerning, inter alia, an assignment by ENCOR of the right to receive the first Cdn. $175 MM of the loan to Dome;

(xii) Letter dated February 16, 1981 from Arctic Petroleum Corporation to Dome and ENCOR concerning section 30.02 of the Formal Contract;

(xiii) Letter dated October 24, 1986 from Arctic Petroleum Corporation of Japan to Dome;

(xiv) Letter dated October 27, 1986 from Arctic Petroleum Corporation of Japan to Dome; and

(xv) Letter dated November 17, 1986 from Dome to Arctic Petroleum Corporation of Japan;

"Articles of Arrangement" means the articles of arrangement in respect of this Plan of Arrangement required by subsection 185.1(6) of the Act to be sent to the Director after the Final Order has been made;

"Bayerische" means Bayerische Landesbank;

"Beaufort Companies" means collectively, Beaufort Energy Limited, Beaufort Exploration Limited and Beaufort Petroleum Investment Limited, all corporations incorporated under the Act;

"Beaufort Obligations" means collectively, the obligations of Dome to subscribe for shares in the capital of each of the Beaufort Companies in order to fund the retraction amounts owing by such companies to those persons who in 1978 and 1979 purchased units in such companies in order to partially finance certain Beaufort Sea exploration;

"Brunswick" means Brunswick Mining and Smelting Corporation Limited;

"Brunswick Obligation" means the obligation of Provo to pay to Brunswick the sum of Cdn. $2,500,000 in consideration for the purchase of the 5 Limited Partnership Units of the Dome Beaufort Petroleum (March 1980) Limited Partnership held by Brunswick;

"Business Day" means a day when banks in Toronto and Calgary are open for the transaction of general banking business and banks in neither the City of New York nor in the City of Chicago are required or authorized to close;

"Canadian Dollars" and "Cdn. $" means lawful money of Canada;

"Cash Amount" means an amount of cash equal to the interest at the rate of 7.375% per annum that would have accrued, without compounding, on the principal amount of each Subordinated Exchangeable Debenture (Series A) issued pursuant to Section 4.16 and Article VI from and including December 1, 1987 to but not including the Settlement Date if such Subordinated Exchangeable Debenture (Series A) had been outstanding during such period;

"Certificate of Amendment" means the certificate of amendment to be issued pursuant to subsection 185.1(7) of the Act by the Director in respect of the Articles of Arrangement;

"Class X Preferred Shares" means the Class X Preferred Shares having the rights, privileges, restrictions and conditions set out in Schedule M annexed hereto;

"Class Y Preferred Shares" means the Class Y Preferred Shares having the rights, privileges, restrictions and conditions set out in Schedule K annexed hereto;

"Class YY Preferred Shares" means the Class YY Preferred Shares having the rights, privileges, restrictions and conditions set out in Schedule K annexed hereto;

"Class Z Special Shares" means the Class Z Special Shares having the rights, privileges, restrictions and conditions set out in Schedule K annexed hereto;

"Coupon Entitlement" means in relation to any relevant Coupons, the aggregate of the Gross Coupon Amount and the Supplemental Coupon Amount;

"Coupons" means any coupons, whether attached or unattached, which relate to the Eurodollar Facilities or the Swiss Francs Facilities;

"Court" means the Court of Queen's Bench of Alberta;

"Creditor Deposit Agreement" means the creditor deposit agreement dated as of June 1, 1988 between Amoco Acquisition, Amoco Canada, Amoco Holdings, Dome and the Depositary;

"Debt Rescheduling Agreement" means the Dome Petroleum Debt Rescheduling Agreement dated as of June 30, 1984 between Dome, each of the other Dome Companies (as therein defined) parties thereto and the banks, insurance companies and other lenders parties thereto, as supplemented and amended by the First Amending Agreement and Novation dated as of August 17, 1984, the Second Amending Agreement, Extension and Acknowledgment dated as of September 28, 1984 and the Third Amending Agreement dated as of December 31, 1984;

"Depositary" means The Royal Trust Company;

"Director" means the Director appointed under section 253 of the Act;

"Dome" means Dome Petroleum Limited, a corporation continued under the Act;

"Dome Common Shareholders" means the holders of Dome Common Shares;

"Dome Common Shares" means the issued and outstanding common shares in the capital of Dome including the 96,201 common shares issued by Dome to or for the benefit of certain former common shareholders of Provo;

"Dome Energy" means Dome Energy Limited, a corporation incorporated under the Act;

"Dome Energy Class Y Preferred Shares" means the Class Y Preferred Shares of Dome Energy having the rights, privileges, restrictions and conditions set out in Schedule L annexed hereto;

"Dome Energy Credit Facilities" means the Affected Credit Facilities referred to in items 1(a) and 1(i) of Schedule A annexed hereto;

"Dome Options" means the options to purchase not more than 6,154,010 common shares in the capital of Dome exercisable at prices varying from Cdn. $1.95 to Cdn. $4.90 and for varying periods of time through April 30, 1996, but does not include the Morgan Stanley Option;

"Dome Series A Preferred Shareholders" means the holders of Dome Series A Preferred Shares;

"Dome Series A Preferred Shares" means the issued and outstanding Series A Preferred Shares in the capital of Dome;

"Dome Series B Preferred Shareholders" means the holders of Dome Series B Preferred Shares;

"Dome Series B Preferred Shares" means the issued and outstanding Series B Preferred Shares in the capital of Dome;

"Dome Series C Preferred Shareholders" means the holders of Dome Series C Preferred Shares;

"Dome Series C Preferred Shares" means the issued and outstanding Series C Preferred Shares in the capital of Dome;

"Effective Date" means the date set forth in the Certificate of Amendment;

"ENCOR" means ENCOR Energy Corporation Inc., a corporation continued under the Business Corporations Act (Alberta);

"ENCOR Settlement Agreement" means the Agreement dated as of November 28, 1987 between ENCOR and Amoco Canada;

"Equivalent Amount", when determining the equivalent amount in United States Dollars of a number of Canadian Dollars, shall mean the number of United States Dollars which is equivalent to that number of Canadian Dollars on the basis of the average of the noon spot rates of exchange reported by the Bank of Canada for United States Dollars on each of the five Business Days preceding the Pricing Date; when determining the equivalent amount in United States Dollars of a number of units of any other currency, shall mean the number of United States Dollars which is equivalent to that number of units of such other currency on the basis of the average of the noon buying rates reported by the Federal Reserve Bank of New York for such other currency on each of the five Business Days preceding the Pricing Date; and, when determining the equivalent amount in Canadian Dollars of a number of United States Dollars, shall mean the number of Canadian Dollars which is equivalent to that number of United States Dollars on the basis of the average of the noon spot rates of exchange reported by the Bank of Canada for United States Dollars on each of the five Business Days preceding the Pricing Date;

"Eurodollar Debt" means the Indebtedness under the Eurodollar Facilities, other than any Pre-Waiver Indebtedness and any amounts owing to any Trustee for reimbursement of expenses or in connection with any right of indemnification of such Trustee under the Eurodollar Facilities;

"Eurodollar Debtholders" means the Persons to whom the Eurodollar Debt is owing under the Eurodollar Facilities;

"Eurodollar Facilities" means:

(i) the notes comprising and evidencing the outstanding principal amount of the U.S. $75,000,000 Floating Rate Notes due 1988 of Dome and any and all coupons representing interest thereon constituted by a Trust Deed dated as of October 1, 1981 and made between Dome and

The Law Debenture Corporation p.l.c., as supplemented and amended by a First Supplemental Trust Deed dated as of 1st September, 1986 and a Second Supplemental Trust Deed dated as of 28th October, 1986 and as such Trust Deed may have been further supplemented and amended up to and including the Effective Date;

(ii) the notes comprising and evidencing the outstanding principal amount of the U.S. $3,130,000 16¼% Fixed Rate Notes due 1989 of Dome and any and all coupons representing interest thereon constituted by a Trust Deed dated as of March 18, 1982 and made between Dome and The Law Debenture Corporation p.l.c., as supplemented and amended by a First Supplemental Trust Deed dated as of 1st September, 1986 and a Second Supplemental Trust Deed dated as of 28th October, 1986 and as such Trust Deed may have been further supplemented and amended up to and including the Effective Date (as so supplemented and amended, the "1989 Trust Deed");

(iii) the notes comprising and evidencing the outstanding principal amount of the U.S. $50,000,000 Floating Rate Notes due 1989 of Dome and any and all coupons representing interest thereon constituted by the 1989 Trust Deed;

(iv) the debentures comprising and evidencing the outstanding principal amount of the U.S. $50,000,000 10% Debentures Due 1994 of Dome and any and all coupons representing interest thereon constituted by a Trust Indenture dated as of the 15th day of July, 1979 and made between Dome and The Canada Trust Company, as supplemented and amended by a First Supplemental Trust Indenture dated as of the 1st day of September, 1986 and a Second Supplemental Trust Indenture dated as of October 28, 1986 and as such Trust Indenture may have been further supplemented and amended up to and including the Effective Date; and

(v) the debentures comprising and evidencing the outstanding principal amount of the U.S. $50,000,000 13½% Debentures Due 1992 of Dome and any and all coupons representing interest thereon constituted by a Trust Indenture dated as of the 1st day of May, 1980 and made between Dome and The Canada Trust Company, as supplemented and amended by a First Supplemental Trust Indenture dated as of the 1st day of September, 1986 and a Second Supplemental Trust Indenture dated as of October 28, 1986 and as such Trust Indenture may have been further supplemented and amended up to and including the Effective Date;

"Final Order" means the order of the Court approving this Plan of Arrangement, to be granted pursuant to the provisions of section 185.1 of the Act, as such order may have been amended or modified by any court of competent jurisdiction;

"Gross Coupon Amount" means in relation to any Matured Coupons the amount thereof, and in relation to any Special Interest Payment Coupons, the difference between the amount thereof and the Special Interest Payment;

"HBOG" means Hudson's Bay Oil and Gas Company Limited, a corporation continued under the Act;

"HBOG Debentures" means the 30 debentures in an aggregate principal amount of U.S. $2,400 million, 29 of which are dated as of March 10, 1982 and one of which is dated as of July 30, 1982, created and issued pursuant to the HBOG Trust Deed;

"HBOG Trust Deed" means the Deed of Trust and Mortgage dated as of January 8, 1982 and made by HBOG to and in favour of The Royal Trust Company, as the same has been amended and supplemented from time to time including, but without limitation, the Eighth Supplemental Indenture;

"Indebtedness" means any and all amounts due or to become due, whether actual or contingent;

"Institutional Unsecured Affected Credit Facilities" means the Affected Credit Facilities referred to in items 1(k) to 1(n), inclusive, 1(r) to 1(z), inclusive, 2, 4 and 5 of Schedule A annexed hereto;

"Interim Order" means an interim order or orders of the Court containing declarations and directions under section 185.1 of the Act with respect to this Plan of Arrangement;

(iii) deduct the amount of Cdn. $45,000,000 from the amount determined under item (ii) above;

(iv) divide the amount determined under item (iii) above by the aggregate amount of indebtedness outstanding and owing to Bank of Montreal on the Settlement Date under the Affected Credit Facilities referred to in items 1(b) and 1(c) of Schedule A annexed hereto on account of principal and interest (including interest on interest, if any) accrued up to but not including the Settlement Date;

(v) deduct 0.45 from the amount determined under item (iv) above; and

(vi) divide the amount determined under item (v) above by 0.0055;

"Secured Portion" means, in respect of each Secured Affected Credit Facility, the amount determined by multiplying (i) the Settlement Date Balance under such Secured Affected Credit Facility by (ii) the Secured Percentage for such Secured Affected Credit Facility;

"Senior Notes" means the Senior Notes to be issued by Amoco Canada having the terms set forth or provided for in the Senior Note Agreement referred to in Schedule E annexed hereto and each of "Senior Notes (Series A)" and "Senior Notes (Series B)" means the series of Senior Notes so designated and having the terms set forth or provided for in the said Senior Note Agreement;

"Settlement Date" means the first day of the month in which the Effective Date shall occur;

"Settlement Date Balance" means (i) in respect of each Affected Credit Facility denominated in United States Dollars, other than the Eurodollar Facilities, the aggregate amount outstanding on the Settlement Date under such Affected Credit Facility on account of principal and, where applicable, interest accrued up to but not including the Settlement Date, (ii) in respect of the Eurodollar Facilities, the aggregate of: (a) the outstanding principal amount of the notes and debentures issued under the Eurodollar Facilities, (b) in relation to the Special Interest Payment Coupons and the Matured Coupons, the aggregate of the relevant Coupon Entitlements, (c) in relation to the Partially Unmatured Coupons, the aggregate of the Accrued Portions of any Partially Unmatured Coupons, and (d) an amount, such amount being an amount calculated by multiplying the aggregate of the amounts referred to in (a), (b) and (c) above by the number of days from (and including) the Settlement Date to (but excluding) the Effective Date (expressed as a fraction of 360) and then multiplying such product by a percentage rate equal to U.S. LIBOR plus 5/8% per annum (without compounding), (iii) in respect of each Affected Credit Facility not denominated in United States Dollars, other than the Swiss Francs Facilities and Beaufort Obligations, the Equivalent Amount in United States Dollars of the aggregate amount outstanding on the Settlement Date under such Affected Credit Facility on account of principal and, where applicable, interest accrued up to but not including the Settlement Date, (iv) in respect of each of the Beaufort Obligations, the aggregate amount in Canadian Dollars outstanding on the Settlement Date under such Affected Credit Facility on account of principal and, where applicable, interest accrued up to but not including the Settlement Date, and (v) in respect of the Swiss Francs Facilities, the aggregate of: (a) the outstanding principal amount of the notes and bonds issued under the Swiss Francs Facilities, (b) in relation to the Special Interest Payment Coupons and the Matured Coupons, the aggregate of the relevant Coupon Entitlements, (c) in relation to the Partially Unmatured Coupons, the aggregate of the Accrued Portions of any Partially Unmatured Coupons, and (d) an amount, such amount being an amount calculated by multiplying the aggregate of the amounts referred to in (a), (b) and (c) above by the number of days from (and including) the Settlement Date to (but excluding) the Effective Date (expressed as a fraction of 360) and then multiplying such product by a percentage rate equal to Swiss Francs LIBOR plus 5/8% per annum (without compounding). For greater certainty: (A) for purposes of calculating the Settlement Date Balances of the Affected Credit Facilities referred to in items 1 and 2 of Schedule A annexed hereto, there shall be included interest and interest on overdue interest up to but not including the Settlement Date, calculated in accordance with the terms of such Affected Credit Facilities and the May 30 Waivers as if the May 30 Waivers have remained in effect continuously since May 30, 1986, and in the manner reflected in the Deferral Acknowledgements distributed by Dome pursuant to the May 30

Waivers, and (B) for the purposes hereof, the Beaufort Obligations shall be converted into obligations of Dome to provide each of the Beaufort Companies with a cash payment equal to the amount which is required to satisfy Dome's share subscription obligations to such Beaufort Company on the Settlement Date under the Beaufort Obligations;

"Share Loan Notes" means the promissory notes to be issued by Amoco Canada having the terms set forth or provided for in the Share Loan Note Agreement referred to in Schedule F annexed hereto and each of the "Share Loan Note (4 Bank)" and the "Share Loan Note (TD)" means the Share Loan Note so designated and having the terms set forth or provided for in the said Share Loan Note Agreement;

"Shareholder Deposit Agreement" means the shareholder deposit agreement dated as of June 1 , 1988 between Amoco Acquisition, Amoco Canada, Dome and the Depositary;

"Shares" means collectively, the Dome Common Shares, the Dome Series A Preferred Shares, the Dome Series B Preferred Shares and the Dome Series C Preferred Shares;

"SocGen El" means Societe Generale Elsassische Bank & Co.;

"Special Interest Payment" means the special payment of interest in respect of the Special Interest Payment Coupons for the period up to and including October 31, 1986;

"Special Interest Payment Coupons" means any Coupons in respect of the Eurodollar Facilities or the Swiss Francs Facilities, as the case may be, covering any interest period which included October 31, 1986;

"Subordinated Exchangeable Debentures" means the Subordinated Exchangeable Debentures to be issued by Amoco Canada having the terms set forth or provided for in the Indenture referred to in Schedule G annexed hereto and each of "Subordinated Exchangeable Debentures (Series A)" and "Subordinated Exchangeable Debentures (Series B)" means the series of Subordinated Exchangeable Debentures so designated and having the terms set forth or provided for in the said Indenture;

"Subordinated Notes" means the Subordinated Notes to be issued by Amoco Canada having the terms set forth in or provided for in the Subordinated Note Agreement referred to in Schedule D annexed hereto;

"Subsidiary" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate, and includes any body corporate in like relation to a Subsidiary;

"Supplemental Coupon Amount" means in relation to any relevant Coupons the aggregate of amounts computed in respect of the successive interest periods commencing after the due date for payment of that Coupon and before the Settlement Date each of which is a fraction the numerator of which is the product of the Gross Coupon Amount, the number of days falling before the Settlement Date in the relevant interest period and the interest rate (calculated in accordance with the instrument constituting the relevant Eurodollar Facility or Swiss Francs Facility, as the case may be) for that interest period and the denominator of which is 360;

"Swiss Francs Debt" means the Indebtedness under the Swiss Francs Facilities;

"Swiss Francs Debtholders" means the Persons to whom the Swiss Francs Debt is owing under the Swiss Francs Facilities;

"Swiss Francs Facilities" means:

(i) the notes comprising and evidencing the outstanding principal amount of the 6% Notes 1980-1986 Swiss Francs 100,000,000 of Dome and any and all coupons representing interest thereon constituted by a Note Purchase and Paying Agency Agreement dated as of October 22, 1980 between Dome and Credit Suisse;

(ii) the bonds comprising and evidencing the outstanding principal amount of the 5¾% Bonds 1981-91 Swiss Francs 100,000,000 of Dome and any and all coupons representing interest thereon constituted by a Loan Agreement dated January 23, 1981 among Dome, Credit Suisse, Swiss Bank Corporation and Union Bank of Switzerland; and

(iii) the bonds comprising and evidencing the outstanding principal amount of the 7¼% Bonds 1981-90 Swiss Francs 100,000,000 of Dome and any and all coupons representing interest thereon constituted by a Loan Agreement dated July 17, 1981 among Dome, Credit Suisse, Union Bank of Switzerland and Swiss Bank Corporation;

"Swiss Francs LIBOR" means the rate per annum equal to the arithmetic average (rounded upward, if necessary, to the next higher 1/16 of 1 percent per annum) of the respective rates per annum at which deposits of Swiss Francs 15 million for a period of 30 days are offered by the principal office of each of the Swiss Francs LIBOR Reference Banks in London, England to prime banks in the London interbank market at approximately 11:00 a.m. (London time) two LIBOR Business Days before the Settlement Date;

"Swiss Francs LIBOR Reference Banks" means Citibank, N.A., Credit Suisse and Swiss Bank Corporation;

"United States Dollars" and "U.S. $" means lawful money of the United States of America;

"Unmatured Coupons" means any Coupons in respect of the Eurodollar Facilities or Swiss Franc Facilities, as the case may be, covering any interest periods which are wholly after the Settlement Date;

"Unsecured Portion" means, in respect of each Secured Affected Credit Facility, the amount determined by deducting (i) the Secured Portion of such Secured Affected Credit Facility from (ii) the Settlement Date Balance under such Secured Affected Credit Facility;

"U.S. LIBOR" means the rate per annum equal to the arithmetic average (rounded upward, if necessary, to the next higher 1/16 of 1 percent per annum) of the respective rates per annum at which deposits of U.S. $10 million for a period of 30 days are offered by the principal office of each of the U.S. LIBOR Reference Banks in London, England to prime banks in the London interbank market at approximately 11:00 a.m. (London time) two LIBOR Business Days before the Settlement Date; and

"U.S. LIBOR Reference Banks" means Citibank, N.A., International Westminster Bank plc, Societe Generale and The Toronto-Dominion Bank.

1.2 *Definitions in Act*

A capitalized word used herein and not defined herein but defined in the Act shall have the meaning ascribed thereto in the Act unless the context otherwise requires.

1.3 *Article References*

In this Plan of Arrangement, a reference to an article, section, clause or paragraph shall, unless otherwise stated, refer to an article, section, clause or paragraph of this Plan of Arrangement.

1.4 *Number, Etc.*

In this Plan of Arrangement, a word or words importing the singular number shall include the plural and vice versa; and a word or words importing the masculine gender shall include the feminine and neuter genders.

1.5 *Interpretation Not Affected by Headings*

The division of this Plan of Arrangement into articles, sections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.6 *Date for any Action*

In the event that any date on which any action is required to be taken hereunder by any of the parties (other than the Settlement Date) is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.7 *Time*

All times expressed herein are local time in Calgary, Alberta on the Effective Date unless otherwise stipulated herein.

1.8 *Interest Calculations*

Where an interest rate is expressed herein to be calculated on the basis of a 360-day year, the annual rate of interest to which such interest rate is equivalent is such interest rate multiplied by a fraction the numerator of which is the actual number of days in the year and the denominator of which is 360. To the extent permitted by law, Section 13 of the Interest Act (Canada) shall be inapplicable to any interest provided for in this Plan of Arrangement.

1.9 *Other Documents*

The Amended Arrangement Agreement, the Debt Rescheduling Agreement, the Shareholder Deposit Agreement, the Creditor Deposit Agreement and any other documents referred to herein (other than those referred to in the definitions of Affected Credit Facilities and the APCJ Credit Facility) may be examined free of charge at the registered office of Dome at Calgary, Alberta, during normal business hours by application to the secretary of Dome or at the office of the Director.

1.10 *Schedules*

The following are the Schedules to this Plan of Arrangement which are incorporated by reference into this Plan of Arrangement and form part hereof:

Schedule A	List of Affected Credit Facilities
Schedule B	Adjustable Term Notes
Schedule C	Junior Notes
Schedule D	Subordinated Notes
Schedule E	Senior Notes
Schedule F	Share Loan Notes
Schedule G	Subordinated Exchangeable Debentures
Schedule H	Terms of Marubeni Note
Schedule I	New APCJ Note
Schedule J	Guarantee and Security Documentation
Schedule K	Description of Share Capital of Amalco No. 1 (referred to in Section 4.2)
Schedule L	Amendment to the Articles of Dome Energy (referred to in Section 4.3)
Schedule M	Provisions Respecting Amalgamation of Amalco No. 1, Amoco Acquisition and Dome Energy (pursuant to Section 4.15)
Schedule N	Cash Payments in Respect of Lenders' Shares

Effective Date so converted. The stated capital of each Dome Energy Class Y Preferred Share issued pursuant to such right of conversion shall, in the case of the Affected Credit Facility referred to in item 1(i) of Schedule A annexed hereto, be U.S. $1.00 and, in the case of the Affected Credit Facility referred to in item 1(a) of Schedule A annexed hereto, be the amount determined by multiplying U.S. $1.00 by a fraction the numerator of which shall be the sum of the aggregate principal amount of the securities and the aggregate amount of cash that the lenders under such Affected Credit Facility shall be entitled to receive from Amoco Canada pursuant to clause 4.7.1 and the denominator of which shall be the Equivalent Amount in United States Dollars of the aggregate amount outstanding in respect of such Affected Credit Facility at 10:15 a.m. on the Effective Date. The exercise of such right of conversion shall constitute a release and waiver of any other rights under such facilities and such right of conversion shall be exercisable only by Amoco Canada and only after it has acquired all right, title and interest in and to such Dome Energy Credit Facility and the Indebtedness thereunder.

4.6 At 10:20 a.m., in accordance with the provisions of the Placer Dome Settlement Agreement, the obligations of Amalco No. 1 (including, without limitation, those obligations as successor to Dome and Provo) and Dome Energy to Placer Dome under the Placer Dome Guarantee Agreement, including, without limitation, the obligation to pay all amounts now or hereafter due thereunder with respect to guarantee fees, are terminated and any and all subrogation rights which Placer Dome may have or become entitled to and all security for such obligations are released, reconveyed and discharged by Placer Dome.

4.7 At 10:25 a.m., all right, title and interest of the creditors under the Affected Credit Facilities, other than the Eurodollar Facilities, in and to such Affected Credit Facilities and the Indebtedness thereunder is sold, assigned and transferred to Amoco Canada or, in the case of any right, title or interest which is incapable of assignment to Amoco Canada, released and discharged in exchange for, and such creditors shall be entitled to receive, the securities of Amoco Canada and cash referred to in clauses 4.7.1 to 4.7.11, inclusive, and all right, title and interest of the creditors holding the Eurodollar Debt is sold, assigned and transferred to Amoco Canada or, in the case of any right, title or interest in relation to the Eurodollar Debt which is incapable of assignment to Amoco Canada, released and discharged in exchange for, and such creditors shall be entitled to receive from Amoco Canada the cash referred to in clause 4.7.11. Other than with respect to any right, title or interest which is incapable of assignment to Amoco Canada, Amoco Canada is entitled to all such right, title and interest of such creditors. Save and except for the interest of the holders of the Adjustable Term Notes (as beneficiaries of the guarantees referred to in clauses 1(c) and (d) of Schedule J annexed hereto) in and to the HBOG Debentures and the Musketeer Debentures provided for in Sections 4.11 and 4.17, the creditors under the Affected Credit Facilities, other than the creditors under the Eurodollar Facilities, shall have no further right, title and interest in and to the Affected Credit Facilities or the Indebtedness thereunder and the creditors under the Eurodollar Facilities shall have no further right, title and interest in and to the Eurodollar Debt.

If the aggregate principal amount of Adjustable Term Notes which are to be issued to the lenders under the Secured Affected Credit Facilities pursuant to this Plan of Arrangement would exceed U.S. $1,700 million, then the aggregate principal amounts of Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) which each such lender shall be entitled to receive pursuant to any clause of this Section 4.7 shall each be reduced by an amount equal to one-half of the amount determined by multiplying the aggregate principal amount of Adjustable Term Notes which such lender is entitled to receive pursuant to such clause of this Section 4.7 by a fraction the numerator of which is the aggregate principal amount of Adjustable Term Notes which would otherwise have been issued to lenders under the Secured Affected Credit Facilities pursuant to this Plan of Arrangement less U.S. $1,700 million and the denominator of which is the aggregate principal amount of Adjustable Term Notes which would otherwise have been issued to lenders under the Secured Affected Credit Facilities pursuant to this Plan of Arrangement. The aggregate amount of such reduction in the principal amounts of Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) shall be paid to such lender in cash in United States Dollars together with interest on such cash amount at U.S.

LIBOR plus ⅝ percent per annum from and including the Settlement Date to but not including the Effective Date, calculated on the basis of a 360-day year.

If the aggregate principal amount of Subordinated Exchangeable Debentures which the lenders under the Secured Affected Credit Facilities are entitled to receive pursuant to this Plan of Arrangement (including the Subordinated Exchangeable Debentures referred to in clause (iv) of Section 4.7.1) after giving effect to the adjustments, if any, in such aggregate principal amount to be made in the case of Bank of Montreal pursuant to Section 5.11 and the exercise of elections by certain lenders to receive Subordinated Notes in place of Subordinated Exchangeable Debentures as provided for in this Plan of Arrangement, would exceed U.S. $236.5 million, then the aggregate principal amount of Subordinated Exchangeable Debentures which each such lender shall be entitled to receive pursuant to the clauses of this Section 4.7 other than those referred to in clause (iv) of Section 4.7.1 shall be reduced by an amount equal to the amount determined by multiplying the aggregate principal amount of Subordinated Exchangeable Debentures which such lender is entitled to receive pursuant thereto by a fraction the numerator of which is the aggregate principal amount of Subordinated Exchangeable Debentures which would otherwise have been issued to lenders under the Secured Affected Credit Facilities pursuant to this Plan of Arrangement less U.S. $236.5 million and the denominator of which is the aggregate principal amount of Subordinated Exchangeable Debentures which would otherwise have been issued to lenders under the Secured Affected Credit Facilities pursuant to this Plan of Arrangement. The aggregate amount of such reduction in the principal amounts of Subordinated Exchangeable Debentures shall be paid to such lender in cash in United States Dollars together with interest on such cash amount at U.S. LIBOR plus ⅝ percent per annum from and including the Settlement Date to but not including the Effective Date, calculated on the basis of a 360-day year.

For greater certainty, with respect to the Brunswick Obligations, all right, title and interest of Brunswick in and to the five Limited Partnership Units of the Dome Beaufort Petroleum (March 1980) Limited Partnership held by Brunswick is sold, assigned and transferred to Amoco Canada and, with respect to the Eurodollar Facilities and the Swiss Francs Facilities, all Unmatured Coupons shall become void and no payments shall be made in respect thereof and all Pre-Waiver Indebtedness shall be unaffected hereby and thus remain payable in accordance with its terms.

4.7.1 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(a) of Schedule A annexed hereto as "4 Bank—Dome Energy (A-1)" (being the Rescheduled Credit Facility described in Exhibit A-1 to the Debt Rescheduling Agreement) the lenders under such Secured Affected Credit Facility shall be entitled to receive, subject in the case of Bank of Montreal to Section 5.11, the following:

(i) from Amoco Canada, the Share Loan Note (4 Bank) in the principal amount of U.S. $123.9 million issued to such lenders;

(ii) from Amoco Canada, Senior Notes (Series A) in the aggregate principal amount of U.S. $32.0 million, all of which shall be allocated to Bank of Montreal;

(iii) from Amoco Canada, subject to adjustment as herein provided, Adjustable Term Notes (Series A) in the aggregate principal amount of U.S. $156.74 million and Adjustable Term Notes (Series B) in the aggregate principal amount of U.S. $156.74 million. If the remainder determined by subtracting (A) the sum of (w) the principal amount of the Share Loan Note (4 Bank) as specified in clause 4.7.1(i) above (U.S. $123.9 million), (x) the principal amount of the Senior Notes (Series A) as specified in clause 4.7.1(ii) above (U.S. $32.0 million), (y) the aggregate principal amount of Subordinated Exchangeable Debentures (Series A), which Placer Dome shall be entitled to receive pursuant to Section 4.16 and (z) the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A) from (B) the Secured Portion of such Secured Affected Credit Facility, is less than U.S. $313.48 million, then the aggregate principal amounts of both the Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) which such lenders shall be entitled to receive pursuant to this clause 4.7.1(iii) shall each be reduced to an amount equal to one-half of such remainder.

The Adjustable Term Notes (Series A) which such lenders shall be entitled to receive pursuant to this clause 4.7.1(iii) shall be allocated as follows:

(a) Bank of Montreal shall receive 25% of the aggregate principal amount of Adjustable Term Notes (Series A) to be issued minus U.S. $12 million; and

(b) each of Canadian Imperial Bank of Commerce, The Royal Bank of Canada and The Toronto-Dominion Bank shall receive 25% of the aggregate principal amount of Adjustable Term Notes (Series A) to be issued plus U.S. $4 million.

The Adjustable Term Notes (Series B) which such lenders shall be entitled to receive pursuant to this clause 4.7.1(iii) shall be allocated as follows:

(a) Bank of Montreal shall receive 25% of the aggregate principal amount of Adjustable Term Notes (Series B) to be issued minus U.S. $12 million; and

(b) each of Canadian Imperial Bank of Commerce, The Royal Bank of Canada and The Toronto-Dominion Bank shall receive 25% of the aggregate principal amount of Adjustable Term Notes (Series B) to be issued plus U.S. $4 million;

(iv) from Placer Dome, in accordance with the provisions of the Placer Dome Settlement Agreement, the Subordinated Exchangeable Debentures (Series A) which Placer Dome shall be entitled to receive pursuant to Section 4.16, the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A) and any proceeds of sale which Placer Dome may be entitled to receive pursuant to Section 5.4, such Subordinated Exchangeable Debentures (Series A), Cash Amount and sale proceeds, if any, to be allocated ratably among such lenders based upon the proportion which the Settlement Date Balance under such Secured Affected Credit Facility owing to each such lender is of the Settlement Date Balance under such Secured Affected Credit Facility. Any such lenders, other than Bank of Montreal, may elect in accordance with Section 7.1 that, after the receipt of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender is entitled to receive pursuant to this clause (iv), such lender will exchange such aggregate principal amount of Subordinated Exchangeable Debentures (Series A) or any part thereof for an equal aggregate principal amount of Subordinated Notes and Bank of Montreal may elect in accordance with Section 7.1 that, after the receipt of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which Bank of Montreal is entitled to receive pursuant to this clause (iv), Bank of Montreal will exchange such aggregate principal amount of Subordinated Exchangeable Debentures (Series A) or any part thereof for an equal aggregate principal amount of Subordinated Exchangeable Debentures (Series B); and

(v) from Amoco Canada, subject to adjustment as herein provided, Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the amount, if any, by which the Secured Portion of such Secured Affected Credit Facility exceeds the aggregate of U.S. $469.38 million, the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lenders are entitled to receive pursuant to 4.7.1(iv) above and the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A), which Subordinated Exchangeable Debentures (Series A) shall be allocated ratably among such lenders based upon the proportion which the Settlement Date Balance under such Secured Affected Credit Facility owing to each such lender is of the Settlement Date Balance under such Secured Affected Credit Facility. Any of such lenders, other than Bank of Montreal, may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Notes which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender would otherwise be entitled to receive pursuant to this clause (v) and Bank of Montreal may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Exchangeable Debentures (Series B) which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which Bank of Montreal would otherwise be entitled to receive pursuant to this clause (v).

4.7.2 With respect to the Secured Portion of the Secured Affected Credit Facilities referred to in items 1(b) and 1(c) of Schedule A annexed hereto as "BMO—Income Debenture (A-2)" and "BMO—Plants Loan (A-3)" (being the Rescheduled Credit Facilities described in Exhibits A-2 and A-3 to the Debt Rescheduling Agreement) the lender under such Secured Affected Credit Facilities shall be entitled to receive, subject to Section 5.11, the following from Amoco Canada:

(i) subject to adjustment as herein provided, Senior Notes (Series A) in the aggregate principal amount of U.S. $85.5 million and Senior Notes (Series B) in the aggregate principal amount of U.S. $235.1 million. If the aggregate of the Secured Portions of such Secured Affected Credit Facilities is less then U.S. $320.6 million, then (A) the aggregate principal amount of Senior Notes (Series A) which such lender shall be entitled to receive in respect of the aggregate of such Secured Portions shall be reduced by an amount equal to the amount obtained by multiplying (x) the amount by which U.S. $320.6 million exceeds the aggregate of such Secured Portions by (y) 0.3332 and (B) the aggregate principal amount of Senior Notes (Series B) which such lender shall be *entitled to receive* in respect of the aggregate of such Secured Portions shall be reduced by an amount equal to the amount obtained by multiplying (x) the amount by which U.S. $320.6 million exceeds the aggregate of such Secured Portions by (y) 0.6668; and

(ii) subject to adjustment as herein provided, Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the amount, if any, by which the aggregate of the Secured Portions of such Secured Affected Credit Facilities exceeds U.S. $320.6 million. Such lender may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Exchangeable Debentures (Series B) which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender would otherwise be entitled to receive pursuant to this clause (ii).

4.7.3 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(d) of Schedule A annexed hereto as "Musketeer Syndicate (A-4)" (being the Rescheduled Credit Facility described in Exhibit A-4 to the Debt Rescheduling Agreement) the lenders under such Secured Affected Credit Facility shall be entitled to receive, subject in the case of Bank of Montreal to Section 5.11, the following from Amoco Canada:

(i) subject to adjustment as herein provided, Adjustable Term Notes (Series A) in the aggregate principal amount of U.S. $136.6 million and Adjustable Term Notes (Series B) in the aggregate principal amount of U.S. $136.6 million which shall be allocated ratably among such lenders based upon the proportion which the Settlement Date Balance under such Secured Affected Credit Facility owing to each such lender is of the Settlement Date Balance under such Secured Affected Credit Facility. If the Secured Portion of such Secured Affected Credit Facility is less than U.S. $273.2 million, then the aggregate principal amounts of Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) which such lenders shall be entitled to receive in respect of such Secured Portion shall each be reduced to an amount equal to one-half of such Secured Portion, which shall be allocated ratably among such lenders based upon the proportion referred to above; and

(ii) subject to adjustment as herein provided, Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the amount, if any, by which the Secured Portion of such Secured Affected Credit Facility exceeds U.S. $273.2 million which shall be allocated ratably among such lenders based upon the proportion which the Settlement Date Balance under such Secured Affected Credit Facility owing to each such lender is of the Settlement Date Balance under such Secured Affected Credit Facility. Any of such lenders, other than Bank of Montreal, may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Notes which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender would otherwise be entitled to receive pursuant to this clause (ii) and Bank of Montreal may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Exchangeable Debentures (Series B) which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which Bank of Montreal would otherwise be entitled to receive pursuant to this clause (ii).

4.7.4 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(h) of Schedule A annexed hereto as "TD—127671 Canada Ltd., as successor to Dome Oils (A-8)" (being the Rescheduled Credit Facility described in Exhibit A-8 to the Debt Rescheduling Agreement) the lender under such Secured Affected Credit Facility shall be entitled to receive from Amoco Canada the Share Loan Note (TD) in a principal amount equal to the amount of such Secured Portion.

4.7.5 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(i) of Schedule A annexed hereto as "Citibank Syndicate (A-9)" (being the Rescheduled Credit Facility described in Exhibit A-9 to the Debt Rescheduling Agreement) the lenders under such Secured Affected Credit Facility shall be entitled to receive from Amoco Canada, subject to adjustment as herein provided, Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) each in an aggregate principal amount equal to one-half of such Secured Portion which shall be allocated ratably among such lenders based upon the proportion which the Settlement Date Balance under such Secured Affected Credit Facility owing to each such lender is of the Settlement Date Balance under such Secured Affected Credit Facility.

4.7.6 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(j) of Schedule A annexed hereto as "Prudential (A-10)" (being the Rescheduled Credit Facility described in Exhibit A-10 to the Debt Rescheduling Agreement) the lenders under such Secured Affected Credit Facility shall be entitled to receive from Amoco Canada, subject to adjustment as herein provided, Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) each in an aggregate principal amount equal to one-half of such Secured Portion which shall be allocated ratably among such lenders based upon the proportion which the Settlement Date Balance under such Secured Affected Credit Facility owing to each such lender is of the Settlement Date Balance under such Secured Affected Credit Facility.

4.7.7 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(o) of Schedule A annexed hereto as "Credit Suisse Canada (A-15)" (being the Rescheduled Credit Facility described in Exhibit A-15 to the Debt Rescheduling Agreement) the lender under such Secured Affected Credit Facility shall be entitled to receive the following from Amoco Canada:

(i) subject to adjustment as herein provided, Adjustable Term Notes (Series A) in the aggregate principal amount of U.S. $13.86 million and Adjustable Term Notes (Series B) in the aggregate principal amount of U.S. $13.86 million. If the Secured Portion of such Secured Affected Credit Facility is less than U.S. $27.72 million, then the aggregate principal amounts of Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) which such lender shall be entitled to receive in respect of such Secured Portion shall each be reduced to an amount equal to one-half of such Secured Portion; and

(ii) subject to adjustment as herein provided, Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the amount, if any, by which the Secured Portion of such Secured Affected Credit Facility exceeds U.S. $27.72 million. Such lender may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Notes which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender would otherwise be entitled to receive pursuant to this clause (ii).

4.7.8 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(p) of Schedule A annexed hereto as "Marubeni (A-16)" (being the Rescheduled Credit Facility described in Exhibit A-16 to the Debt Rescheduling Agreement) the lender under such Secured Affected Credit Facility shall be entitled to receive from Amoco Canada (i) the Marubeni Note in a principal amount equal to one-half of such Secured Portion, (ii) cash in United States Dollars in an amount equal to one-half of such Secured Portion and (iii) interest on the amount determined under (ii) above at U.S. LIBOR plus ⅝ percent per annum from and including the Settlement Date to but not including the Effective Date, calculated on the basis of a 360-day year.

4.7.9 With respect to the Secured Portion of the Secured Affected Credit Facility referred to in item 1(q) of Schedule A annexed hereto as "TD-Siebens (A-17)" (being the Rescheduled Credit Facility described in Exhibit A-17 to the Debt Rescheduling Agreement) the lender under such Secured Affected Credit Facility shall be entitled to receive the following from Amoco Canada:

(i) subject to adjustment as herein provided, Adjustable Term Notes (Series A) in the aggregate principal amount of U.S. $37.23 million and Adjustable Term Notes (Series B) in the aggregate principal amount of U.S. $37.23 million. If the Secured Portion of such Secured Affected Credit Facility is less than U.S. $74.46 million, then the aggregate principal amounts of Adjustable Term Notes (Series A) and Adjustable Term Notes (Series B) which such lender shall be entitled to receive in respect of such Secured Portion shall each be reduced to an amount equal to one-half of such Secured Portion; and

(ii) subject to adjustment as herein provided, Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the amount, if any, by which the Secured Portion of such Secured Affected Credit Facility exceeds U.S. $74.46 million. Such lender may elect in accordance with Section 7.1 to receive an aggregate principal amount of Subordinated Notes which is equal to and in place of all or any part of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender would otherwise be entitled to receive pursuant to this clause (ii).

4.7.10 With respect to each Institutional Unsecured Affected Credit Facility and the Unsecured Portion, if any, of each Secured Affected Credit Facility (other than the Secured Affected Credit Facility referred to in item 1(j) of Schedule A annexed hereto), each lender or creditor under such Affected Credit Facility shall be entitled to receive, subject in the case of Bank of Montreal to Section 5.11, the following from Amoco Canada:

(i) an amount of cash in United States Dollars equal to the sum of (A) 22.5% of the Settlement Date Balance under such Institutional Unsecured Affected Credit Facility owing to such lender or creditor or 22.5% of the Unsecured Portion of such Secured Affected Credit Facility owing to such lender or creditor, as the case may be, and (B) interest on the amount determined under (A) above at U.S. LIBOR plus ⅝ percent per annum from and including the Settlement Date to but not including the Effective Date, calculated on the basis of a 360-day year; and

(ii) Junior Notes in an aggregate principal amount equal to 22.5% of the Settlement Date Balance under such Institutional Unsecured Affected Credit Facility owing to such lender or creditor or 22.5% of the Unsecured Portion of such Secured Affected Credit Facility owing to such lender or creditor, as the case may be.

4.7.11 With respect to each Public Unsecured Affected Credit Facility and the Unsecured Portion of the Secured Affected Credit Facility referred to in item 1(j) of Schedule A annexed hereto, each lender or creditor under such Affected Credit Facility shall be entitled to receive from Amoco Canada an amount of cash in the currency in which such Affected Credit Facility is denominated equal to 45% of the Settlement Date Balance under such Public Unsecured Affected Credit Facility owing to such lender or creditor or 45% of the Unsecured Portion of such Secured Affected Credit Facility owing to such lender or creditor, as the case may be, plus, in the case of the Beaufort Obligations and the Unsecured Portion of such Secured Affected Credit Facility, interest on such amount at U.S. LIBOR plus ⅝ percent per annum from and including the Settlement Date to but not including the Effective Date, calculated on the basis of a 360-day year.

4.8 Also at 10:25 a.m.:

4.8.1 the Dome Options outstanding on the Effective Date are terminated by Amalco No. 1 in accordance with the terms of the agreements constituting the Dome Options and Amalco No. 1 shall in exchange therefor forthwith pay to each holder thereof for each share subject to the Dome Options held by such holder cash in Canadian Dollars equal to Cdn. $0.15 per share;

4.8.2 all right, title and interest of the Persons entitled to receive the Lenders' Shares in and to the Lenders' Shares is sold, assigned and transferred to Amalco No. 1, whereupon such right, title and interest is automatically extinguished, and each of such Persons shall be entitled to receive in exchange therefor from Amalco No. 1 cash in the amounts and currencies set forth opposite its name in Schedule N annexed hereto; and

4.8.3 all right, title and interest of the creditor under the APCJ Credit Facility in and to such credit facility and the Indebtedness thereunder is sold, assigned and transferred to Amoco Holdings in exchange for, and such creditor shall be entitled to receive from Amoco Holdings, the New APCJ Note and Amoco Holdings is entitled to all such right, title and interest of such creditor and such creditor shall have no further right, title and interest in and to such credit facility or the Indebtedness thereunder.

4.9 At 10:30 a.m., in accordance with the provisions of the ENCOR Settlement Agreement, ENCOR pays to Amoco Holdings the sum of Cdn. $17.5 million in exchange for the release and discharge by Amoco Holdings of all of the obligations and liabilities of ENCOR under the APCJ Credit Facility including, without limitation, the primary obligation of ENCOR thereunder in the principal amount of Cdn. $225 million and the secondary obligation of ENCOR thereunder in the principal amount of Cdn. $175 million.

4.10 At 10:35 a.m., the terms of the APCJ Credit Facility are amended by adding thereto a right to convert all the indebtedness outstanding on the Effective Date thereunder into an aggregate of 175 million Class YY Preferred Shares. The aggregate stated capital of the Class YY Preferred Shares issued pursuant to such right of conversion shall be Cdn. $10 million. The exercise of such right of conversion shall constitute a release and waiver of any other rights under such facility, including any Indebtedness thereunder, and such right of conversion shall be exercisable only by Amoco Holdings and only if, at the time of exercise, Amalco No. 1 or its successor, Amalco No. 2, as the case may be, is a direct wholly-owned Subsidiary of Amoco Holdings.

4.11 At 10:40 a.m., the conversion rights referred to in Section 4.5 are exercised by Amoco Canada in respect of the indebtedness outstanding on the Effective Date under each of the Dome Energy Credit Facilities and pursuant thereto Dome Energy Class Y Preferred Shares are issued to Amoco Canada in accordance with such rights. The outstanding indebtedness of Dome Energy under the Dome Energy Affected Credit Facilities is thereby converted into Dome Energy Class Y Preferred Shares and extinguished and the HBOG Debentures pledged by HBOG as security for the Indebtedness of Dome Energy under one of the Dome Energy Credit Facilities shall be delivered by HBOG as security for the guarantee by HBOG referred to in clause 1(d) of Schedule J annexed hereto.

4.12 At 10:45 a.m., all right, title and interest of Amoco Canada in and to the Dome Energy Class Y Preferred Shares issued to Amoco Canada pursuant to Section 4.11 is sold, assigned and transferred to Amoco Holdings in exchange for 3,250 common shares of Amoco Holdings.

4.13 At 10:50 a.m., all right, title and interest of Amoco Holdings in and to the Dome Energy Class Y Preferred Shares sold, assigned and transferred to Amoco Holdings pursuant to Section 4.12 is sold, assigned and transferred to Amoco Acquisition in exchange for 3,250 common shares of Amoco Acquisition.

4.14 At 10:55 a.m., all right, title and interest of Amoco Holdings in and to all of the issued and outstanding common shares of Amoco Acquisition is sold, assigned and transferred to Amalco No. 1 in exchange for 1,700 million Class Z Special Shares of Amalco No. 1.

4.15 At 11:00 a.m., Amalco No. 1, Amoco Acquisition and Dome Energy are amalgamated and continued as one corporation under the name Dome Petroleum Limited in accordance with the provisions of Schedule M annexed hereto, such amalgamated corporation being herein referred to as "Amalco No. 2" for the purposes of this Plan of Arrangement.

4.16 At 11:05 a.m.:

(i) all of the issued and outstanding Class X Preferred Shares of Amalco No. 2 are redeemed by Amalco No. 2 in accordance with the provisions applicable thereto in exchange for (A) Subordinated Exchangeable Debentures (Series A) in the aggregate principal amount of U.S. $0.000001 per Class X Preferred Share and (B) the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A);

(ii) all of the issued and outstanding Class X Preferred Shares of Amalco No. 2 are cancelled and the name of each holder thereof shall be removed from the register for such shares; and

(iii) each such holder shall be entitled to receive in respect of the redemption of the Class X Preferred Shares of Amalco No. 2 held by such holder (A) Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the amount obtained by multiplying (y) U.S. $0.000001 by (z) the number of Class X Preferred Shares of Amalco No. 2 held by such holder and (B) the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A).

4.17 At 11:10 a.m. the conversion rights referred to in Section 4.4 are exercised by Amoco Canada in respect of the indebtedness outstanding on the Effective Date (excluding Pre-Waiver Indebtedness) under each of the Affected Credit Facilities to which such conversion rights apply and pursuant thereto Class Y Preferred Shares of Amalco No. 2 are issued to Amoco Canada in accordance with such rights. The outstanding indebtedness of Musketeer under such Affected Credit Facilities is thereby converted into Class Y Preferred Shares of Amalco No. 2 and extinguished and the Musketeer Debentures pledged by Musketeer as security for the indebtedness of Musketeer under the Affected Credit Facility referred to in item 1(d) of Schedule A annexed hereto shall be delivered by Amalco No. 2 as security for the guarantee by Amalco No. 2 referred to in clause 1(c) of Schedule J hereto.

4.18 At 11:15 a.m., all right, title and interest of Amoco Canada in and to all of the issued and outstanding Class Y Preferred Shares of Amalco No. 2 is sold, assigned and transferred to Amoco Holdings in exchange for 14,200 common shares of Amoco Holdings.

4.19 At 11.20 a.m., the conversion right referred to in Section 4.10 is exercised by Amoco Holdings in respect of the indebtedness outstanding on the Effective Date under the APCJ Credit Facility and pursuant thereto Class YY Preferred Shares of Amalco No. 2 are issued to Amoco Holdings in accordance with such right.

4.20 At 11:25 a.m., in accordance with the provisions of the Placer Dome Settlement Agreement and in addition to the transactions referred to in Section 4.6 and as reflected in clause (iv) of Section 4.7.1, all right, title and interest of Placer Dome in and to the Subordinated Exchangeable Debentures (Series A) which Placer Dome is entitled to receive pursuant to Section 4.16, the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A) and any proceeds of sale which Placer Dome may be entitled to receive pursuant to Section 5.4, is sold, assigned and transferred to the lenders under the Secured Affected Credit Facility referred to in item 1(a) of Schedule A annexed hereto and the Placer Dome Guarantee shall have no further force and effect.

4.21 Also at 11:25 a.m., in accordance with the provisions of the ENCOR Settlement Agreement and in addition to the transactions referred to in clause 4.8.3 and Section 4.9:

(i) Amoco Holdings pays to ENCOR the sum of Cdn. $1.4 million; and

(ii) all right, title and interest of ENCOR in and to its properties and interests located in the Beaufort Sea is sold, assigned and transferred by ENCOR to Amoco Holdings.

4.22 At 11:30 a.m., the Adjustable Term Notes, Junior Notes, Subordinated Notes, Senior Notes, Share Loan Notes, Subordinated Exchangeable Debentures (Series A), Subordinated Exchangeable Debentures (Series B), Marubeni Note, New APCJ Note and cash are, subject to Article V, issued or paid, as the case may be, and delivered to the lenders and creditors entitled thereto under Section 4.7 and clauses 4.8.2 and 4.8.3 in accordance with their entitlement thereunder, all guarantees, debentures, mortgages, pledges, charges, indentures, supplemental indentures, security instruments and other documents or instruments, including without limitation those referred to in Schedule J annexed hereto, necessary to create and constitute the pledges, charges, mortgages, liens and other security for the Adjustable Term Notes, Senior Notes, Share Loan Notes, New APCJ Note and Marubeni Note are issued, delivered and become effective, Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount equal to the aggregate principal amount of Subordinated Notes issued in accordance with Article IV are issued in escrow to The Royal Trust Company as escrow agent for release upon exercise of the exchange rights attaching to the Subordinated Notes, and Subordinated Exchangeable Debentures (Series A) and Cash Amounts are, subject to Article V, issued or paid, as the case may be, and delivered to or to the order of the Persons entitled to receive the same under Section 4.16.

ARTICLE V

Outstanding Certificates and Payments

5.1 After the time on the Effective Date at which the transaction referred to in Section 4.16 becomes effective, certificates formerly representing Shares shall represent only the right to receive from Amalco No. 2 certificates representing the Subordinated Exchangeable Debentures (Series A) and the Cash Amount in respect thereof, which the former holder of such Shares is, subject to Section 5.4, entitled to receive after giving effect to Section 4.16, subject to compliance with the requirements set forth in this Article V.

5.2 As soon as practicable, Dome shall forward or cause to be forwarded to each holder of Shares at the address of such holder, as it appeared on the relevant share register of Dome, a letter of transmittal containing, among other things, instructions for obtaining delivery of the Subordinated Exchangeable Debentures (Series A) and payment of the Cash Amount in respect thereof pursuant to this Plan of Arrangement. Subject to Section 5.4, such holder of Shares shall be entitled to receive certificates representing the Subordinated Exchangeable Debentures (Series A) and the Fractionals (as hereinafter defined), any interest which may have been paid on Subordinated Exchangeable Debentures (Series A), the Cash Amount and any proceeds of sale of Fractionals or Rights (as hereinafter defined) under Section 5.4 which such holder is entitled to receive upon delivering the share certificate or certificates formerly representing such holder's Shares to the Depositary or as the Depositary may otherwise direct pursuant to the provisions of the Shareholder Deposit Agreement and in accordance with the instructions contained in the letter of transmittal. Such share certificate or certificates shall be accompanied by the letter of transmittal, duly completed, and such other documents as the Depositary may reasonably require. The Depositary shall register Subordinated Exchangeable Debentures (Series A) in such name or names, and shall deliver such Subordinated Exchangeable Debentures (Series A), the Cash Amount and any proceeds of sale of Fractionals or Rights under Section 5.4 to such address or addresses, as such holder may direct in such letter of transmittal, as soon as practicable after receipt by the Depositary of such documents.

5.3 The holders of Shares shall not be entitled to any interest, dividend, premium or other payment on or with respect to the Shares other than the Subordinated Exchangeable Debentures (Series A), the Cash Amount and any proceeds of sale of Fractionals or Rights under Section 5.4 which they are entitled to receive for the Shares pursuant to this Plan of Arrangement.

5.4 Subordinated Exchangeable Debentures (Series A) shall be issued in denominations of U.S. $1,000 and integral multiples thereof. Notwithstanding the foregoing, Subordinated Exchangeable

Debentures (Series A) may also be issued in denominations of U.S. $100 and integral multiples thereof up to U.S. $900 (a "Fractional") as provided below. With respect to Subordinated Exchangeable Debentures (Series A) in any amount less than U.S. $100 to which a holder of Shares may be entitled (a "Right"), such Rights shall not be delivered to the holder thereof but shall be aggregated into Subordinated Exchangeable Debentures (Series A) in integral multiples of U.S. $1,000 and shall be delivered to or upon the written instruction of the Depositary.

A holder of Shares who would otherwise be entitled to receive a Fractional shall not have the right to receive a Fractional unless such holder elects on or prior to the Response Date (but not after) to receive the Fractional to which such holder is entitled. An election to receive a Fractional may only be exercised by returning a duly completed letter of transmittal indicating the election, together with the certificates and the other documents contemplated in Section 5.2, to the Depositary on or prior to the Response Date. If, on or prior to the Response Date, a holder of Shares elects to receive a Fractional, the Depositary shall deliver to such holder the Fractional which such holder is entitled to receive. If, on or prior to the Response Date, a holder of Shares elects not to receive a Fractional, such Fractional shall be aggregated with Fractionals which other holders of Shares have elected not to receive into Subordinated Exchangeable Debentures (Series A) in integral multiples of U.S. $1,000 which shall be sold by the Depositary and, subject to Section 5.2, the Depositary shall deliver to such holder such holder's pro rata share of the cash proceeds from such sale. If a holder of Shares does not return a duly completed letter of transmittal, together with the certificates and other documents contemplated by Section 5.2, to the Depositary on or prior to the Response Date, such holder of Shares shall be deemed to have elected not to receive a Fractional.

All Rights which have been aggregated into Subordinated Exchangeable Debentures (Series A) in integral multiples of U.S. $1,000 shall be sold by the Depositary. A holder of Shares entitled to a Right shall, subject to Section 5.2, be entitled to receive such holder's pro rata portion of the proceeds of sale of Subordinated Exchangeable Debentures (Series A) in integral multiples of U.S. $1,000 resulting from the aggregation of Rights. The Depositary shall, subject to Section 5.2, deliver to such holder, such holder's share of such cash proceeds.

Immediately after the Response Date, the Depositary shall, on the basis of the number of Shares held by the holders thereof, certificates for which have not been delivered to the Depositary on or prior to the Response Date in accordance with Section 5.2, aggregate all of the remaining Fractionals and Rights into Subordinated Exchangeable Debentures (Series A) in a principal amount rounded downwards to the next closest integral multiple of U.S. $1,000. Such Subordinated Exchangeable Debentures (Series A) shall then be sold and the Depositary shall hold the cash proceeds resulting from such sale subject to the terms of this Article V.

Any interest earned or allowed by the Depositary on any funds deposited with the Depositary, whether on account of any (i) Cash Amount; (ii) interest paid on any Subordinated Exchangeable Debenture (Series A); or (iii) proceeds of sale of any Subordinated Exchangeable Debentures (Series A) in integral multiples of U.S. $1,000 resulting from the aggregation of Fractionals and Rights, shall be paid to and be the property of Amoco Canada and no Person who has a claim to any such Cash Amount, interest paid on any Subordinated Exchangeable Debenture (Series A) or sale proceeds shall be entitled to any interest earned or allowed thereon.

5.5 Any certificate formerly representing Shares that is not deposited with all other documents as provided in Section 5.2 on or prior to the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Shares to receive Subordinated Exchangeable Debentures (Series A), the Cash Amount in respect thereof, any interest paid on such Subordinated Exchangeable Debentures (Series A) and any proceeds of sale of Fractionals or Rights shall be deemed to be surrendered to Amalco No. 2.

5.6 After the time on the Effective Date at which the transactions referred to in Section 4.7 and clause 4.8.3 become effective, documents comprising the Affected Credit Facilities and the APCJ Credit Facility shall represent only the right to receive from Amoco Canada or Amoco Holdings, as the case may be, the Adjustable Term Notes, Senior Notes, Share Loan Notes, Marubeni Note, Subordinated Notes, Junior Notes, Subordinated Exchangeable Debentures, New APCJ Note and cash which the lenders or creditors under such Affected Credit Facilities and the APCJ Credit Facility are entitled to receive after giving effect to Article IV, subject to compliance with the requirements set forth in this Article V.

5.7 Each lender or creditor under the Affected Credit Facilities (other than the Eurodollar Debtholders and the Swiss Francs Debtholders) and the APCJ Credit Facility shall, unless otherwise agreed between Amoco Canada and such lender or creditor, be entitled to receive the Adjustable Term Notes, Senior Notes, Share Loan Notes, Marubeni Note, Subordinated Notes, Junior Notes, Subordinated Exchangable Debentures, New APCJ Note and cash which such lender or creditor is entitled to receive pursuant to this Plan of Arrangement upon delivering to the Depositary in accordance with the Creditor Deposit Agreement, the notes, debentures and other primary evidences of the Indebtedness under the Affected Credit Facilities and APCJ Credit Facility or other evidences of ownership thereof or entitlement thereto (or an indemnity in lieu thereof) acceptable to Amoco Canada.

5.8 Each Eurodollar Debtholder and each Swiss Francs Debtholder shall be entitled to receive the cash to which such creditor is entitled pursuant to this Plan of Arrangement upon delivering the notes, debentures or bonds, as the case may be, or any relevant Coupons (being the Special Interest Payment Coupons, the Matured Coupons and the Partially Unmatured Coupons) formerly evidencing the indebtedness owing to such creditor under the Eurodollar Facilities and the Swiss Francs Facilities, as the case may be, to the paying agents under such facilities. Payments of cash to the Eurodollar Debtholders and the Swiss Francs Debtholders shall be made in accordance with the Creditor Deposit Agreement.

5.9 Subject to Section 5.7, delivery of the Adjustable Term Notes, Senior Notes, Share Loan Notes, Marubeni Note, Subordinated Notes, Subordinated Exchangeable Debentures, New APCJ Note and Junior Notes to each of the lenders or creditors entitled thereto will be made on the Effective Date. Subject to Sections 5.7 and 5.8, payments of cash to each of the lenders or creditors entitled thereto will be made on the Effective Date in accordance with the Creditor Deposit Agreement and payments of cash to each of the holders of Dome Options and to each of the Persons entitled to receive Lenders' Shares will be made on the Effective Date by Amalco No. 2 by cheque or wire transfer.

5.10 Lenders or creditors under the Affected Credit Facilities who would otherwise be entitled to receive Subordinated Exchangeable Debentures (Series A), Subordinated Exchangeable Debentures (Series B), Subordinated Notes or Junior Notes in amounts not in integral multiples of U.S. $1,000 will receive Subordinated Exchangeable Debentures (Series A), Subordinated Exchangeable Debentures (Series B), Subordinated Notes or Junior Notes in a principal amount rounded downwards to the next closest integral multiple of U.S. $1,000 and the difference will be paid in cash in United States Dollars.

5.11 The securities and cash which Bank of Montreal is entitled to receive pursuant to clauses 4.7.1, 4.7.2, 4.7.3 and 4.7.10 and Section 4.20 shall be subject to the following: (i) the aggregate principal amount of Subordinated Exchangeable Debentures issued to Bank of Montreal shall not exceed U.S. $75.0 million and, if the principal amount of Subordinated Exchangeable Debentures issuable to Bank of Montreal pursuant to clauses 4.7.1, 4.7.2 and 4.7.3 and Section 4.20 would otherwise exceed U.S. $75.0 million, cash in United States Dollars in an amount equal to any such excess shall be paid in lieu thereof; (ii) the aggregate principal amount of Junior Notes issued to Bank of Montreal shall not exceed U.S. $15.0 million and, if the principal amount of Junior Notes issuable to Bank of Montreal pursuant to clause 4.7.10 would otherwise exceed U.S. $15.0 million, cash in United States Dollars in an amount equal to any such excess shall be paid in lieu thereof; and (iii) the aggregate amount of cash in United States Dollars paid to Bank of Montreal shall not be less than U.S. $10.0 million and, should it be necessary to increase the cash payable to Bank of Montreal in order to meet such minimum cash payment, then the principal amount of Subordinated Exchangeable Debentures and Junior Notes to be issued to Bank of Montreal shall be reduced by the amount of such shortfall pro rata in accordance with the respective principal amounts of Junior Notes and Subordinated Exchangeable Debentures otherwise deliverable pursuant hereto and cash in United States Dollars shall be paid in lieu thereof. No adjustment made pursuant to the foregoing shall reduce the principal amount of Subordinated Exchangeable Debentures (Series A) which Bank of Montreal is entitled to receive pursuant to clause (iv) of clause 4.7.1, and any reduction in the principal amount of Subordinated Exchangeable Debentures required pursuant to this Section 5.11 shall be applied against Subordinated Exchangeable Debentures delivered pursuant to the provisions of Article IV other than clause (iv) of clause 4.7.1.

5.12 Any note, debenture, bond or other primary evidence of the Indebtedness under any Affected Credit Facility or the APCJ Credit Facility or other evidence of ownership thereof or entitlement thereto that is not deposited as provided in Sections 5.7 and 5.8 on or prior to the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the lender or creditor thereunder to receive securities of Amoco Canada and Amoco Holdings and cash in accordance with the provisions hereof shall be deemed to be surrendered to Amoco Canada or, in the case of the APCJ Credit Facility, to Amoco Holdings.

ARTICLE VI

Shareholder Dissent Rights

6.1 Holders of Shares who have given a demand for payment which remains outstanding on the Effective Date in accordance with the rights of dissent in respect of the Plan of Arrangement granted by the Interim Order dated February 4, 1988 and the procedure set forth in the Interim Order made on March 17, 1988 and who:

(i) are ultimately entitled to be paid for the Shares in respect of which they dissent in accordance with the provisions of such Interim Orders, whether by order of a court (as defined in the Act) or by acceptance of an offer made pursuant to such Interim Orders, shall be deemed to have transferred such Shares to Dome for cancellation prior to 10:00 a.m. on the Effective Date; or

(ii) are ultimately not so entitled to be paid the Shares in respect of which they dissent for any reason, shall not be or be reinstated as shareholders of Amalco No. 2 but for purposes of receipt of consideration shall be treated as if they participated in this Plan of Arrangement on the same basis as any non-dissenting holder of Shares and such holders shall accordingly be entitled to receive such principal amount of Subordinated Exchangeable Debentures (Series A) and the Cash Amount in respect thereof as non-dissenting holders are entitled to receive on the basis determined in accordance with Section 4.16 and shall be deemed to have transferred such Shares to Dome for cancellation prior to 10:00 a.m. on the Effective Date.

In no case shall Amalco No. 2 be required to recognize such holders of Shares as shareholders of Amalco No. 2 after the Effective Date.

6.2 Amoco Canada shall issue or cause to be issued to Amalco No. 2 any Subordinated Exchangeable Debentures (Series A) required by Amalco No. 2 to perform its obligations to dissenting holders of Shares under this Article VI.

ARTICLE VII

Elections

7.1 The elections of certain lenders to receive Subordinated Notes or Subordinated Exchangeable Debentures (Series B) may be made in respect of all, or any part, of the aggregate principal amount of Subordinated Exchangeable Debentures (Series A) which such lender is entitled to receive in respect of a Secured Affected Credit Facility. Such elections shall be made by a lender entitled to make such election depositing with Amoco Canada, prior to 5:00 p.m. (Calgary time) on the Pricing Date, an irrevocable instrument of election in such form as Amoco Canada may require duly completed and executed in the manner therein prescribed and accompanied by such other documents and instruments as Amoco Canada may reasonably require. The right to make such elections shall expire at 5:00 p.m. (Calgary time) on the Pricing Date.

ARTICLE VIII

AMENDMENTS

8.1 Amoco Acquisition may at any time and from time to time before issuance of the Certificate of Amendment, vary, amend, modify or supplement this Plan of Arrangement if the Court and each of Dome and Amoco Canada determine that such variation, amendment, modification or supplement would not be prejudicial to the interests of the holders of the Shares or the creditors under the Affected Credit Facilities or the APCJ Credit Facility under this Plan of Arrangement.

SCHEDULE A

TO THE PLAN OF ARRANGEMENT

LIST OF AFFECTED CREDIT FACILITIES

1. Subject to Note 1 below, each of the Rescheduled Credit Facilities described in Exhibits A-1 through A-26 to the Debt Rescheduling Agreement as follows:

(a) 4 Bank—Dome Energy (A-1)

(b) BMO—Income Debenture (A-2)

(c) BMO—Plants Loan (A-3)

(d) Musketeer Syndicate (A-4)

(e) Intentionally left blank—see Note 1

(f) Intentionally left blank—see Note 1

(g) Intentionally left blank—see Note 1

(h) TD—127671 Canada Ltd., as successor to Dome Oils (A-8)

(i) Citibank Syndicate (A-9)

(j) Prudential (A-10)

(k) Hambros Syndicate (A-11)

(l) Ames FRN's (A-12)

(m) Credit Suisse A (A-13)

(n) Credit Suisse B (A-14)

(o) Credit Suisse Canada (A-15)

(p) Marubeni (A-16)

(q) TD—Siebens (A-17)

(r) Cyprus Anvil (A-18)

(s) Swiss Bank Corp. (A-19)

(t) Societe Generale (A-20)

(u) Credit Lyonnais (A-21)

(v) Cdn Trust Co's. FRN's (A-22)

(w) Royal—Goliad (A-23)

(x) CIBC—Alerk (A-24)

(y) CIBC—112572 Canada Inc. (A-25)

(z) CICB—Provo Preferreds (A-26)—see Note 2

2. The credit facility described in Part A of Exhibit G-3 to the Debt Rescheduling Agreement (the ENCOR Ship Advance)—see Note 3.

3. The Beaufort Obligations—see Note 4.

4. The Brunswick Obligation—see Note 5.

45. Letter from Dome dated October 30, 1986 re effectiveness of First Amending Agreement and payment of fees.

46. Letter from Dome dated October 28, 1986 re monthly certification of no legal proceedings.

Note 4. Documentation relating to the Affected Credit Facilities referred to in item 3 above:

1. Share Subscription Agreement made as of May 1, 1978 between Beaufort Exploration Limited and Dome.
2. Share Subscription Amending Agreement made as of September 1, 1983 between Beaufort Exploration Limited and Dome.
3. Waiver dated as of December 30, 1986 between Beaufort Exploration Limited and Dome.
4. Share Subscription Agreement made as of June 5, 1979 between Beaufort Energy Limited and Dome.
5. Share Subscription Amending Agreement made as of May 14, 1984 between Beaufort Energy Limited and Dome.
6. Share Subscription Agreement made as of March 6, 1979 between Beaufort Petroleum Investment Limited and Dome.
7. Share Subscription Amending Agreement made as of May 14, 1984 between Beaufort Petroleum Investment Limited and Dome.

Note 5. Documentation relating to the Affected Credit Facility referred to in item 4 above:

1. Farm-in Agreement dated March 31, 1980 between Dome Petroleum (March 1980) Limited Partnership and Provo as amended by Agreement dated April 28, 1980.
2. Offer letter dated February 24, 1986 from Provo to Brunswick Mining and Smelting Corporation Limited and accepted by letter dated October 22, 1986.

Note 6. Documentation relating to the Affected Credit Facilities referred to in item 5 above:

PART I

1. Credit Agreement dated December 14, 1981 between Dome and Zahnraederfabrik Renk Aktiengesellschaft ("Renk").
2. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 594,123 due September 30, 1986, endorsed in favour of Bayerische Landesbank.
3. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 582,796 due March 31, 1987, endorsed in favour of Bayerische Landesbank.
4. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 571,468 due September 30, 1987, endorsed in favour of Bayerische Landesbank.
5. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 560,141 due March 31, 1988, endorsed in favour of Bayerische Landesbank.
6. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 1,384,784 due September 30, 1988, endorsed in favour of Bayerische Landesbank.
7. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 1,328,147 due March 31, 1989, endorsed in favour of Bayerische Landesbank.

8. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 1,271,510 due September 30, 1989, endorsed in favour of Bayerische Landesbank.
9. Promissory Note dated December 28, 1981 issued by Dome in favour of Renk in the amount of DM 1,214,873 due March 31, 1990, endorsed in favour of Bayerische Landesbank.
10. Promissory Note dated July 26, 1984 issued by Dome in favour of Renk in the amount of DM 1,064,339 due September 30, 1990, endorsed in favour of Bayerische Landesbank.

PART II

1. Credit Agreement dated December 14, 1981 between Dome and M.A.N.—B & W Diesel GmbH on behalf of and for the account of M.A.N. Maschinenfabrik Augsburg—Nuernberg Aktiengesellschaft ("Maschinenfabrik").
2. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 1,337,956.19 due September 30, 1986, endorsed in favour of SocGen El on December 28, 1981.
3. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 1,351,684.48 due March 31, 1987, endorsed in favour of SocGen El on December 28, 1981.
4. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 1,325,412.76 due September 30, 1987, endorsed in favour of SocGen El on December 28, 1981.
5. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 1,299,141.05 due March 31, 1988, endorsed in favour of SocGen El on December 28, 1981.
6. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 3,211,741.14 due September 30, 1988, endorsed in favour of SocGen El on December 28, 1981.
7. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 3,080,382.57 due March 31, 1989, endorsed in favour of SocGen El on December 28, 1981.
8. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 2,949,024.01 due September 30, 1989, endorsed in favour of SocGen El on December 28, 1981.
9. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 2,817,665.45 due March 31, 1991, endorsed in favour of SocGen El on December 28, 1981.
10. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 2,686,306.88 due September 30, 1990, endorsed in favour of SocGen El on December 28, 1981.
11. Promissory note dated December 28, 1981 made by Dome in favour of Maschinenfabrik in the amount of DM 2,554,948.32 due March 31, 1991, endorsed in favour of SocGen El on December 28, 1981.
12. Waiver dated as of September 30, 1986 between Dome and SocGen El.
13. Waiver Amending Agreement dated as of October 28, 1986 between Dome and SocGen El.
14. Letter from Dome to SocGen El dated October 29, 1986 re effectiveness of May 30, 1986 DRA Waiver First Amending Agreement.

Note 7. Documentation relating to the Affected Credit Facilities referred to in item 6 above: The documents referred to in the definition of Eurodollar Facilities.

Note 8. Documentation relating to the Affected Credit Facilities referred to in item 7 above: The documents referred to in the definition of Swiss Francs Facilities.

SCHEDULE B

TO THE PLAN OF ARRANGEMENT

ADJUSTABLE TERM NOTES

The Deed of Trust and Mortgage dated as of the 1st day of April, 1988 between Amoco Canada, Montreal Trust Company of Canada, as Trustee, Canadian Imperial Bank of Commerce, as Agent and Citibank Canada as Syndicate Manager, providing for the issuance of up to U.S. $1,700 million Adjustable Term Notes, as such Deed of Trust and Mortgage may be amended and supplemented from time to time.

SCHEDULE C

TO THE PLAN OF ARRANGEMENT

JUNIOR NOTES

The Indenture dated as of June 1, 1988 between Amoco Canada and National Trust Company and Continental Illinois National Bank and Trust Company of Chicago, as trustees, providing for the issuance of 13.5% Junior Notes due 2003.

SCHEDULE D

TO THE PLAN OF ARRANGEMENT

SUBORDINATED NOTES

The Subordinated Note Agreement dated as of June 1, 1988, between Amoco Canada and the Institutions named in Schedule I thereto providing for the issuance of up to U.S. $240 million principal amount of Subordinated Notes due 1993.

SCHEDULE E

TO THE PLAN OF ARRANGEMENT

SENIOR NOTES

The Senior Note Agreement dated as of June 1, 1988 between Amoco Canada and Bank of Montreal providing for the issuance of up to U.S. $117.5 million principal amount of Senior Notes (Series A) and up to U.S. $235.1 million principal amount of Senior Notes (Series B).

SCHEDULE F

TO THE PLAN OF ARRANGEMENT

SHARE LOAN NOTES

The Share Loan Note Agreement dated as of June 1, 1988 between Amoco Canada, Bank of Montreal, Canadian Imperial Bank of Commerce, The Royal Bank of Canada and The Toronto-Dominion Bank providing for the issuance of the following:

(a) the Share Loan Note (4 Bank) in the principal amount of U.S. $123.9 million to be issued to such lenders; and

(b) the Share Loan Note (TD) in the principal amount determined under Section 4.7.4 to be issued to The Toronto-Dominion Bank.

SCHEDULE G

TO THE PLAN OF ARRANGEMENT

SUBORDINATED EXCHANGEABLE DEBENTURES

The Indenture dated as of June 1, 1988 between Amoco Canada and The Royal Trust Company and First National Bank of Chicago, as trustees, providing for the issuance of 7.375% Subordinated Exchangeable Debentures due 2013.

SCHEDULE H

TO THE PLAN OF ARRANGEMENT

TERMS OF MARUBENI NOTE

ISSUER:	Amoco Canada.
PRINCIPAL AMOUNT:	Amount in U.S. $ equal to 50% of the Secured Portion of Marubeni Affected Credit Facility.
MATURITY:	5 years and one day.
INTEREST:	LIBOR plus ⅝ of one percent.
INTEREST PAYMENTS:	Interest is payable in periods corresponding to the LIBOR periods selected by the Issuer.
OPTIONAL PREPAYMENT BY ISSUER:	The Note may be prepaid in whole or in part by Amoco Canada at any time after issuance at an amount equal to the principal amount (or applicable portion) thereof.
TRANSFERABILITY:	The Note may not be assigned without the prior written consent of Amoco Canada, which shall not be unreasonably withheld.
COVENANTS:	The Note shall have the following covenants: 1. *Payment of Principal and Interest.* Amoco Canada will pay punctually the principal and interest of the Note when due. 2. *Maintenance of Existence and Compliance with Laws.* Amoco Canada will maintain its existence in good standing and will use reasonable efforts to comply with applicable laws.

3. *Proper Books and Records.* Amoco Canada will keep proper books of accounts in accordance with generally accepted accounting practices and will deliver annual and quarterly financial statements.

4. *Certain Requirements in Respect of Merger, etc.* Amoco Canada will not consolidate with, amalgamate with, merge into or sell, lease or otherwise transfer all or substantially all of its assets to any entity unless:

   (a) the entity (if other than Amoco Canada) formed by such consolidation, amalgamation, merger or asset transfer is a Canadian corporation (federal or provincial) which expressly assumes Amoco Canada's obligations under the Note; and

   (b) the transaction does not create an Event of Default or an event which after notice or lapse of time would result in an Event of Default.

EVENTS OF DEFAULT:

1. Failure to pay principal when due on the Note or interest thereon within 15 days after the due date.

2. Failure to perform any of the foregoing covenants.

3. Breach of representations and warranties.

4. Certain events of bankruptcy of Amoco Canada or any Significant Subsidiary, including the entering by a court of a decree or order adjudicating Amoco Canada or any Significant Subsidiary a bankrupt or insolvent, the appointment by a court of a receiver for Amoco Canada or any Significant Subsidiary of proceedings to be adjudicated a bankrupt or insolvent, which events are involuntary as to Amoco Canada or such Significant Subsidiary, as the case may be, and are continued undismissed or unstayed for 60 days or have been initiated or consented to by Amoco Canada or such Significant Subsidiary, as the case may be.

5. Amoco Canada's current shareholder shall fail to maintain beneficial majority ownership of the outstanding shares entitled to elect a majority of the Board of Directors of Amoco Canada; provided, however, that any diminution of ownership arising directly or indirectly out of any action, order or decree of any governmental or judicial authority shall not constitute an event of default, and provided further, that Amoco Canada's current shareholder shall be entitled to transfer beneficial majority ownership of outstanding shares of Amoco Canada to any other corporation having a credit rating at least equal to the credit rating of Amoco Canada's current shareholder at the time of such transfer.

6. Cross default to other indebtedness of Amoco Canada or a Significant Subsidiary in excess of U.S. $10,000,000.

The notice and cure period for (2) above shall be 30 days, subject to an extension of 30 days if action to cure being taken.

The notice and cure period for (3) above shall be 30 days.

RANKING: The Note shall be a full recourse obligation of Amoco Canada and shall be subordinated to the Adjustable Term Notes and the Senior Notes.

SECURITY: The Note shall be secured by a first mortgage on the SSDC. In the event of a sale or loss of the Collateral during the term of the Note, an amount equal to the outstanding principal amount of the Note shall be deposited into a cash collateral account pledged to the Noteholder.

NO LIABILITY OF SHAREHOLDER: Under no circumstances shall any shareholder of Amoco Canada be liable for any amounts in respect of the Note.

DEFINITIONS: The definition set forth below is subject to elaboration and supplementation in the definitive documentation contemplated by the Arrangement Agreement.

Significant Subsidiary

As used herein shall mean, prior to the publication of Amoco Canada's 1988 financial statements, certain specified Subsidiaries and thereafter any Subsidiary (i) which has total assets in excess of one-half of one percent of the total consolidated assets of Amoco Canada and its consolidated Subsidiaries, as shown on the audited consolidated balance sheet as of the prior fiscal year-end, and (ii) of which at least 80 percent of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of the corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by Amoco Canada provided that the aggregate amount of total assets of all corporations not considered Significant Subsidiaries shall not exceed 20 percent of such total consolidated assets (if the 20 percent is exceeded, Subsidiaries are to be ranked in order of amount of assets to reach the 20 percent level).

SCHEDULE I

TO THE PLAN OF ARRANGEMENT

NEW APCJ NOTE

ISSUER: Amoco Holdings

GUARANTOR: Amoco Canada

PRINCIPAL AMOUNT: Cdn. $400 million

SECURITY: Floating charge debentures of Amoco Holdings (secured on the Beaufort Sea properties and interests transferred by ENCOR to Amoco Holdings in accordance with Section 4.21 of the Plan of Arrangement) and Amalco No. 2 (secured on the Beaufort Sea properties and interests subject to the charges in the Floating Charge Debentures of Provo and Dome referred to in the definition of APCJ Credit Facility), such debentures to be in the form and terms of the said Provo and Dome debentures.

NO LIABILITY OF SHAREHOLDERS:	Under no circumstances shall any shareholder of Amoco Canada be liable for any amounts in respect of the New APCJ Note.
INTEREST, MATURITY AND OTHER TERMS, PROVISIONS, COVENANTS, ETC.:	**These will be as set out in the APCJ Credit Facility.**

SCHEDULE J

TO THE PLAN OF ARRANGEMENT

GUARANTEE AND SECURITY DOCUMENTATION

The security documentation to be issued pursuant to Section 4.22 of the Plan of Arrangement shall without limitation include the following:

(1) With respect to the Adjustable Term Notes, documents evidencing and constituting the following:

(a) Creation and issue of Adjustable Term Notes by Amoco Canada and charges on the Amoco Canada Pool Properties (as defined in Schedule B annexed to the Plan of Arrangement) held by Amoco Canada as security for such Notes;

(b) Guarantee by Amoco Holdings, a wholly-owned subsidiary of Amoco Canada, of Amoco Canada's obligations under the Adjustable Term Notes;

(c) Guarantee by Amalco No. 2, a wholly-owned subsidiary of Amoco Holdings, of Amoco Holdings' obligations under the guarantee referred to in clause (b) above and, as security for such guarantee, the Musketeer Debentures and a charge on the Dome 1988 Pool Properties (as defined in the trust indenture referred to in Schedule B annexed to the Plan of Arrangement) held by Amalco No. 2: and

(d) Guarantee by HBOG, a wholly-owned subsidiary of Amalco No. 2, of Amalco No. 2's obligations under the guarantee referred to in clause (c) above and, as security for such guarantee, the HBOG Debentures and a charge on the HBOG Pool Properties (as defined in the trust indenture referred to in Schedule B to the Plan of Arrangement) held by HBOG.

(2) With respect to the Senior Notes, documents evidencing and constituting the following:

(a) The Senior Notes issued by Amoco Canada;

(b) Guarantee by Amoco Holdings, a wholly-owned subsidiary of Amoco Canada, of Amoco Canada's obligations under the Senior Notes;

(c) Guarantee by Amalco No. 2, a wholly-owned subsidiary of Amoco Holdings, of Amoco Holdings' obligations under the guarantee referred to in clause (b) above and, as security for such guarantee, the debenture of Amalco No. 2 containing charges on the NGL, ethane gathering and Cochin Pipeline assets held by Amalco No. 2, the assignments of book debts and specific assignments of agreements by Amalco No. 2 and the pledges by Amalco No. 2 of shares of Dome NGL Pipeline Ltd., Dome Kerrobert Pipeline Ltd. and Cochin Pipe Lines Ltd. provided for in the Senior Note Agreement referred to in the definition of "Senior Notes";

(d) Guarantee by each of Dome NGL Pipeline Ltd., Cochin Pipe Lines Ltd., HBOG and Dome Kerrobert Pipeline Ltd., each of which is a wholly-owned subsidiary of Amalco No. 2, of Amalco No. 2's obligations under the guarantee referred to in clause (c) above and, as security for such guarantees, the debentures of each of Dome NGL Pipeline Ltd., Cochin Pipe Lines Ltd., HBOG and Dome Kerrobert Pipeline Ltd. containing charges on the NGL, ethane gathering and Cochin Pipeline assets held by such companies and the assignments of book debts and specific assignments of agreements by such companies provided for in the Senior Note Agreement referred to in the definition of "Senior Notes";

(e) Guarantee by Dome Petroleum Corp., a wholly-owned subsidiary of Amalco No. 2 of Amalco No. 2's obligations under the guarantee referred to in clause (c) above and, as security for such guarantee, the debenture of Dome Petroleum Corp. containing charges on the NGL, ethane gathering and Cochin Pipeline assets held by Dome Petroleum Corp., the assignments of book debts and specific assignments of agreements by Dome Petroleum Corp. and the pledge by Dome Petroleum Corp. of shares of Dome Pipeline Corporation provided for in the Senior Note Agreement referred to in the definition of "Senior Notes"; and

(f) Guarantee by Dome Pipeline Corporation, a wholly-owned subsidiary of Dome Petroleum Corp., of Dome Petroleum Corp.'s obligations under the guarantee referred to in clause (f) above and, as security for such guarantee, the debenture of Dome Pipeline Corporation containing charges on the NGL, ethane gathering and Cochin Pipeline assets held by Dome Pipeline Corporation and the assignments of book debts and specific assignments of agreements by Dome Pipeline Corporation provided for in the Senior Note Agreement referred to in the definition of "Senior Notes".

(3) With respect to the Share Loan Notes, documents evidencing and constituting the following:

(a) The Share Loan Notes issued by Amoco Canada:

(b) Guarantees by Amoco Holdings, a wholly-owned subsidiary of Amoco Canada, of Amoco Canada's obligations under the Share Loan Notes; and

(c) Guarantees by Amalco No. 2, a wholly-owned subsidiary of Amoco Holdings, of Amoco Holdings' obligations under the guarantees referred to in clause (b) above and pledges as security for such guarantees of common shares of Placer Dome held by Amalco No. 2.

(4) With respect to the Marubeni Note, documents evidencing and constituting the following:

(a) The Marubeni Note issued by Amoco Canada;

(b) Guarantee by Amoco Holdings, a wholly-owned subsidiary of Amoco Canada, of Amoco Canada's obligations under the Marubeni Note; and

(c) Guarantee by Amalco No. 2, a wholly-owned subsidiary of Amoco Holdings, of Amoco Holdings' obligations under the guarantee referred to in clause (b) above and mortgage as security for such guarantee of the SSDC marine drilling system held by Amalco No. 2.

(5) With respect to the New APCJ Note, documents evidencing and constituting the following:

(a) The New APCJ Note issued by Amoco Holdings and, as security, a debenture of Amoco Holdings constituting a first floating charge on the Beaufort Sea properties subject to the charges contained in and constituted by the Debenture of ENCOR forming part of the APCJ Credit Facility;

(b) Guarantee by Amalco No. 2, a wholly-owned subsidiary of Amoco Holdings, of Amoco Holdings' obligations under the New APCJ Note and, as security for such guarantee, a debenture of Amalco No. 2 constituting a first floating charge on the Beaufort Sea properties subject to the charges contained in and constituted by the Debentures of Dome and Provo forming part of the APCJ Credit Facility; and

(c) Guarantee by Amoco Canada of Amoco Holdings' obligations under the New APCJ Note.

SCHEDULE K

TO THE PLAN OF ARRANGEMENT

DESCRIPTION OF SHARE CAPITAL OF AMALCO NO. 1

(Amalco No. 1 being referred to in this Schedule K as the "Corporation")

1. AUTHORIZED CAPITAL

The authorized capital of the Corporation consists of an unlimited number of Preferred Shares issuable in series, an unlimited number of Class Y Preferred Shares, an unlimited number of Class YY Preferred Shares, an unlimited number of Class Z Special Shares and an unlimited number of Common Shares.

2. SHARE ATTRIBUTES

(a) The rights, privileges, restrictions and conditions attaching to the Preferred Shares and the Common Shares are as set forth in the articles of Dome immediately prior to the Effective Date except that all references therein to "Dome" or the "Company" are deemed to be a reference to the "Corporation".

(b) The rights, privileges, restrictions and conditions attaching to the Class Y Preferred Shares are as follows:

(1) The holders of the Class Y Preferred Shares shall be entitled to receive as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, fixed, preferential, cumulative, cash dividends at the rate of twelve United States cents (U.S. $0.12) per share per annum, payable quarterly on the first (1st) days of March, June, September and December in each year; such dividends shall accrue and be cumulative from the respective dates of issue of the Class Y Preferred Shares; if on any dividend payment date, the Corporation shall not have paid the said dividends in full on all Class Y Preferred Shares then issued and outstanding, additional dividends shall accrue with respect to such unpaid dividends or the unpaid part thereof at the rate of twelve percent (12%) per annum of the amount unpaid, compounded monthly, and such dividends shall be paid on a subsequent date or dates in priority to dividends on the Class Z Special Shares and the Common Shares and any shares of any other class ranking junior to the Class Y Preferred Shares; no dividend shall be declared or paid on or set apart for the Class Z Special Shares and the Common Shares and any other class ranking junior to the Class Y Preferred Shares then issued and outstanding until such dividends or the unpaid part thereof on all Class Y Preferred Shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart.

(2) (a) Subject to the provisions of the Act, a holder of Class Y Preferred Shares shall be entitled to require the Corporation to redeem at any time and from time to time after the date of issue of the Class Y Preferred Shares, upon giving notice as hereinafter provided, all or any number of the Class Y Preferred Shares registered in the name of such holder on the books of the Corporation at a retraction price per share (the "retraction price") equal to the paid-up capital of such share and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the business day (the "retraction date") on which the Corporation redeems such Class Y Preferred Shares (less the amount of any tax which the Corporation is required to and does withhold therefrom).

(b) A holder of Class Y Preferred Shares exercising the option to have the Corporation redeem, shall give notice to the Corporation setting out the retraction date, which retraction date shall not be less than 10 days nor more than 30 days from the date of the notice, and if the holder desires to have less than all of the Class Y Preferred Shares registered in his name redeemed by the Corporation, the number of the holder's Class Y Preferred Shares to be redeemed. The holder of any Class Y Preferred Shares may, with the consent of the Corporation, revoke such notice prior to the retraction date.

(c) Upon delivery to the Corporation of a share certificate or certificates representing the Class Y Preferred Shares which the holder desires to have the Corporation redeem, the Corporation shall on the retraction date, to the extent permitted by the Act, redeem such Class Y Preferred Shares by paying to the holder the retraction price therefor.

(d) Upon payment of the retraction price of the Class Y Preferred Shares so redeemed by the Corporation, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.

(e) If the redemption by the Corporation on any retraction date of all Class Y Preferred Shares to be redeemed on such date would be contrary to the Act, the Corporation shall be obligated to redeem only the maximum number of Class Y Preferred Shares (rounded to the next lower multiple of 100 shares) which the Corporation determines it is then permitted to redeem, such redemptions to be made pro rata (disregarding fractions of shares) according to the number of Class Y Preferred Shares required by each such holder to be redeemed by the Corporation; the Corporation shall issue new certificates representing the Class Y Preferred Shares not redeemed by the Corporation and the Corporation shall redeem in the manner contemplated by paragraph (3) on each dividend date thereafter the maximum number of such Class Y Preferred Shares as would then be not contrary to the Act.

(3)(a) Subject to the provisions of the Act, the Corporation may at the option of the Corporation redeem all or from time to time any part of the outstanding Class Y Preferred Shares on payment to the holders thereof, for each Class Y Preferred Share to be redeemed, of a redemption price per share (the "redemption price") equal to the paid-up capital of such share and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the business day (the "redemption date") specified by the Corporation for such redemption (less the amount of any tax which the Corporation is required to and does withhold therefrom).

(b) Before redeeming any Class Y Preferred Shares, the Corporation shall mail to each person who, at the date of such mailing, is a registered holder of Class Y Preferred Shares to be redeemed, notice of the intention of the Corporation to redeem such Class Y Preferred Shares held by such registered holder; such notice shall be mailed by ordinary prepaid post addressed to the last address of such holder as it appears on the records of the Corporation or, in the event of the address of any such holder not appearing on the records of the Corporation, then to the last known address of such holder, at least 30 days before the redemption date; such notice shall set out the redemption price, the date on which redemption is to take place and, if part only of the Class Y Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed; on or after the date so specified for redemption, the Corporation shall pay or cause to be paid the redemption price to the registered holders of the Class Y Preferred Shares to be redeemed, on presentation and surrender of the certificates for the Class Y Preferred Shares so called for redemption at such place or places as may be specified in such notice, and the certificates for such Class Y Preferred Shares shall thereupon be cancelled, and the Class Y Preferred Shares represented thereby shall thereupon be redeemed. In case a part only of the outstanding Class Y Preferred Shares is at any time to be redeemed, the Class Y Preferred Shares to be redeemed shall be selected, at the option of the directors, either by lot in such manner as the directors in their sole discretion shall determine or as nearly as may be pro rata (disregarding fractions) according to the number of Class Y Preferred Shares held by each holder. In case a part only of the Class Y Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in such notice, the holders of the Class Y Preferred Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to any rights in respect thereof, except to receive the redemption price, unless payment of the redemption price shall not be made by the Corporation in accordance with the foregoing provisions, in which case the rights of the holders of such Class Y Preferred Shares shall remain unimpaired. On or before the redemption date, the Corporation shall have the right to deposit the redemption price of the Class Y Preferred Shares called for redemption in a special account with any chartered bank or trust company in Canada named in the notice of redemption to be paid, without interest, to or to the order of the respective holders of such Class Y Preferred Shares called for redemption upon presentation and surrender of the certificates representing the same and, upon such deposit being made, the Class Y Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the several holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the redemption price applicable to their respective Class Y Preferred Shares against presentation and surrender of the certificates representing such Class Y Preferred Shares.

(4) The Class Y Preferred Shares shall be entitled to preference over the Class Z Special Shares and the Common Shares of the Corporation and over any other shares ranking junior to the Class Y Preferred Shares but shall rank junior to the Amalco No. 1 Series A Preferred Shares, Amalco No. 1 Series B Preferred Shares and Amalco No. 1 Series C Preferred Shares and equally with the Class YY Preferred Shares then outstanding with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. Nothing in this paragraph shall limit the right of the Corporation to pay a dividend in its Class Z Special Shares or the Amalco No. 1 Common Shares to the holders of the Class Z Special Shares or the Amalco No. 1 Common Shares or any other shares ranking junior to the Class Y Preferred Shares without participation therein by the holders of the Class Y Preferred Shares.

(5) (a) Except as provided for in the Act and except as hereinafter set out, the holders of Class Y Preferred Shares, as such, shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote thereat unless and until dividends on the Class Y Preferred Shares are in arrears to the extent of two quarterly dividends, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends. In that event and until all arrears of dividends on all outstanding Class Y Preferred Shares shall have been paid, each holder of Class Y Preferred Shares shall be entitled to receive notice of and to attend all meetings of holders of Amalco No. 1 Common Shares and at any such meeting shall be entitled to one vote for each Class Y Preferred Share held.

(b) So long as any of the Class Y Preferred Shares are outstanding, the Corporation shall not without but may from time to time with the approval of the holders of the Class Y Preferred Shares, to be given as hereinafter specified, create or incur or permit any Subsidiary to create or incur new or additional indebtedness of any kind whatsoever other than indebtedness created or incurred in the normal course of business for working capital purposes only. Any approval within the meaning of this paragraph shall be deemed to have been sufficiently given if it shall have been approved in writing by the holders of ninety percent (90%) of the outstanding Class Y Preferred Shares.

(6) (a) The Class Y Preferred Shares, or any of them, may, upon and subject to the terms and conditions hereinafter set forth, be converted at any time by the holder or holders thereof into fully paid Class Z Special Shares of the Corporation as the same shall be constituted at the time of conversion on the basis of the exchange ratio derived from the following rules:

(i) determine the fair market value per share of each Class Z Special Share of the Corporation outstanding immediately prior to the date of such conversion or, if no such Class Z Special Share is outstanding immediately prior to the date of such conversion, then determine the amount for which a Class Z Special Share would be issued by the Corporation if it were issued immediately prior to the date of conversion at fair market value (the "Class Z Special Share Value");

(ii) determine the stated capital per share of each Class Y Preferred Share of the Corporation outstanding immediately prior to the date of such conversion (the "Class Y Stated Value");

(iii) divide the Class Y Stated Value by the Class Z Special Share Value and the result is the number of Class Z Special Shares of the Corporation to be issued on the conversion of each Class Y Preferred Share on such date.

The fair market value of each Class Z Special Share referred to in this clause (a) shall mean the fair market value thereof as determined by agreement between the holder or holders of the said Class Y Preferred Shares and the Corporation, provided that if such parties fail to agree on such value within 15 days of the date on which notice of the exercise of such conversion right is given to the Corporation, determination of such fair market value shall be referred to a panel of three valuators (one of whom shall be selected by the Corporation, one of whom shall be selected by such holder or holders of the said Class Y Preferred Shares and one of whom shall be selected by the other two valuators) who shall proceed in accordance with the Arbitrations Act (Alberta) and whose decision shall be final and binding. In the event of liquidation, dissolution or winding-up of the Corporation, such right of conversion shall cease and expire at noon on the business day next preceding the date of such liquidation, dissolution or winding-up.

(b) A holder of Class Y Preferred Shares desiring to convert his Class Y Preferred Shares into Class Z Special Shares in accordance with the foregoing shall surrender the certificate or certificates representing his Class Y Preferred Shares so to be converted to the registered office of the Corporation, accompanied by a request in writing for such conversion with his signature thereon verified, as the directors of the Corporation may from time to time require, and thereupon there shall be issued to such holder by the Corporation, as fully paid and non-assessable, the number of Class Z Special Shares to which he shall be entitled upon such conversion.

(c) No payment or adjustment in respect of unpaid cumulative dividends on Class Y Preferred Shares so converted shall be made upon any such conversions.

(d) If the number of outstanding Class Y Preferred Shares or Class Z Special Shares shall, prior to the exercise by the holder of any Class Y Preferred Shares of his aforesaid conversion right, be subdivided or consolidated, the number of Class Z Special Shares into which such holder may convert his Class Y Preferred Shares shall be proportionately increased or reduced, as the case may be; provided that, in such event, no such shareholder shall be entitled to convert a Class Y Preferred Share or shares into a fraction of a Class Z Special Share, but in any such case the Corporation shall issue or cause to be issued in respect of such fraction or fractions a scrip certificate, transferable by delivery, entitling the holder thereof and other similar scrip certificate aggregating one (1) full Class Z Special Share, upon surrender of such scrip certificate at such place as may be designated therein, to obtain from the Corporation a full Class Z Special Share and to receive a share certificate therefor. Such scrip certificate shall be in such form and terms and shall be subject to such conditions as the Corporation may determine, and shall provide that the holder thereof shall not be a shareholder or be entitled to receive dividends or to any other rights of a shareholder.

(7) In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Class Y Preferred Shares shall be entitled to receive for their Class Y Preferred Shares out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation is distributed to the holders of the Class Z Special Shares, the Amalco No. 1 Common Shares or any other shares ranking junior to the Class Y

Preferred Shares but equally with the Class YY Preferred Shares then outstanding, an amount per share equal to the paid-up capital of such share and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon; after payment to the holders of Class Y Preferred Shares of the amount so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

(c) The rights, privileges, restrictions and conditions attaching to the Class YY Preferred Shares are as follows:

(1) The holders of the Class YY Preferred Shares shall be entitled to receive as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, fixed, preferential, cumulative, cash dividends at the rate of twelve Canadian cents (Cdn. $0.12) per share per annum, payable quarterly on the first (1st) days of March, June, September and December in each year; such dividends shall accrue and be cumulative from the respective dates of issue of the Class YY Preferred Shares; if on any dividend payment date, the Corporation shall not have paid the said dividends in full on all Class YY Preferred Shares then issued and outstanding, additional dividends shall accrue with respect to such unpaid dividends or the unpaid part thereof at the rate of twelve percent (12%) per annum of the amount unpaid, compounded monthly, and such dividends shall be paid on a subsequent date or dates in priority to dividends on the Class Z Special Shares and the Common Shares and any shares of any other class ranking junior to the Class YY Preferred Shares; no dividend shall be declared or paid on or set apart for the Class Z Special Shares and the Common Shares and any other class ranking junior to the Class YY Preferred Shares then issued and outstanding until such dividends or the unpaid part thereof on all Class YY Preferred Shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart.

(2) (a) Subject to the provisions of the Act, a holder of Class YY Preferred Shares shall be entitled to require the Corporation to redeem at any time and from time to time after the date of issue of the Class YY Preferred Shares, upon giving notice as hereinafter provided, all or any number of the Class YY Preferred Shares registered in the name of such holder on the books of the Corporation at a retraction price per share (the "retraction price") equal to Cdn. $1.00 per share plus all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the business day (the "retraction date") on which the Corporation redeems such Class YY Preferred Shares (less the amount of any tax which the Corporation is required to and does withhold therefrom).

(b) A holder of Class YY Preferred Shares exercising the option to have the Corporation redeem, shall give notice to the Corporation setting out the retraction date, which retraction date shall not be less than 10 days nor more than 30 days from the date of the notice, and if the holder desires to have less than all of the Class YY Preferred Shares registered in his name redeemed by the Corporation, the number of the holder's Class YY Preferred Shares to be redeemed. The holder of any Class YY Preferred Shares may, with the consent of the Corporation, revoke such notice prior to the retraction date.

(c) Upon delivery to the Corporation of a share certificate or certificates representing the Class YY Preferred Shares which the holder desires to have the Corporation redeem, the Corporation shall on the retraction date, to the extent permitted by the Act, redeem such Class YY Preferred Shares by paying to the holder the retraction price therefor.

(d) Upon payment of the retraction price of the Class YY Preferred Shares so redeemed by the Corporation, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.

(e) If the redemption by the Corporation on any retraction date of all Class YY Preferred Shares to be redeemed on such date would be contrary to the Act, the Corporation shall be obligated to redeem only the maximum number of Class YY Preferred Shares (rounded to the next lower multiple of 100 shares) which the Corporation determines it is then permitted to redeem, such redemptions to be made pro rata (disregarding fractions of shares) according to the number of Class YY Preferred Shares required by each such holder to be redeemed by the Corporation; the Corporation shall issue new certificates representing the Class YY Preferred Shares not redeemed by the Corporation and the Corporation shall redeem in the manner contemplated by paragraph (3) on each dividend date thereafter the maximum number of such Class YY Preferred Shares as would then be not contrary to the Act.

(3) (a) Subject to the provisions of the Act, the Corporation may at the option of the Corporation redeem all or from time to time any part of the outstanding Class YY Preferred Shares on payment to the holders thereof, for each Class YY Preferred Share to be redeemed, of a redemption price per share (the "redemption price") equal to Cdn. $1.00 per share and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the business day (the "redemption date") specified by the Corporation for such redemption (less the amount of any tax which the Corporation is required to and does withhold therefrom).

(b) Before redeeming any Class YY Preferred Shares, the Corporation shall mail to each person who, at the date of such mailing, is a registered holder of Class YY Preferred Shares to be redeemed, notice of the intention of the Corporation to redeem such Class YY Preferred Shares held by such registered holder; such notice shall be mailed by ordinary prepaid post addressed to the last address of such holder as it appears on the records of the Corporation or, in the event of the address of any such holder not appearing on the records of the Corporation, then to the last known address of such holder, at least 30 days before the redemption date; such notice shall set out the redemption price, the date on which redemption is to take place and, if part only of the Class YY Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed; on or after the date so specified for redemption, the Corporation shall pay or cause to be paid the redemption price to the registered holders of the Class YY Preferred Shares to be redeemed, on presentation and surrender of the certificates for the Class YY Preferred Shares so called for redemption at such place or places as may be specified in such notice, and the certificates for such Class YY Preferred Shares shall thereupon be cancelled, and the Class YY Preferred Shares represented thereby shall thereupon be redeemed. In case a part only of the outstanding Class YY Preferred Shares is at any time to be redeemed, the Class YY Preferred Shares to be redeemed shall be selected, at the option of the directors, either by lot in such manner as the directors in their sole discretion shall determine or as nearly as may be pro rata (disregarding fractions) according to the number of Class YY Preferred Shares held by each holder. In case a part only of the Class YY Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in such notice, the holders of the Class YY Preferred Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to any rights in respect thereof, except to receive the redemption price, unless payment of the redemption price shall not be made by the Corporation in accordance with the foregoing provisions, in which case the rights of the holders of such Class YY Preferred Shares shall remain unimpaired. On or before the redemption date, the Corporation shall have the right to deposit the redemption price of the Class YY Preferred Shares called for redemption in a special account with any chartered bank or trust company in Canada named in the notice of redemption to be paid, without interest, to or to the order of the respective holders of such Class YY Preferred Shares called for redemption upon presentation and surrender of the certificates representing the same and, upon such deposit being made, the Class YY Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the several holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the redemption price applicable to their respective Class YY Preferred Shares against presentation and surrender of the certificates representing such Class YY Preferred Shares.

(4) The Class YY Preferred Shares shall be entitled to preference over the Class Z Special Shares and the Common Shares of the Corporation and over any other shares ranking junior to the Class YY Preferred Shares but shall rank junior to the Amalco No. 1 Series A Preferred Shares, Amalco No. 1 Series B Preferred Shares and Amalco No. 1 Series C Preferred Shares and equally with the Class Y Preferred Shares then outstanding with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. Nothing in this paragraph shall limit the right of the Corporation to pay a dividend in its Class Z Special Shares or the Amalco No. 1 Common Shares to the holders of the Class Z Special Shares or the Amalco No. 1 Common Shares or any other shares ranking junior to the Class YY Preferred Shares without participation therein by the holders of the Class YY Preferred Shares.

(5) (a) Except as provided for in the Act and except as hereinafter set out, the holders of Class YY Preferred Shares, as such, shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote thereat unless and until dividends on the Class YY Preferred Shares are in arrears to the extent of two quarterly dividends, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends. In that event and until all arrears of dividends on all outstanding Class YY Preferred Shares shall have been paid, each holder of Class YY Preferred Shares shall be entitled to receive notice of and to attend all meetings of holders of Amalco No. 1 Common Shares and at any such meeting shall be entitled to one vote for each Class YY Preferred Share held.

(b) So long as any of the Class YY Preferred Shares are outstanding, the Corporation shall not without but may from time to time with the approval of the holders of the Class YY Preferred Shares, to be given as hereinafter specified, create or incur or permit any Subsidiary to create or incur new or additional indebtedness of any kind whatsoever other than indebtedness created or incurred in the normal course of business for working capital purposes only. Any approval within the meaning of this paragraph shall be deemed to have been sufficiently given if it shall have been approved in writing by the holders of ninety per cent (90%) of the outstanding Class YY Preferred Shares.

(6) (a) The Class YY Preferred Shares, or any of them, may, upon and subject to the terms and conditions hereinafter set forth, be converted at any time by the holder or holders thereof into fully paid Class Z Special Shares of the Corporation as the same shall be constituted at the time of conversion on the basis of the exchange ratio derived from the following rules:

(i) determine the fair market value per share of each Class Z Special Share of the Corporation outstanding immediately prior to the date of such conversion or, if no such Class Z Special Share is outstanding immediately prior to the date of such conversion, then determine the amount for which a Class Z Special Share would be issued by the Corporation if it were issued immediately prior to the date of conversion at fair market value (the "Class Z Special Share Value");

(ii) divide Cdn. $1.00 by the Class Z Special Share Value and the result is the number of Class Z Special Shares of the Corporation to be issued on the conversion of each Class YY Preferred Share on such date.

The fair market value of each Class Z Special Share referred to in this clause (a) shall mean the fair market value thereof as determined by agreement between the holder or holders of the said Class YY Preferred Shares and the Corporation, provided that if such parties fail to agree on such value within 15 days of the date on which notice of the exercise of such conversion right is given to the Corporation, determination of such fair market value shall be referred to a panel of three valuators (one of whom shall be selected by the Corporation, one of whom shall be selected by such holder or holders of the said Class YY Preferred Shares and one of whom shall be selected by the other two valuators) who shall proceed in accordance with the Arbitrations Act (Alberta) and whose decision shall be final and binding. In the event of liquidation, dissolution or winding-up of the Corporation, such right of conversion shall cease and expire at noon on the business day next preceding the date of such liquidation, dissolution or winding-up.

(b) A holder of Class YY Preferred Shares desiring to convert his Class YY Preferred Shares into Class Z Special Shares in accordance with the foregoing shall surrender the certificate or certificates representing his Class YY Preferred Shares so to be converted to the registered office of the Corporation, accompanied by a request in writing for such conversion with his signature thereon verified, as the directors of the Corporation may from time to time require, and thereupon there shall be issued to such holder by the Corporation, as fully paid and non-assessable, the number of Class Z Special Shares to which he shall be entitled upon such conversion.

(c) No payment or adjustment in respect of unpaid cumulative dividends on Class YY Preferred Shares so converted shall be made upon any such conversions.

(d) If the number of outstanding Class YY Preferred Shares or Class Z Special Shares shall, prior to the exercise by the holder of any Class YY Preferred Shares of his aforesaid conversion right, be subdivided or consolidated, the number of Class Z Special Shares into which such holder may convert his Class YY Preferred Shares shall be proportionately increased or reduced, as the case may be; provided that, in such event, no such shareholder shall be entitled to convert a Class YY Preferred Share or shares into a fraction of a Class Z Special Share, but in any such case the Corporation shall issue or cause to be issued in respect of such fraction or fractions a scrip certificate, transferable by delivery, entitling the holder thereof and other similar scrip certificate aggregating one (1) full Class Z Special Share, upon surrender of such scrip certificate at such place as may be designated therein, to obtain from the Corporation a full Class Z Special Share and to receive a share certificate therefor. Such scrip certificate shall be in such form and terms and shall be subject to such conditions as the Corporation may determine, and shall provide that the holder thereof shall not be a shareholder or be entitled to receive dividends or to any other rights of a shareholder.

(7) In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Class YY Preferred Shares shall be entitled to receive for their Class YY Preferred Shares out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation is distributed to the holders of the Class Z Special Shares, the Amalco No. 1 Common Shares or any other shares ranking junior to the Class YY Preferred Shares but equally with the Class Y Preferred Shares then outstanding, an amount per share equal to Cdn. $1.00 and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon; after payment to the holders of Class YY Preferred Shares of the amount so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

(d) The rights, privileges, restrictions and conditions attaching to the Class Z Special Shares are as follows:

(1) In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of Amalco No. 1 among shareholders for the purpose of winding-up its affairs, the holders of the Class Z Special Shares and the Amalco No. 1 Common Shares shall be entitled to share equally, share for share, after payment to the holders of the Amalco No. 1 Series A Preferred, the Class YY Preferred Shares Shares, the Amalco No. 1 Series B Preferred Shares, the Amalco No. 1 Series C Preferred Shares and the Class Y Preferred Shares of the amounts such holders are entitled to, the remaining property and assets of the Corporation.

(2) Subject to the Act, the holders of the Class Z Special Shares, as such, shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to any vote at such meeting.

SCHEDULE L

TO THE PLAN OF ARRANGEMENT

AMENDMENT TO THE ARTICLES OF DOME ENERGY

(Dome Energy being referred to in this Schedule L as the "Corporation")

The articles of the Corporation are amended as follows:

1. AUTHORIZED CAPITAL

The authorized capital of the Corporation is increased by the creation of an unlimited number of Class Y Preferred Shares.

2. SHARE ATTRIBUTES

The rights, privileges, restrictions and conditions attaching to the Class Y Preferred Shares are as follows:

(1) The holders of the Class Y Preferred Shares shall be entitled to receive as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, fixed, preferential, cumulative, cash dividends at the rate of twelve (12) cents per share per annum, payable quarterly on the first (1st) days of March, June, September and December in each year; such dividends shall accrue and be cumulative from the respective dates of issue of the Class Y Preferred Shares; if on any dividend payment date, the Corporation shall not have paid the said dividends in full on all Class Y Preferred Shares then issued and outstanding, additional dividends shall accrue with respect to such dividends or the unpaid part thereof at the rate of twelve percent (12%) per annum, compounded monthly, and such dividends shall be paid on a subsequent date or dates in priority to dividends on any shares of any other class ranking junior to the Class Y Preferred Shares; no dividend shall be declared or paid on or set apart for any shares of any other class ranking junior to the Class Y Preferred Shares then issued and outstanding until such dividends or the unpaid part thereof on all Class Y Preferred Shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart.

(2) (a) Subject to the provisions of the Act, a holder of Class Y Preferred Shares shall be entitled to require the Corporation to redeem at any time and from time to time after the date of issue of the Class Y Preferred Shares, upon giving notice as hereinafter provided, all or any number of the Class Y Preferred Shares registered in the name of such holder on the books of the Corporation at a retraction price per share (the "retraction price") equal to U.S. $1.00 and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the business day (the "retraction date") on which the Corporation redeems such Class Y Preferred Shares (less the amount of any tax which the Corporation is required to and does withhold therefrom).

(b) A holder of Class Y Preferred Shares exercising the option to have the Corporation redeem, shall give notice to the Corporation setting out the retraction date, which retraction date shall not be less than 10 days nor more than 30 days from the date of the notice, and if the holder desires to have less than all of the Class Y Preferred Shares registered in his name redeemed by the Corporation, the number of the holder's Class Y Preferred Shares to be redeemed. The holder of any Class Y Preferred Shares may, with the consent of the Corporation, revoke such notice prior to the retraction date.

(c) Upon delivery to the Corporation of a share certificate or certificates representing the Class Y Preferred Shares which the holder desires to have the Corporation redeem, the

Corporation shall on the retraction date, to the extent permitted by the Act, redeem such Class Y Preferred Shares by paying to the holder the retraction price therefor.

(d) Upon payment of the retraction price of the Class Y Preferred Shares so redeemed by the Corporation, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.

(e) If the redemption by the Corporation on any retraction date of all Class Y Preferred Shares to be redeemed on such date would be contrary to the Act, the Corporation shall be obligated to redeem only the maximum number of Class Y Preferred Shares (rounded to the next lower multiple of 100 shares) which the Corporation determines it is then permitted to redeem, such redemptions to be made pro rata (disregarding fractions of shares) according to the number of Class Y Preferred Shares required by each such holder to be redeemed by the Corporation; the Corporation shall issue new certificates representing the Class Y Preferred Shares not redeemed by the Corporation and the Corporation shall redeem in the manner contemplated by paragraph (3) on each dividend date thereafter the maximum number of such Class Y Preferred Shares as would then be not contrary to the Act.

(3)(a) Subject to the provisions of the Act, the Corporation may at the option of the Corporation redeem all or from time to time any part of the outstanding Class Y Preferred Shares on payment to the holders thereof, for each Class Y Preferred Share to be redeemed, of a redemption price per share (the "redemption price") equal to U.S. $1.00 and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the business day (the "redemption date") specified by the Corporation for such redemption (less the amount of any tax which the Corporation is required to and does withhold therefrom).

(b) Before redeeming any Class Y Preferred Shares, the Corporation shall mail to each person who, at the date of such mailing, is a registered holder of Class Y Preferred Shares to be redeemed, notice of the intention of the Corporation to redeem such Class Y Preferred Shares held by such registered holder; such notice shall be mailed by ordinary prepaid post addressed to the last address of such holder as it appears on the records of the Corporation or, in the event of the address of any such holder not appearing on the records of the Corporation, then to the last known address of such holder, at least 30 days before the redemption date; such notice shall set out the redemption price, the date on which redemption is to take place and, if part only of the Class Y Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed; on or after the date so specified for redemption, the Corporation shall pay or cause to be paid the redemption price to the registered holders of the Class Y Preferred Shares to be redeemed, on presentation and surrender of the certificates for the Class Y Preferred Shares so called for redemption at such place or places as may be specified in such notice, and the certificates for such Class Y Preferred Shares shall thereupon be cancelled, and the Class Y Preferred Shares represented thereby shall thereupon be redeemed. In case a part only of the outstanding Class Y Preferred Shares is at any time to be redeemed, the Class Y Preferred Shares to be redeemed shall be selected, at the option of the directors, either by lot in such manner as the directors in their sole discretion shall determine or as nearly as may be pro rata (disregarding fractions) according to the number of Class Y Preferred Shares held by each holder. In case a part only of the Class Y Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in such notice, the holders of the Class Y Preferred Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to any rights in respect thereof, except to receive the redemption price, unless payment of the redemption price shall not be made by the Corporation in accordance with the foregoing provisions, in which case the rights of the holders of such Class Y Preferred Shares shall remain unimpaired. On or before the redemption date, the Corporation shall have the right to deposit the redemption price of the Class Y Preferred Shares called for redemption in a special account with any chartered bank or trust company in Canada named in the notice of redemption to be paid, without interest, to or to the order of the respective holders of such Class Y Preferred Shares called for redemption upon presentation and surrender of the certificates representing the same and, upon such deposit being made, the Class Y Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the several holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the redemption price applicable to their respective Class Y Preferred Shares against presentation and surrender of the certificates representing such Class Y Preferred Shares.

(4) The Class Y Preferred Shares shall be entitled to preference over any other shares of the Corporation and any other shares of the Corporation shall rank junior to the Class Y Preferred Shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

(5) Except as provided for in the Act and except as hereinafter set out, the holders of Class Y Preferred Shares, as such, shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote thereat unless and until dividends on the Class Y Preferred Shares are in arrears to the extent of two quarterly dividends, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends. In that event and until all arrears of dividends on all outstanding Class Y Preferred Shares shall have been paid, each holder of Class Y Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders and at any such meeting shall be entitled to one vote for each Class Y Preferred Share held.

(6) In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Class Y Preferred Shares shall be entitled to receive for their Class Y Preferred Shares out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation is distributed to the holders of any other shares ranking junior to the Class Y Preferred Shares, an amount per share equal to U.S. $1.00 and all unpaid, cumulative dividends, whether or not declared, which shall have accrued thereon; after payment to the holders of Class Y Preferred Shares of the amount so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

SCHEDULE M

TO THE PLAN OF ARRANGEMENT

PROVISIONS RESPECTING AMALGAMATION OF AMALCO NO. 1, AMOCO ACQUISITION AND DOME ENERGY

(Amalco No. 2 being referred to in this Schedule M as the "Corporation")

1. REGISTERED OFFICE

The registered office of the Corporation is at the City of Calgary, in the Province of Alberta.

2. AUTHORIZED CAPITAL

The authorized capital of the Corporation consists of an unlimited number of Class X Preferred Shares, an unlimited number of Class Y Preferred Shares, an unlimited number of Class YY Preferred Shares, an unlimited number of Class Z Special Shares and an unlimited number of common shares.

3. SHARE ATTRIBUTES

(a) The rights, privileges, restrictions and conditions attaching to the Class X Preferred Shares are as follows:

(1) The holders of the Class X Preferred Shares, as such, shall not be entitled to receive any dividends.

(2) Subject to the provisions of the Act, all of the issued and outstanding Class X Preferred Shares shall be redeemed by the Corporation at 11:05 a.m. on the date of issue thereof (the "Redemption Date"), without any requirement for giving notice to the holders of Class X Preferred Shares so to be redeemed. Each such holder shall be entitled to receive in respect of the redemption of each Class X Preferred Share of the Corporation held by such holder (A) Subordinated Exchangeable Debentures (Series A) in an aggregate principal amount of U.S. $0.000001 per Class X Preferred Share and (B) the Cash Amount in respect of such Subordinated Exchangeable Debenture (Series A) (the "Redemption Price"). If, on the Redemption Date, Subordinated Exchangeable Debentures (Series A) having an aggregate principal amount equal to the amount obtained by multiplying U.S. $0.000001 by the total number of Class X Preferred Shares issued and outstanding on the Redemption Date and the Cash Amount in respect thereof shall have been deposited with the Depositary, all of the issued and outstanding Class X Preferred Shares shall be deemed to have been redeemed and the holders of Class X Preferred Shares shall thereafter have no rights in respect thereof except, upon the surrender of certificate(s) for the Shares of Dome and the delivery to the Depositary of such other documents as the Depositary may reasonably require, and subject to Section 5.4 of the Plan of Arrangement to which this Schedule M is annexed, to receive certificates for the Subordinated Exchangeable Debentures (Series A) and the Cash Amounts which such holders are entitled to receive in respect of the redemption of the Class X Preferred Shares, together with any interest paid on such Subordinated Exchangeable Debentures (Series A) to date, out of the Subordinated Exchangeable Debentures (Series A) and Cash Amount so deposited with the Depositary and the interest paid on such Subordinated Exchangeable Debentures (Series A); six years after the Redemption Date, any Subordinated Exchangeable Debentures (Series A) and Cash Amount remaining on deposit with the Depositary on behalf of the holders of Class X Preferred Shares together with any interest paid on such Subordinated Exchangeable Debentures (Series A) to date, shall be surrendered to the Corporation.

(3) In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Class X Preferred Shares shall be entitled to receive for each Class X Preferred Share out of the assets and property of the Corporation, after any amount is paid or any property or assets of the Corporation is distributed to the holders of any shares ranking senior to the Class X Preferred Shares but before any amount is paid or any property or assets of the Corporation is distributed to the holders of any shares ranking junior to the Class X Preferred Shares, an amount equal to the Redemption Price; after payment to the holders of Class X Preferred Shares of the amount so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

(4) The holders of Class X Preferred Shares shall be entitled to receive notice of and attend all meetings of the shareholders of the Corporation, but except as provided in the Act and except as hereinafter set out, shall not be entitled, as such, to vote thereat. So long as any Class X Preferred Shares remain outstanding, the holders of Class X Preferred Shares shall be entitled, voting separately as a class, based upon one vote for each Class X Preferred Share held, to elect a number of directors equal to one-half of the number of directors of the Corporation. Such election of directors may take place at separate meetings of the holders of respective classes of shares.

(5) The Class X Preferred Shares shall be entitled to preference over and shall rank senior to the Class Y Preferred Shares, the Class YY Preferred Shares, the Class Z Special Shares and the common shares and over any other shares ranking junior to the Class X Preferred Shares.

(b) The rights, privileges, restrictions and conditions attaching to the Class Y Preferred Shares, the Class YY Preferred Shares, the Class Z Special Shares and the common shares are the same as those attaching to the Class Y Preferred Shares, the Class YY Preferred Shares, the Class Z Special Shares and the Common Shares of Amalco No. 1 except that:

(i) all references therein to "Amalco No. 1 Common Shares" or "Common Shares" shall be deemed to be a reference to "common shares of the Corporation";

(ii) all references therein to "Amalco No. 1 Series A Preferred Shares", "Amalco No. 1 Series B Preferred Shares", "Amalco No. 1 Series C Preferred Shares" or "Preferred Shares" shall be deemed to be a reference to "any prior ranking shares"; and

(iii) all references to "Amalco No. 1" shall be deemed to be a reference to the "Corporation".

4. BOARD OF DIRECTORS

The Board of Directors consists of six (6) directors. Initially the directors of the Corporation shall be the persons named below, the first three (3) listed being deemed to have been elected by the holders of the Class X Preferred Shares and the last three (3) listed being deemed to have been elected by the holders of the common shares:

Name	Address
T. Don Stacy	419 Lake Placid Green S.E. Calgary, Alberta T2J 5A4
John Sherrold Moore	710 Prospect Avenue S.W. Calgary, Alberta T2S 0M7
Richard Noel Brown	24 Elbow River Road Box 22, Site 6 R. R. 1 Calgary, Alberta T2P 2G4
James Lloyd Gaffney	4011 Vardell Road N.W. Calgary, Alberta T3A 0C3
David Lee Morgenthaler	1811 Palliser Drive S.W. Calgary, Alberta T2V 4C4
Steven Elliot Lipton	9204 Oakmount Drive S.W. Calgary, Alberta T2V 4X9

Such persons shall hold office until the first meeting of shareholders of the Corporation or until their successors are elected or appointed. The management of the business and affairs of the Corporation shall be under the control of the Board of Directors, subject to the provisions of the Act.

5. ISSUED CAPITAL

The issued and outstanding shares of Amalco No. 1, Amoco Acquisition and Dome Energy are converted into issued and outstanding shares of the Corporation or cancelled as follows:

(a) each of the issued and outstanding Amalco No. 1 Common Shares are converted into 1,132,766 fully paid Class X Preferred Shares of the Corporation;

(b) each of the issued and outstanding Amalco No. 1 Series A Preferred Shares and Amalco No. 1 Series B Preferred Shares are converted into 5,604,859 fully paid Class X Preferred Shares of the Corporation and each fractional Amalco No. 1 Series B Preferred Share is converted into that number of fully paid Class X Preferred Shares of the Corporation which is the product of such fraction and 5,604,859 rounded downwards to the nearest whole Class X Preferred Share;

(c) each of the issued and outstanding Amalco No. 1 Series C Preferred Shares are converted into 5,604,859 fully paid Class X Preferred Shares of the Corporation;

(d) each of the issued and outstanding Class Z Special Shares of Amalco No. 1 are converted into one (1) fully paid common share of the Corporation;

(e) the issued and outstanding shares of Amoco Acquisition are cancelled without any repayment of capital in respect thereof; and

(f) the issued and outstanding shares of Dome Energy are cancelled without any repayment of capital in respect thereof.

6. STATED CAPITAL

Upon the amalgamation becoming effective, the stated capital of the Corporation shall be as follows:

(a) the stated capital of the issued and outstanding Class X Preferred Shares of the Corporation shall be an amount equal to the greater of (i) the aggregate Redemption Prices of all the issued and outstanding Class X Preferred Shares and (ii) the Market Value on the Effective Date of all the issued and outstanding Class X Preferred Shares determined on the basis of the average of the prices at which the Subordinated Exchangeable Debentures (Series A) are reported (by any two investment dealers selected by the Corporation) as having been traded, subject to issuance, on the Business Day preceding the Effective Date; and

(b) the stated capital of the issued and outstanding common shares of the Corporation shall be equal to the aggregate stated capital of the issued and outstanding Amalco No. 1 Series A Preferred Shares, Amalco No. 1 Series B Preferred Shares, Amalco No. 1 Series C Preferred Shares, Amalco No. 1 Common Shares and Class Z Special Shares of Amalco No. 1 immediately prior to the amalgamation having become effective, less an amount equal to the aggregate stated capital of all the issued and outstanding Class X Preferred Shares.

7. SHARE CERTIFICATES

Upon the conversion of shares of Amalco No. 1 into Class X Preferred Shares and common shares of the Corporation pursuant hereto:

(a) all of the certificates representing the issued and outstanding shares of Amalco No. 1, Amoco Acquisition and Dome Energy are deemed to be cancelled;

(b) a certificate representing the issued and outstanding common shares shall be issued by the Corporation in the name of Amoco Holdings; and

(c) a certificate representing the issued and outstanding Class X Preferred Shares shall be issued by the Corporation in the name of the Depositary.

Upon redemption of the Class X Preferred Shares in accordance with the provisions of the Plan of Arrangement, the certificate representing Class X Preferred Shares shall be surrendered by the Depositary to Amalco No. 2.

8. BY-LAWS

The by-laws of the Corporation are the by-laws of Dome, as in effect immediately prior to the Effective Date, until repealed, amended, altered or added to.

9. EFFECT OF AMALGAMATION

The amalgamation shall have the following effect:

(i) the property of each amalgamating corporation continues to be the property of the Corporation;

(ii) the Corporation continues to be liable for the obligations of each amalgamating corporation;

(iii) any existing cause of action, claim or liability to prosecution of the amalgamating corporations is unaffected;

(iv) any civil, criminal or administrative action or proceeding pending by or against any of the amalgamating corporations may be continued to be prosecuted by or against the Corporation;

(v) a conviction against, or ruling, order or judgment in favour of or against, any of the amalgamating corporations may be enforced by or against the Corporation; and

(vi) the Articles of Arrangement are deemed to be the articles of incorporation of the Corporation and the Certificate of Amendment is deemed to be the certificate of incorporation of the Corporation.

SCHEDULE N

TO THE PLAN OF ARRANGEMENT

CASH PAYMENTS IN RESPECT OF LENDERS' SHARES

	Rescheduled Credit Facility and Lenders	Cash Payments (Cdn. $)
(a)	4 Bank—Dome Energy (A-1)	
	Canadian Imperial Bank of Commerce	Cdn. $ 725,247.05
	The Toronto-Dominion Bank	725,247.05
(b)	Musketeer Syndicate (A-4)	
	The Toronto-Dominion Bank	760,472.93
	Canadian Imperial Bank of Commerce	509,307.56
(c)	CIBC—Dome Investments—TCPL (A-5)	
	Canadian Imperial Bank of Commerce	329,025.70
(d)	CIBC—Dome Investments—Dome Canada (A-6)	
	Canadian Imperial Bank of Commerce	618,750.00
(e)	CIBC—Dome Investments—Term Loan (A-7)	
	Canadian Imperial Bank of Commerce	359,970.00
(f)	Ames FRN's (A-12)	
	Lloyds Bank Canada	37,500.00
	Banque Nationale de Paris (Canada)	37,500.00
	Bank of America Canada	18,750.00
	Barclays Bank of Canada	75,000.00
	Chemical Bank of Canada	37,500.00
	Midland Bank plc	37,500.00
(g)	TD—Siebens (A-17)	
	The Toronto-Dominion Bank	741,678.72
(h)	Cyprus Anvil (A-18)	
	The Toronto-Dominion Bank	487,500.00
(i)	Cdn. Trust Co.'s FRN's (A-22)	
	Canada Trustco Mortgage Company	281,250.00
	National Trust Company	18,750.00
	Saskatchewan Co-operative Credit Society Limited	18,750.00

	Rescheduled Credit Facility and Lenders	Cash Payments (Cdn. $)
(j)	CIBC-Alerk (A-24)	
	Canadian Imperial Bank of Commerce	3,750.00
(k)	CIBC-112572 Canada Inc. (A-25)	
	Canadian Imperial Bank of Commerce	20,625.00
(l)	CIBC-Provo Preferreds (A-26)	
	Canadian Imperial Bank of Commerce	825,000.00
	Other Credit Facility and Lender	**Cash Payments (Cdn. $)**
(m)	ENCOR Ship Advance	
	ENCOR Energy Corporation Inc.	379,694.56
	TOTAL CDN. $ CASH PAYMENTS	Cdn. $7,048,768.57
	Rescheduled Credit Facility and Lenders	**Cash Payments (U.S. $)**
(a)	TD-127671 Canada Ltd., as successor to Dome Oils (A-8)	
	The Toronto-Dominion Bank	U.S. $128,613.73
(b)	Citibank Syndicate (A-9)	
	Citibank, N.A.	343,575.20
	Citibank Canada	60,630.92
	Bank of America National Trust and Savings Association	202,103.06
	The Chase Manhattan Bank, N.A.	202,103.06
	Chemical Bank	202,103.06
	Continental Illinois National Bank and Trust Company of Chicago	202,103.06
	International Westminster Bank plc	202,103.06
	Morgan Bank of Canada	202,103.06
	Security Pacific National Bank	202,103.06
	Midland Bank plc	101,051.22
	Bank of British Columbia	50,525.76
(c)	Prudential (A-10)	
	The Equitable Life Assurance Society of the United States	139,729.95
(d)	Hambros Syndicate (A-11)	
	Banque Nationale de Paris	75,000.00
	Barclays Bank plc	75,000.00
	The Chase Manhattan Bank, N.A.	75,000.00
	Citibank, N.A.	75,000.00
	Lloyds Bank Canada	75,000.00
	Midland Bank plc	75,000.00
(e)	Marubeni (A-16)	
	Marubeni Corporation	326,250.00
(f)	Swiss Bank Corp. (A-19)	
	Swiss Bank Corporation	187,500.00
	TOTAL U.S. $ CASH PAYMENTS	U.S. $3,202,598.20

APPENDIX D

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, S.C. 1974-75, c. 33, AS AMENDED

AND IN THE MATTER OF A PLAN OF ARRANGEMENT PROPOSED BY AMOCO ACQUISITION COMPANY LTD.

BEFORE THE HONOURABLE MR. JUSTICE G. R. FORSYTH IN CHAMBERS	AT THE COURT HOUSE, IN EDMONTON ALBERTA, ON THURSDAY THE 4TH DAY OF FEBRUARY, A.D. 1988.

ORDER

UPON the application of Amoco Acquisition Company Ltd. ("Amoco Acquisition") for certain declarations and directions heard January 26, 27, 28 and 29, 1988 in Calgary and adjourned to February 3, in Calgary for the purpose of settling the terms of this Order and further adjourned to February 4, in Edmonton for that purpose;

AND UPON filing proof of service of the documents set out in the Order of the Honourable Chief Justice W. K. Moore dated the 1st day of December, 1987 in the manner prescribed therein;

AND UPON hearing read the Notices of Intention to Appear and letters forwarded by interested persons as follows:

(a) The Royal Bank of Canada;

(b) Canadian Imperial Bank of Commerce;

(c) Bank of Montreal;

(d) The Toronto-Dominion Bank;

(e) Citibank Syndicate comprised of:

  (i) Citibank Canada;

  (ii) Citibank, N.A.;

  (iii) The Chase Manhattan Bank, N.A.;

  (iv) Chemical Bank;

  (v) Continental Illinois National Bank and Trust Company of Chicago;

  (vi) Continental Bank of Canada;

  (vii) First Interstate Bank of California;

  (viii) The First National Bank of Chicago;

  (ix) Manufacturers Hanover Trust Company;

  (x) Morgan Bank of Canada;

  (xi) National Bank of Canada;

  (xii) Security Pacific National Bank;

  (xiii) Bank of America National Trust and Savings Association;

  (xiv) Credit Agricole;

  (xv) International Westminster Bank plc;

  (xvi) Marine Midland Bank, N.A.;

(xvii) National Bank of Detroit;

(xviii) Midland Bank plc;

(xix) Bank of British Columbia;

(xx) The Bank of New York;

(xxi) Credit Lyonnais;

(xxii) European American Bank;

(xxiii) The Fuji Bank Ltd.;

(xxiv) The Industrial Bank of Japan, Limited;

(xxv) Societe Generale;

(xxvi) The Sumitomo Bank, Limited;

(xxvii) The Bank of Tokyo, Ltd.; and

(xxviii) The Bank of Tokyo Canada;

(herein referred to as the "Citibank Syndicate");

(f) The Chase Manhattan Bank, N.A.; Canada Trustco Mortgage Company; Barclays Bank plc; Lloyds Bank Canada; and Credit Lyonnais;

(g) Christex Familienstiftung;

(h) Hitec Anlagestiftung;

(i) Margrit Bollmann;

(j) Albert P. Gnagi;

(k) Francis Hodgskin;

(l) Peter-Michael Belser;

(m) Peter Isler;

(n) Family Ghandchi;

(o) Orac Corporation;

(p) F. P. Handels AG;

(q) The Canada Trust Company;

(r) Nu-West Group Limited;

(s) Gordon Mearns;

(t) Allan B. DeYoung;

(u) John L. Loeb;

(v) John L. Loeb, Jr.;

(w) Altamera Investments Ltd.;

(x) Bernard Harvey;

(y) Gordon Savage;

(z) John P. Gallagher;

(aa) Rod W. MacIver;

(bb) Alex Luder;

(cc) J. Huber;

(dd) Coficosa, S.A. and certain other Eurodollar Debtholders to be identified (the "Eurodollar Creditors"); and

(ee) Director of Canada Business Corporations Act;

AND UPON hearing read the Affidavits of:

(a) T. Don Stacy sworn December 14, 1987;

(b) T. Don Stacy sworn January 19, 1988;

(c) William Squires sworn January 18, 1988;

(d) William Squires sworn January 20, 1988;

(e) Gordon Savage sworn January 15, 1988;

(f) John L. Loeb sworn January 15, 1988;

(g) John P. Gallagher sworn January 18, 1988;

(h) Gordon Mearns sworn January 19, 1988;

(i) Donald Gross sworn January 19, 1988;

(j) W. James Mizen sworn January 19, 1988; and

(k) James M. Gaffney sworn December 1, 1987;

AND UPON hearing read the Memoranda of:

(a) Amoco Acquisition;

(b) Dome Petroleum Limited ("Dome");

(c) Canadian Imperial Bank of Commerce;

(d) The Royal Bank of Canada;

(e) Citibank Syndicate;

(f) Gordon Savage;

(g) John L. Loeb;

(h) Allan B. DeYoung; and

(i) Bank of Montreal;

AND UPON hearing read the 10% Trust Indenture and the 13½% Trust Indenture referred to in paragraph 8(c)(iii) of this Order; AND UPON hearing counsel for Amoco Acquisition, Dome, Canadian Imperial Bank of Commerce, Citibank Syndicate, The Toronto-Dominion Bank, The Royal Bank of Canada, Bank of Montreal, The Canada Trust Company, the Director of Canada Business Corporations Act, Banque Nationale de Paris, Banque Nationale de Paris (Canada), Barclays Bank of Canada, Barclays Bank plc, BHF-Bank (Jersey) Limited, Canada Trustco Mortgage Company, The Chase Manhattan Bank, N.A., Chemical Bank of Canada, Citibank, N.A., Credit Lyonnais, Credit Suisse, Deutsche Bank Luxembourg S.A., Dresdner Bank AG, Her Majesty The Queen in Right of the Province of Alberta, Lloyds Bank Canada, The Long-Term Credit Bank of Japan, Limited, Marubeni Corporation, Midland Bank plc, The Mutual Life Assurance Company of Canada, National Trust Company, Royal Trust Corporation of Canada, Saskatchewan Co-Operative Credit Society Limited, Societe Generale, Societe Generale (Canada), Swiss Bank Corporation, John L. Loeb, John L. Loeb, Jr., Altamera Investments Ltd., Gordon Savage, Gordon Mearns, Coficosa, S.A. and the Eurodollar Creditors; AND UPON hearing John P. Gallagher, appearing in person;

1. FOR THE PURPOSES OF THIS ORDER THE FOLLOWING SHALL APPLY:

(a) the arrangement proposed by Amoco Acquisition, as described in the Affidavit of T. Don Stacy sworn December 14, 1987, and in the form of the draft plan of arrangement, attached to the Affidavit of T. Don Stacy sworn January 19, 1988 and marked as Exhibit "A" thereto, shall be hereinafter referred to as the "Draft Plan of Arrangement";

(b) the plan of arrangement in definitive form, to be filed with the Court prior to submission thereof to creditors and shareholders for approval, shall be hereinafter referred to as the "Plan of Arrangement";

(c) the term "Arrangement Consent" referred to herein shall mean a written consent to the Plan of Arrangement executed by a creditor and accepted by Amoco Acquisition; and

(d) the capitalized terms not defined in this Order shall have the meanings attributed to them in the Draft Plan of Arrangement.

2. IT IS HEREBY ORDERED AND DECLARED THAT:

(a) a plan of arrangement substantially in the form of the Draft Plan of Arrangement is an arrangement within the meaning of Section 185.1 of the Canada Business Corporations Act ("CBCA");

(b) this Honourable Court has the jurisdiction to approve a plan of arrangement substantially in the form of the Draft Plan of Arrangement; and

(c) in the event that this Honourable Court grants the Final Order, then upon the filing of the Articles of Arrangement and the issuance of the Certificate of Amendment by the Director pursuant to Section 185.1(7) of the CBCA, the Plan of Arrangement, including the sale, transfer and assignment of the Indebtedness under the Affected Credit Facilities to Amoco Canada Petroleum Company Ltd. ("Amoco Canada") in exchange for the money and/or securities to be paid or issued by Amoco Canada to the holders of such Indebtedness and the redemption of shares of Amalco No. 2 in exchange for securities of Amoco Canada, will be effective under Section 185.1(8) of the CBCA in accordance with its terms.

3. IT IS HEREBY ORDERED AND DIRECTED THAT Amoco Acquisition shall seek the approval of the Plan of Arrangement by the creditors under the Affected Credit Facilities in the manner set forth below.

4. IT IS HEREBY ORDERED AND DIRECTED THAT for the purposes of approving the Plan of Arrangement, the creditors under the Affected Credit Facilities shall be divided into the following groups:

(a) A group (the "Secured Voting Group") consisting of the Secured Portions of the Secured Affected Credit Facilities listed below, each such facility to constitute a separate class:

(i) 4 Bank-Dome Energy;

(ii) BMO—Income Debenture;

(iii) BMO—Plants Loan;

(iv) Musketeer Syndicate;

(v) TD—127671 Canada Ltd., as successor to Dome Oils;

(vi) Citibank Syndicate;

(vii) Prudential;

(viii) Credit Suisse Canada;

(ix) Marubeni; and

(x) TD—Siebens.

(b) A group (the "Institutional Unsecured Voting Group") consisting of (A) the creditors holding the Unsecured Portions of the Secured Affected Credit Facilities, other than the creditors under the Secured Affected Credit Facility referred to in item 1.(j) of Schedule A to the Draft Plan of Arrangement (the "Prudential Facility"), and (B) the creditors under the Institutional Unsecured Affected Credit Facilities listed below:

(i) Hambros Syndicate;

(ii) Ames FRN's;

(iii) Credit Suisse A;

(iv) Credit Suisse B;

(v) Cyprus Anvil;

(vi) Swiss Bank Corp.;

(vii) Societe Generale;

(viii) Credit Lyonnais;

(ix) Cdn Trust Co's. FRN's;

(x) Royal—Goliad;

(xi) CIBC—Alerk;

(xii) CIBC—112572 Canada Inc.;

(xiii) CIBC—Provo Preferreds;

(xiv) ENCOR Ship Advance;

(xv) The Brunswick Obligation; and

(xvi) The Zahnraederfabrik Renk (Bayerische) and M.A.N. Maschinenfabrik (SocGen El) credit facilities.

(c) A group (the "Public Unsecured Voting Group") consisting of the creditors under the Public Unsecured Affected Credit Facilities listed below and the creditors holding the Unsecured Portion of the Prudential Facility:

(i) The Beaufort Obligations;

(ii) The Eurodollar Facilities; and

(iii) The Swiss Francs Facilities.

5. IT IS HEREBY ORDERED AND DIRECTED THAT for the purposes of approving the Plan of Arrangement, the following shall apply:

(a) Secured Voting Group—the approval of each of the classes in the Secured Voting Group shall be required;

(b) Institutional Unsecured Voting Group—the approval of not less than two-thirds of the aggregate outstanding debt under the Institutional Unsecured Affected Credit Facilities and Unsecured Portions of the Secured Affected Credit Facilities (save and except the Unsecured Portion of the Prudential Facility) shall be required;

(c) Public Unsecured Voting Group—subject to further order of this Court, the approval of not less than two-thirds of the principal of the aggregate outstanding debt under the Public Unsecured Affected Credit Facilities and the Unsecured Portion of the Prudential Facility voted in respect of the Plan of Arrangement shall be required provided that the approval of not less than three-quarters of the principal of the aggregate outstanding debt under the Eurodollar Facilities voted in respect of the Plan of Arrangement shall be required and provided further that the holders of not less than two-thirds of the principal of the aggregate outstanding debt under the Swiss Francs Facilities consent to the Plan of Arrangement.

6. IT IS HEREBY ORDERED AND DIRECTED THAT, for the purposes of paragraph 5(b) of this Order, when calculating the amount of the outstanding debt, there shall be included both principal and accrued and unpaid interest determined as of January 1, 1988 and for the purposes of paragraph 5(c) of this Order, the amount of principal of the outstanding debt shall also be determined as of January 1, 1988. In addition, for the purposes of paragraph 5(b) of this Order, when calculating the amount of the Secured Portions of the Secured Affected Credit Facilities and the amount of the Unsecured Portions of the Secured Affected Credit Facilities, as the case may be, there shall be included both principal and accrued and unpaid interest determined as of January 1, 1988 instead of as at the Settlement Date and, for the purposes of paragraph 5(c) of this Order, when calculating the

amount of the Unsecured Portion of the Prudential Facility, the amount of the outstanding debt shall also be determined as of January 1, 1988 instead of as at the Settlement Date.

7. IT IS HEREBY ORDERED AND DIRECTED THAT for the purposes of making the calculations referred to in paragraphs 5(b) and (c) of this Order, any debt not denominated in United States Dollars shall be converted to United States Dollars at the following exchange rates:

(a) Canadian Dollars—U.S. $0.7811 per Cdn. $;

(b) Swiss Francs—U.S. $0.7350 per SFr.; and

(c) Deutsche Marks—U.S. $0.5965 per DM.

8. IT IS HEREBY ORDERED AND DIRECTED THAT the approvals of the Plan of Arrangement by the Secured Voting Group, the Institutional Unsecured Voting Group and the Public Unsecured Voting Group shall be obtained in the following manner:

(a) Secured Voting Group—by Arrangement Consents;

(b) Institutional Unsecured Voting Group:

(i) by Arrangement Consents which shall be distributed and stipulate a return date and which shall also stipulate that if creditors holding not less than two-thirds of the aggregate outstanding debt under the Institutional Unsecured Affected Credit Facilities and the Unsecured Portions of the Secured Affected Credit Facilities, other than the Prudential Facility, execute Arrangement Consents or approve the Plan of Arrangement pursuant to paragraph (ii) below, then the Plan of Arrangement, subject to the approval of this Honourable Court and the issuance of the Certificate of Amendment, will be binding on the non-assenting creditors in this group; and

(ii) in the event that the required approval level is not obtained by the stipulated return date, Amoco Acquisition shall have the right to seek further directions from this Honourable Court in respect of the calling of a meeting for this group for the purpose of obtaining approval of the Plan of Arrangement by vote; and

(c) Public Unsecured Voting Group:

(i) the creditors holding the Unsecured Portion of the Prudential Facility—by Arrangement Consents;

(ii) the creditors under the Beaufort Obligations—by Arrangement Consents;

(iii) the creditors under the Eurodollar Facilities—by votes to be recorded at meetings of the holders of the 1988 Notes, the 1989 Notes, the Floating Rate Notes, the 10% Debentures and the 13½% Debentures (all as defined below) held in accordance with the following procedure:

DEFINITIONS

"1988 Trust Deed" means the Trust Deed dated as of October 1, 1981 and made between Dome and The Law Debenture Corporation p.l.c., as supplemented and amended by a First Supplemental Trust Deed dated as of 1st September, 1986 and a Second Supplemental Trust Deed dated as of 28th October, 1986;

"1989 Trust Deed" means the Trust Deed dated as of March 18, 1982 and made between Dome and The Law Debenture Corporation p.l.c., as supplemented and amended by a First Supplemental Trust Deed dated as of 1st September, 1986 and a Second Supplemental Trust Deed dated as of 28th October, 1986;

"1988 Notes" means the notes comprising the outstanding principal amount of the U.S. $75,000,000 Floating Rate Notes due 1988 of Dome constituted by the 1988 Trust Deed;

"1989 Notes" means the notes comprising the outstanding principal amount of the U.S. $3,130,000 16¼% Fixed Rate Notes due 1989 of Dome constituted by the 1989 Trust Deed;

"Floating Rate Notes" means the notes comprising the outstanding principal amount of the U.S. $50,000,000 Floating Rate Notes due 1989 of Dome constituted by the 1989 Trust Deed;

"10% Trust Indenture" means the Trust Indenture dated as of the 15th day of July, 1979 and made between Dome and The Canada Trust Company, as supplemented and amended by a First Supplemental Trust Indenture dated as of the 1st day of September, 1986 and a Second Supplemental Trust Indenture dated as of October 28, 1986;

"13½% Trust Indenture" means the Trust Indenture dated as of the 1st day of May, 1980 and made between Dome and The Canada Trust Company, as supplemented and amended by a First Supplemental Trust Indenture dated as of the 1st day of September, 1986 and a Second Supplemental Trust Indenture dated as of October 28, 1986;

"10% Debentures" means the debentures comprising the outstanding principal amount of the U.S. $50,000,000 10% Debentures Due 1994 of Dome constituted by the 10% Trust Indenture; and

"13½% Debentures" means the debentures comprising the outstanding principal amount of the U.S. $50,000,000 13½% Debentures Due 1992 of Dome constituted by the 13½% Trust Indenture;

(1) for the holders of the 1988 Notes—in compliance with the 1988 Trust Deed, and in this regard:

(a) Dome will convene a meeting of the holders of the 1988 Notes and will provide the Law Debenture Corporation p.l.c. ("Law Debenture") with notice thereof;

(b) a notice of the meeting, stating the time and place of the meeting and the business to be transacted thereat, shall be published once in the *Financial Times* in London, England, and the *Luxemberger Wort* in Luxembourg not less than 21 clear days prior to the date of the meeting;

(c) the meeting of the holders of the 1988 Notes shall be held at a location agreed upon by Dome, Amoco Canada and Law Debenture preferably in London, England, and will be presided over by a chairman appointed by Law Debenture;

(d) holders of 1988 Notes present in person or by proxy within 30 minutes of the appointed meeting time representing more than 50% in aggregate outstanding principal amount of such series shall constitute a quorum;

(e) if no quorum is present the meeting will stand adjourned and a notice of the adjourned meeting to be held not less than 14 and not more than 42 days thereafter shall be made in the manner set forth in section (b) above at least 10 days in advance of the adjourned meeting;

(f) at least two holders of 1988 Notes present in person or by proxy within 30 minutes after the appointed meeting time shall constitute a quorum for the adjourned meeting; and

(g) when a quorum is present at the meeting or an adjournment thereof, the chairman will direct a vote, by poll, with respect to an extraordinary resolution which (i) approves the Plan of Arrangement including specifically the exchange of the rights of holders of 1988 Notes and the coupons relating thereto against Dome and its subsidiaries for the 45% cash payment as more specifically provided for in the Plan of Arrangement; (ii) authorizes specified individuals to sign, on behalf of all holders of 1988 Notes and the coupons relating thereto, an Arrangement Consent; and (iii) contains such other related provisions as Dome, Amoco Canada and Law Debenture may consider appropriate. The form of the ballot to be used for the poll will provide the holders of 1988 Notes the opportunity to vote either in favour of or against the said extraordinary resolution;

(2) for the holders of the Floating Rate Notes and 1989 Notes—in compliance with the 1989 Trust Deed, and in this regard, as the provisions of the 1989 Trust Deed relating to the calling and holding of meetings, quorum requirements and voting procedures are substantially indentical to the provisions of the 1988 Trust Deed, the same procedures as set forth above for the 1988 Notes shall be used, mutatis mutandis, for the meeting of the holders of the Floating Rate Notes and the meeting of the holders of the 1989 Notes;

(3) for the holders of the 10% Debentures—in compliance with the 10% Trust Indenture, and in this regard:

(a) Dome will provide The Canada Trust Company ("Canada Trust") with notice pursuant to the 10% Trust Indenture to convene a meeting of the holders of the 10% Debentures;

(b) a notice of the meeting, stating the time and place of the meeting and the business to be transacted thereat, shall be published in each of the *Financial Times* in London, England, and the *Luxemberger Wort* in Luxembourg not less than 21 days prior to the date of the meeting, in compliance with the 10% Trust Indenture;

(c) the meetings of the holders of the 10% Debentures shall be held at a location agreed upon by Dome, Amoco Canada and Canada Trust, preferably in London, England, and will be presided over by a chairman appointed by Canada Trust, in compliance with the 10% Trust Indenture;

(d) holders of 10% Debentures present in person or by proxy within 30 minutes of the appointed meeting time representing at least 25% in aggregate outstanding principal amount of such series shall constitute a quorum;

(e) if no quorum is present the meeting will stand adjourned and, a notice of the adjourned meeting to be held not less than 14 nor more than 30 days thereafter shall be made in the manner set forth in Section (b) above at least 10 days in advance of the adjourned meeting;

(f) holders of 10% Debentures present in person or by proxy within 30 minutes of the appointed meeting time representing at least 10% in aggregate outstanding principal amount of such series shall constitute a quorum for the adjourned meeting; and

(g) when a quorum is present at the meeting or an adjournment thereof, the Chairman will direct a vote, by poll, with respect to an extraordinary resolution which (i) approves the Plan of Arrangement including specifically the exchange of the rights of the holders of the 10% Debentures and the coupons relating thereto against Dome and its subsidiaries for the 45% cash payment as more specifically provided for in the Plan of Arrangement; (ii) authorizes specified individuals to sign, on behalf of all holders of 10% Debentures and the coupons relating thereto, an Arrangement Consent; and (iii) contains such other related provisions as Dome, Amoco Canada and Canada Trust may consider appropriate. The form of ballot to be used for the poll will provide the holders of 10% Debentures the opportunity to vote either in favour of or against the said extraordinary resolution; and

(4) for the holders of the 13½% Debentures—in compliance with the 13½% Trust Indenture, and in this regard, as the provisions of the 13½% Trust Indenture relating to calling and holding of

meetings, quorum requirements and voting procedures are substantially identical to the provisions of the 10% Trust Indenture, the same procedures as set forth above for the 10% Debentures shall be used, mutatis mutandis, for the meeting of the holders of the 13½% Debentures; and

(iv) the creditors under the Swiss Francs Facilities—by approval of the holders of the bonds and notes comprising the Swiss Francs Facilities (the "Debtholders") to be obtained through the following procedure:

(1) written forms, which are to be used by the Debtholders to evidence their consent to the Plan of Arrangement (including the exchange of the holders' certificates and coupons evidencing the Swiss Francs Facilities for the cash payment provided under the Plan of Arrangement) or to evidence their decision to withhold consent ("Swiss Consent Forms"), will be made available to the Debtholders by Amoco Canada making such Swiss Consent Forms available to the paying agents (the "Paying Agents") designated as such in the documentation relating to the Swiss Francs Facilities for distribution through the Swiss banking system;

(2) a notice respecting the solicitation of such approval shall be published in the English, French and German languages in the *Feuille Officielle Suisse du Commerce,* in the *Schweiz Handelszeitung,* and in the *Journal de Geneve* in Geneva, Switzerland and in the *Finanz und Wirtschaft,* in the *Neue Zuercher Zeitung,* and in the *Tages-Anzeiger* in Zurich, Switzerland, and in the *Basler Zeitung* in Basel, Switzerland and in the *Der Bund* in Bern, Switzerland, and in the *Gazette de Lausanne* and in the *Nouvelle Revue de Lausanne* in Lausanne, Switzerland, and a Notice in English and Italian published in an Italian language newspaper in Switzerland, once in each of two (2) consecutive weeks, with the last day of publication being at least 21 days prior to the last day on which consents will be accepted, such last date being designated the "Consent Date";

(3) the Swiss Consent Forms shall be deposited by the Debtholders with the Paying Agents and as of the Consent Date the Paying Agents shall provide a certificate tabulating the aggregate principal amount of the debt outstanding under the Swiss Francs Facilities which have consented to, or have withheld consent to the Plan of Arrangement, as evidenced by the Swiss Consent Forms;

(4) if Swiss Consent Forms evidencing the consent to the Plan of Arrangement of at least two-thirds of the aggregate principal amount of the debt outstanding under the Swiss Francs Facilities (treated as a single class) are received by the Consent Date, the Plan of Arrangement will have been approved by the Debtholders and, subject to the approval of this Honourable Court and the issuance of the Certificate of Amendment under Section 185.1(8) of the CBCA, the non-consenting Swiss Francs Debtholders, which includes the Persons to whom principal and/or any and all coupons representing interest thereon is owed under the Swiss Francs Facilities, will be bound by the Plan of Arrangement; and

(5) if Swiss Consent Forms evidencing the consent to the Plan of Arrangement of at least two-thirds of the aggregate principal amount of the debt outstanding under the Swiss Francs Facilities (treated as a single class) are not received by the Consent Date, Amoco Acquisition shall have the right to seek further directions from this Honourable Court in respect of the approval process for the Debtholders.

9. IT IS HEREBY ORDERED AND DIRECTED THAT provided that the approval of the holders of not less than three-quarters of the principal of the aggregate outstanding debt under the Eurodollar Facilities voted in respect of the Plan of Arrangement is obtained, the Plan of Arrangement will have been approved by the holders of the aggregate outstanding debt under the Eurodollar Facilities and, subject to the approval of this Honourable Court and the issuance of the Certificate of Amendment

(b) service of this Order shall be effected by service on counsel for such persons who appeared on this application or by service at the address contained in any Notice of Intention to Appear.

G. R. FORSYTH
J.C.Q.B.A.

ENTERED at the City of Calgary,
this 5th day of February, A.D. 1988.

JIM McLAUGHLIN
CLERK OF THE COURT

No. 8701-20108

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, S.C. 1974-75, c. 33, AS AMENDED

AND IN THE MATTER OF A PLAN OF ARRANGEMENT PROPOSED BY AMOCO ACQUISITION COMPANY LTD.

BEFORE THE HONOURABLE
MR. JUSTICE G. R. FORSYTH
IN CHAMBERS

AT THE COURT HOUSE, IN THE CITY OF CALGARY, IN THE PROVINCE OF ALBERTA, ON THURSDAY, MARCH 17, 1988

ORDER

UPON THE APPLICATION of Amoco Acquisition Company Ltd., ("Amoco Acquisition") for directions as to the procedure to be followed by any shareholders of Dome Petroleum Limited ("Dome") who exercise their right of dissent granted pursuant to the Order of The Honourable Mr. Justice G.R. Forsyth, dated February 4, 1988 (the "Interim Order"), and for an Order fixing a date for the application for approval ("the Final Application") of the Plan of Arrangement proposed by Amoco Acquisition and for directions regarding service of notice of the Final Application;

AND UPON HEARING Counsel for Amoco Acquisition, Amoco Canada Petroleum Company Ltd. ("Amoco Canada") and Dome;

AND UPON HEARING Counsel for Altamera Investments Ltd. and counsel for John P. Gallagher, counsel for John P. Gallagher also making representations on behalf of Gordon Savage;

AND UPON READING the Affidavit of James Gaffney, sworn December 1, 1987, and the Interim Order, filed herein;

IT IS HEREBY ORDERED AND DIRECTED THAT:

1. For the purposes of this Order the capitalized terms not defined herein shall have the meanings attributed to them in the Interim Order.

2. The procedure to be followed by any shareholders of Dome who exercise their right of dissent shall be as set forth in Schedule "A" to this Order.

3. The Final Application shall be made on Monday, June 13, 1988 at 10:00 a.m. at the Court House, in the City of Calgary, Alberta, Canada.

4. Service of notice of the Final Application, if made on the following persons in the following manner shall be good and sufficient:

(a) On the holders of the Eurodollar Debt:

(i) by providing a copy of this Order, at least 30 days prior to the Final Application, to the following persons:

The Law Debenture Corporation p.l.c.
Estates House
66 Gresham Street
London, England
EC2V 7HX

The Canada Trust Company
505—3rd Street S.W.
6th Floor, Corporate Lending
Calgary, Alberta
Canada
T2P 3E6

(ii) by publishing a notice of the terms of the within Order with respect to the date of the Final Application as well as the requirements as to the filing and serving of a notice of intention to appear on the Final Application, which notice shall be contained in the notices to be published in the Financial Times in London, England and in the Luxemburger Wort, in Luxembourg as provided for in paragraph 8(c)(iii) of the Interim Order;

(b) On the holders of the Swiss Francs Debt by serving a notice of the terms of the within Order with respect to the date of the Final Application as well as the requirements as to the filing and serving of a notice of intention to appear on the Final Application in the following manner:

(i) by personal service of this Order, at least 30 days prior to the Final Application, on:

Messrs. Field & Field
Barristers and Solicitors
2000—Oxford Tower, Edmonton Centre
10235—101st Street
Edmonton, Alberta
T5J 3G1

(ii) by publishing a notice of the terms of the within Order with respect to the date of the Final Application as well as the requirements as to the filing and serving of a notice of intention to appear on the Final Application, in the English, French and German languages, in the *Feuille Officielle Suisse du Commerce*, the *Schweiz. Handelszeitung*, and the *Journal de Geneve* in Geneva, Switzerland; in the *Finanz und Wirtschaft*, the *Neue Zuercher Zeitung*, and the *Tages-Anzeiger* in Zurich, Switzerland; in the *Basler Zeitung* in Basel, Switzerland; in the *Der Bund* in Bern, Switzerland; and in the *Gazette de Lausanne* and the *Nouvelle Revue de Lausanne* in Lausanne, Switzerland; and in the English and Italian languages in an Italian newspaper in Switzerland, all such publications to be made once in each of two (2) consecutive weeks, with the last day of publication being at least 30 days prior to the Final Application;

(c) On the creditors under the Affected Credit Facilities save and except for those Affected Credit Facilities referred to in paragraphs (a) and (b) above, by forwarding a copy of this Order by ordinary mail to the addresses shown in Schedule "E" to the Order of The Honourable Chief Justice W.K. Moore dated December 1, 1987 herein, such mailing to be made at least 30 days prior to the Final Application;

(d) On the shareholders of Dome, by forwarding by ordinary mail to their addresses as recorded in the register of shareholders, a summary of the terms of this Order, at least 30 days prior to the Final Application;

(e) On the Director (as defined in the Canada Business Corporations Act) by personal service at least 30 days prior to the Final Application.

5. Any interested persons may make submissions on the Final Application if they have filed and served a notice of their intention to appear, including their address for service, on Amoco Canada, Amoco Acquisition and Dome, on or before June 10, 1988.

Service on Amoco Canada, Amoco Acquisition and Dome is to be effected by delivery at the addresses set forth below:

Messrs. Bennett Jones
Barristers and Solicitors
3200 Shell Centre
400—4th Avenue S.W.
Calgary, Alberta
Canada T2P 0X9

Attention: Mr. Anthony L. Friend
Solicitors for Dome

Messrs. Howard, Mackie
Barristers and Solicitors
700, 801—7th Avenue S.W.
Calgary, Alberta
Canada T2P 3S4

Attention: Ms. Marina S. Paperny
Solicitors for Amoco Canada and Amoco Acquisition

6. In the event that the Final Application is adjourned, only those persons that have filed and served a notice of intention to appear on the Final Application shall be served with notice of the adjourned date.

G. R. FORSYTH
J.C.Q.B.A.

ENTERED this 22nd day of March, A.D. 1988

JIM McLAUGHLIN
Clerk

COURT
SEAL

(13) *Same terms.* Every offer made under clause (12) above for Shares of the same class or series shall be on the same terms.

(14) *Payment.* Dome shall pay for the Shares in respect of which a dissenting holder of Shares dissents within 10 days after an offer made under clause (12) above has been accepted by delivering within such 10 day period to such depositary as Dome may direct Subordinated Exchangeable Debentures (Series A) and the Cash Amount in respect thereof, but any such offer lapses if Dome does not receive an acceptance thereof within 30 days after the offer has been made.

(15) *Dome may apply to court.* Where Dome fails to make an offer under clause (12) above to a dissenting holder of Shares, or if such dissenting holder of Shares fails to accept an offer, Dome may, within 50 days after the Certificate of Amendment is issued or within such further period as a court (as defined in the Act) may allow, apply to a court to fix a fair value for the Shares in respect of which such dissenting holder of Shares dissents.

(16) *Shareholder application to court.* If Dome fails to apply to a court under clause (15) above, a dissenting holder of Shares may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow.

(17) *Venue.* An application under clause (15) or (16) above shall be made to the Court or to a court having jurisdiction in any other province of Canada where the dissenting holder of Shares resides if Dome carries on business in that province.

(18) *No security for costs.* A dissenting holder of Shares is not required to give security for costs in an application made under clause (15) or (16) above.

(19) *Parties.* Upon an application under clause (15) or (16) above:

(a) all dissenting holders of Shares whose Shares, in respect of which such dissenting holders of Shares dissent, have not been purchased by Dome shall be joined as parties and are bound by the decision of the court; and

(b) Dome shall notify each affected dissenting holder of Shares of the date, place and consequences of the application and of the right of such dissenting holder of Shares to appear and be heard in person or by counsel.

(20) *Powers of court.* Upon an application to a court under clause (15) or (16) above, the court may determine whether any other person is a dissenting holder of Shares who should be joined as a party, and the court shall then fix a fair value for all the Shares in respect of which dissenting holders of Shares dissent.

(21) *Appraisers.* A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the Shares in respect of which the dissenting holders of Shares dissent.

(22) *Final order.* The final order of a court shall be rendered against Dome in favour of each dissenting holder of Shares for the aggregate amount of Subordinated Exchangeable Debentures (Series A) and the Cash Amount in respect of such Subordinated Exchangeable Debentures (Series A) which such dissenting holder of Shares is entitled to receive, as fixed by the court.

(23) *Notices.* All notices required or permitted hereunder shall be given by prepaid registered mail.

(24) Notwithstanding anything to the contrary herein contained, a dissenting holder of Shares shall be entitled to appear at the application for the Final Order, provided that a notice of intention to appear has been filed and served in accordance with paragraph 5 of the Order of Mr. Justice G.R. Forsyth dated March 17, 1988.

APPENDIX E

MORGAN STANLEY

MORGAN STANLEY & CO.
INCORPORATED
1251 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

May 12, 1987

Board of Directors
Dome Petroleum Limited
333-7th Avenue South West,
Calgary, Alberta
CANADA T2P 2H8

Dear Sirs:

On May 12, 1987 Amoco Canada Petroleum Company Ltd. (the "Purchaser") and Dome Petroleum Limited ("Dome" or the "Company") entered into an Arrangement Agreement (the "Agreement") pursuant to which the Purchaser will acquire the Dome Equity and all of the right, title and interest of the creditors in and to the Affected Credit Facilities (as defined in the Agreement). The Agreement provides that, among other things, upon consummation of the proposed transaction (the "Transaction"):

(i) The aggregate consideration to be given by the Purchaser, calculated as of July 1, 1987 and adjusted thereafter by the Purchaser in accordance with the adjustment procedures set forth in Schedule I of the Agreement, will be in the amount of U.S. $3,866,000,000;

(ii) Of this amount, Dome's common and preferred shareholders as of the record date 10 days prior to the closing of the Transaction will be entitled to receive, in the aggregate, U.S. $439.0 million principal amount of a new issue of U.S. dollar denominated Subordinated Exchangeable Debentures of the Purchaser (the "Subordinated Exchangeable Debentures", the terms of which are set forth in Schedule G of the Agreement) exchangeable into Common Stock of Amoco Corporation ("Amoco"), (the "Common and Preferred Share Consideration").

(iii) The balance of the consideration will consist of new U.S. dollar denominated issues by the Purchaser of Adjustable Term Notes, Junior Notes, Price Notes, Senior Notes—Series A, Senior Notes—Series B, (the terms of which are set forth in Schedules B, C, D, E, and F, respectively, of the Agreement), cash, and additional Subordinated Exchangeable Debentures (the amount of cash, Junior Notes, Subordinated Exchangeable Debentures and Price Notes to be issued will depend upon the election of certain creditors) plus the assumption of the 1982/83 Petroleum & Gas Revenue Tax and the Unaffected Credit Facilities and an accomodation with respect to the Arctic Petroleum Corporation of Japan loan (as defined in the Agreement).

(iv) Upon closing of the Transaction Dome will make cash payments (a) in respect of the Dome Options (as defined in the Agreement) in the amount of U.S. $1.5 million and (b) in respect of the Lender's Shares (as defined in the Agreement) in the amount of U.S. $8.5 million.

You have asked us whether the Common and Preferred Share Consideration is fair to the holders of the outstanding common and preferred shares of Dome from a financial point of view.

MORGAN STANLEY

MORGAN STANLEY & CO.
INCORPORATED
1251 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

November 18, 1987

Board of Directors
Dome Petroleum Limited
333-7th Avenue South West,
Calgary, Alberta
CANADA T2P 2H8

Dear Sirs:

On November 18, 1987, Dome Petroleum Limited ("Dome" or the "Company") approved an Amendment (the "Amendment") to an Arrangement Agreement (the "Agreement") entered into by Amoco Canada Petroleum Company Ltd. and Dome on May 12, 1987. On May 12, 1987, Morgan Stanley rendered its opinion to the Board of Directors of Dome that the consideration for Dome's Preferred and Common Shares as contemplated by the Agreement was fair to the holders of those securities from a financial point of view.

We have (i) reviewed the Amendment (including the schedules thereto), (ii) revisited the matters addressed in our Opinion Letter of May 12 to satisfy ourselves that relevant and material changes with respect to those matters during the period from May 12, 1987 to November 18, 1987 were identified and properly taken into account and (iii) performed such other analyses and investigations as we have deemed appropriate. Subject to the same assumptions and limitations set forth in our Opinion Letter of May 12, we hereby reconfirm the opinion expressed therein that the Common and Preferred Share Consideration as contemplated by the Agreement and the Amendment is fair to the holders of Dome Common Shares and Dome Preferred Shares, respectively, from a financial point of view.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By: O. GRIFFITH SEXTON
O. Griffith Sexton
Managing Director

SHEARSON
LEHMAN
BROTHERS

May 12, 1987

Board of Directors
Dome Petroleum Limited
333-7th Avenue, S.W.
Calgary, Alberta T2P 2H8
Canada

Dear Sirs:

We understand that Amoco Canada Petroleum Company Limited ("Amoco"), a wholly-owned subsidiary of Amoco Corporation ("Parent"), intends to offer to purchase (the "Proposed Acquisition") all the outstanding shares of common stock and preferred stock of Dome Petroleum Limited ("Dome"). Pursuant to the terms and conditions of the Proposed Acquisition, holders of Dome's capital stock will receive U.S. dollar denominated Exchangeable Subordinated Debentures (the "Debentures") of Amoco, exchangeable into common shares of Parent, with a value equivalent in Canadian dollars of $1.513 per Common Share, of Dome, $7.561 per Preferred Share, Series A, B and C of Dome and $6.815 per Subordinated Convertible Preferred Share, Series 1 of Dome. The Proposed Acquisition also proposes settlement with creditors of Dome's credit facilities as set forth in the draft of the Arrangement Agreement, dated May 12, 1987, between Dome and Amoco.

We have been requested by Dome to render our opinion with respect to the fairness, from a financial point of view, to the holders of Dome's capital stock of the consideration to be offered in the Proposed Acquisition.

In arriving at our opinion, we reviewed and analyzed: (1) the draft of the Arrangement Agreement between Dome and Amoco, including the terms and conditions of the Debentures, (2) such publicly available information concerning Dome, Amoco and Parent which we believe to be relevant to our inquiry, including the Form 10-K's of Dome and Parent for the fiscal year ending December 31, 1986, (3) a valuation of the assets of Dome, as of December 31, 1986, prepared by us, (4) financial results of other oil and gas industry companies which we deem to be comparable to either Dome or Amoco, (5) financial and operating information with respect to the business operations and prospects of Dome furnished to us by Dome, including Dome's proposed Restructuring Plan submitted to its lenders and other affected parties dated March 9, 1987, (6) a trading history of Dome's common and publicly traded preferred shares from April 27, 1984 to the present and a comparison of that trading history with those of companies which we deem to be comparable to Dome, (7) a trading history of Parent's common shares from April 27, 1984 to the present and a comparison of that trading history with those of companies which we deem to be comparable, and (8) a comparison of the financial terms of the Proposed Acquisition with the terms of certain other recent transactions which we deem to be relevant. In addition, we have had discussions with the management of Dome and Amoco concerning their business and operations, assets, present condition and future prospects and undertook such other studies, analyses and investigations as we deemed appropriate.

American Express Tower World Financial Center New York New York 10285-1800 Telephone 212-298-2000

We have relied upon the accuracy and completeness of the financial and other information used by us in arriving at our opinion without independent verification. In arriving at our opinion, we have not conducted a physical inspection of the properties and facilities of Dome. Our opinion is necessarily based upon conditions as they exist and can be evaluted as of the date of this letter.

Based upon and subject to the foregoing, we are of the opinion that, from a financial point of view, the consideration to be offered in the Proposed Acquisition is fair to the holders of Dome's capital stock.

Very truly yours,

SHEARSON LEHMAN BROTHERS INC.

By: JAMES C. HARRIS

SHEARSON
LEHMAN
BROTHERS

November 17, 1987

Board of Directors
Dome Petroleum Limited
333-7th Avenue S.W.
Calgary, Alberta T2P 2H8
Canada

Dear Sirs:

We understand that Amoco Canada Petroleum Company Limited ("Amoco"), a wholly-owned subsidiary of Amoco Corporation ("Parent"), intends to offer to purchase (the "Proposed Acquisition") all the outstanding shares of common stock and preferred stock of Dome Petroleum Limited ("Dome"). Pursuant to the terms and conditions of the Proposed Acquisition, holders of Dome's capital stock will receive U.S. dollar denominated Exchangeable Subordinated Debentures (the "Debentures") of Amoco, exchageable into common shares of Parent, with a face value of $1.13 per Common Share of Dome, $5.6 per Preferred Share, Series A, B and C of Dome. the Proposed Acquisition also proposes settlment with creditors of Dome's credit facilities as set forth in the Arrangement Agreement, dated May 12, 1987, between Dome and Amoco with amendments to the Arrangement Agreement in th draft dated November 16, 1987.

We have been requestedby Dome to render our opinion with respect to the fairness, from a financial point of view, to the olders of Dome's capital stock of the consideration to be offered in the Proposed Acquisition.

In arriving at our opion, we reviewed and analyzed: (1) the draft of the Arrangement Agreement between Dome nd Amoco, including the terms and conditions of the Debentures, (2) such publicly available infmation concerning Dome, Amoco and Parent which we believe to be relevant to our inquiry, inuding the Form 10-K's of Dome and Parent for the fiscal year ending December 31, 1986, and thForm 10-Q's of Dome and Parent as of March 31, 1987 and June 30, 1987, (3) a valuation of the asse of Dome, as of December 31, 1986, prepared by us, (4) financial results of other oil and gas industry mpanies which we deem to be comparable to either Dome or Amoco, (5) financial and operating iprmation with respect to the business operations and prospects of Dome furnished to us by Domencluding Dome's proposed Restructuring Plan submitted to its lenders and other affected parties ded March 9, 1987, (6) a trading history of Dome's common and publicly traded preferred sharesom April 27, 1984 to the present and a comparison of that trading history with those of companiewhich we deem to be comparable to Dome, (7) a trading history of Parent's common shares from Al 27, 1984 to the present and a comparison of that trading history with those of companies which wdeem to be comparable, and (8) a comparison of the financial terms of the Proposed Acquisition ith the terms of certain other recent transactions which we deem to be relevant. In addition, have had discussions with the management of Dome and Amoco concerning their business and optitions, assets, present condition and future prospects and undertook such other studies, analyses andvestigations as we deemed appropriate.

American Express Tower W Financial Center New York New York 10285-1800 212-298-2000

We have relied upon the accuracy and completeness of the financial and other information used by us in arriving at our opinion without independent verification. In arriving at our opinion, we have not conducted a physical inspection of the properties and facilities of Dome. Our opinion is necessarily based upon conditions as they exist and can be evaluated as of the date of this letter.

Based upon and subject to the foregoing, we are of the opinion that, from a financial point of view, the consideration to be offered in the Proposed Acquisition is fair to the holders of Dome's capital stock.

Very truly yours,

SHEARSON LEHMAN BROTHERS INC.

By: JAMES C. HARRIS

APPENDIX G

AFFECTED CREDIT FACILITIES

(Millions of Canadian Dollars, Except Where Noted)

Description of Credit Facility (1)	Debtor	Creditor (s)	Balance Owing as of Dec. 31, 1987 (2)
A. Secured Affected Credit Facilities			
1. Loan dated as of March 3, 1982 in the amount of U.S.$1.0 billion and Cdn. $50 million in respect of acquisition Hudson's Bay Oil and Gas Company Limited ("4 Bank-Dome Energy")	Dome Energy Limited	Bank of Montreal Canadian Imperial Bank of Commerce The Royal Bank of Canada The Toronto-Dominion Bank	$802.8
2. Loan dated as of November 10, 1978 in the amount of $200 million in respect of NGL System ("BMO—Income Debenture")	Dome Petroleum Limited	Bank of Montreal	$212.8
3. Loan dated as of May 7, 1980 in the amount of $368.6 million in respect of NGL System ("BMO—Plants Loan")	Musketeer Energy Ltd.	Bank of Montreal	$298.8
4. Loan dated as of January 31, 1982 in the amount of $550 million in respect of acquisition Musketeer Energy Ltd. ("Musketeer Syndicate")	Musketeer Energy Ltd.	The Toronto-Dominion Bank Canadian Imperial Bank of Commerce Bank of Montreal Province of Alberta Treasury Branches	$516.7
5. Loan dated as of December 24, 1980 in the amount of U.S.$125 million in respect of acquisition of U.S. oil and gas assets and general corporate purposes ("TD—Dome Oils")	127671 Canada Ltd.	The Toronto-Dominion Bank	U.S. $38.5
6. Loan dated as of January 8, 1982 in the amount of U.S.$1.8 billion in respect of acquisition of Hudson's Bay Oil and Gas Company Limited ("Citibank Syndicate")	Dome Energy Limited	Citibank Canada Bank of America National Trust and Savings Association The Chase Manhattan Bank, N.A. Chemical Bank Continental Illinois National Bank and Trust Company of Chicago Credit Agricole First Interstate Bank of California The First National Bank of Chicago International Westminster Bank PLC Manufacturers Hanover Trust Company Morgan Bank of Canada National Bank of Canada Security Pacific National Bank Marine Midland Bank, N.A. National Bank of Detroit Midland Bank PLC Bank of British Columbia The Bank of New York Continental Bank of Canada Credit Lyonnais European American Bank The Fuji Bank Ltd. The Industrial Bank of Japan, Limited Societe Generale The Sumitomo Bank, Limited The Bank of Tokyo, Ltd. Midland Bank PLC The Bank of Tokyo Canada Citibank, N.A.	U.S. $904.4

(1) All credit facilities have been amended subsequent to the date indicated.
(2) Includes principal and accrued and deferred interest.

	Description of Credit Facility (1)	Debtor	Creditor (s)	Balance Owing as of Dec. 31, 1987 (2)
7.	Loan dated as of January 15, 1982 in the amount of U.S.$53.5 million in respect of refinancing of indebtedness ("Credit Suisse Canada")	Dome Petroleum Limited	Credit Suisse	$61.4
8.	Loan dated as of March 8, 1982 in the amount of U.S.$87 million in respect of acquisition of single steel drilling caisson ("Marubeni")	Dome Petroleum Limited	Marubeni Corporation	U.S. $99.3
9.	Loan dated as of January 2, 1979 in the amount of $303 million in respect of acquisition of interests from Siebens Oil & Gas Ltd. ("TD-Siebens")	127670 Canada Ltd.	The Toronto-Dominion Bank	$213.4
10.	Loan pursuant to Deed of Trust and Mortgage dated as of June 30, 1977 in the amount of U.S.$150 million in respect of retirement of indebtedness ("Insurance Syndicate")	Dome Petroleum Limited	The Prudential Insurance Company of America The Equitable Life Assurance Society of the United States The Northwestern Mutual Life Insurance Company	U.S. $108.5
B.	Institutional Unsecured Affected Credit Facilities			
1.	Loan dated as of February 10, 1981 in the amount of U.S.$240 million for general corporate purposes ("Hambros Syndicate")	Dome Petroleum Limited	Banque Nationale de Paris Barclays Bank PLC BHF-Bank (Jersey) Limited The Chase Manhattan Bank, N.A. Citibank, N.A. Credit Lyonnais Deutsche Bank Luxembourg S.A. Dresdner Bank AG Lloyds Bank Canada The Long-Term Credit Bank of Japan, Limited Midland Bank PLC The Royal Bank of Canada Societe Generale	U.S. $273.5
2.	Loan pursuant to Trust Indenture made as of February 29, 1980 in the amount of $75 million for general corporate purposes ("Ames FRN's")	Dome Petroleum Limited	Bank of America Canada Barclays Bank of Canada Banque Nationale de Paris (Canada) Chemical Bank of Canada Lloyds Bank Canada Midland Bank PLC Her Majesty the Queen in Right of the Province of Alberta	$89.7
3.	Loan dated as of April 2, 1980 in the amount of U.S.$25 million for general corporate purposes ("Credit Suisse A")	Dome Petroleum Limited	Credit Suisse	U.S. $28.3
4.	Loan dated as of November 24, 1980 in the amount of U.S.$23.975 million for general corporate purposes ("Credit Suisse B")	Dome Petroleum Limited	Credit Suisse	U.S. $27.2
5.	Loan dated as of August 26, 1980 in the amount of $130 million for general corporate purposes ("Cyprus Anvil")	Cyprus Anvil Mining Corporation	The Toronto-Dominion Bank	$154.4
6.	Loan dated as of June 25, 1980 in the amount of U.S.$50 million for general corporate purposes ("Swiss Bank Corp.")	Dome Petroleum Limited	Swiss Bank Corporation	U.S. $57.1

(1) All credit facilities have been amended subsequent to the date indicated.
(2) Includes principal and accrued and deferred interest.

Description of Credit Facility (1)	Debtor	Creditor (s)	Balance Owing as of Dec. 31, 1987 (2)
7. Loan dated as of August 4, 1982 in the amount of $25 million for general corporate purposes ("Societe Generale")	Dome Petroleum Limited	Societe Generale (Canada)	$29.9
8. Loan dated as of July 20, 1981 in the amount of $50 million for general corporate purposes ("Credit Lyonnais")	Dome Petroleum Limited	Credit Lyonnais	$59.9
9. Note dated as of January 15, 1981 in the amount of $75 million for general corporate purposes ("Cdn. Trust Co's FRN's")	Dome Petroleum Limited	Canada Trustco Mortgage Company Royal Trust Corporation of Canada National Trust Company Saskatchewan Co-operative Credit Society Limited The Mutual Life Assurance Company of Canada	$123.1
10. Loan dated as of December 30, 1976 in the amount of $5.3 million in respect of acquisition of interests from Goliad Oil & Gas Company ("Royal—Goliad")	Dome Petroleum Limited	The Royal Bank of Canada	$3.0
11. Loan dated as of December 22, 1980 in the amount of $1 million in respect of purchase of partnership ("CIBC—Alerk")	Alerk Exploration Ltd.	Canadian Imperial Bank of Commerce	$1.2
12. Loan dated as of February 2, 1982 in the amount of $8 million in respect of redemption of shares ("CIBC—112572 Canada Inc.")	112752 Canada Inc.	Canadian Imperial Bank of Commerce	$6.5
13. Loan dated as of November 1, 1978 in the amount of $220 million in respect of acquisition of shares of TransCanada PipeLines Limited ("CIBC—Provo Preferreds")	Provo Gas Producers & Dome Limited	Canadian Imperial Bank of Commerce	$263.4
14. Loan dated as of April 6, 1982 in the amount of $100 million for general corporate purposes ("Ship Advance")	Dome Petroleum Limited	ENCOR Energy Corporation Inc.	$129.0
15. Obligation in the amount of $2.5 million in respect of acquisition of partnership units ("Brunswick Obligation")	Provo Gas Producers Limited	Brunswick Mining and Smelting Corporation Limited	$2.5
16. Obligations dated as of December 18, 1981 in the amount of DM 19,388,718 in respect of acquisition of ship engines ("SocGen El")	Dome Petroleum Limited	Societe Generale Elsassische Bank & Co.	DM 19.7
17. Obligations dated as of December 14, 1981 in the amount of DM 8,359,700 in respect of acquisition of ship gear units ("Bayerische")	Dome Petroleum Limited	Bayerische Landesbank	DM 7.6
C. Public Unsecured Affected Credit Facilities			
1. Debentures dated as of July 15, 1979 in the principal amount of U.S.$50 million in respect of reduction of indebtedness used for general corporate purposes ("10% Debentures")	Dome Petroleum Limited	Public (Trustee—The Canada Trust Company)	U.S. $46.7

(1) All credit facilities have been amended subsequent to the date indicated.

(2) Includes principal and accrued and deferred interest.

	Description of Credit Facility (1)	Debtor	Creditor (s)	Balance Owing as of Dec. 31, 1987 (2)
2.	Obligations in the maximum amount of \$4.95 million in respect of acquisition of securities ("Beaufort Obligations")	Dome Petroleum Limited	Beaufort Exploration Limited Beaufort Petroleum Investment Limited Beaufort Energy Limited	\$5.2
3.	Debentures dated as of May 1, 1980 in the principal amount of U.S.\$50 million in respect of reduction of indebtedness ("13.5% Debentures")	Dome Petroleum Limited	Public (Trustee—The Canada Trust Company)	U.S. \$41.3
4.	Notes dated as of October 7, 1981 in the amount of U.S.\$75 million for general corporate purposes ("\$75MM U.S. Notes")	Dome Petroleum Limited	Public (Trustee—The Law Debenture Corporation p.l.c.)	U.S. \$81.4
5.	Notes dated as of March 18, 1982 in the amount of U.S.\$50 million in respect of reduction of indebtedness ("\$50MM U.S. Notes")	Dome Petroleum Limited	Public (Trustee—The Law Debenture Corporation p.l.c.)	U.S. \$54.2
6.	Notes dated as of March 18, 1982 in the amount of U.S.\$3.13 million in respect of reduction of indebtedness ("16.25% U.S. Notes")	Dome Petroleum Limited	Public (Trustee—The Law Debenture Corporation p.l.c.)	U.S. \$3.7
7.	Bonds dated as of February 11, 1981 in the amount of SFr 100 million in respect of reduction of indebtedness ("5.75% Swiss Fr. Bonds")	Dome Petroleum Limited	Public (Agent—Credit Suisse)	SFr 101.5
8.	Bonds dated as of August 10, 1981 in the amount of SFr 100 million in respect of reduction of indebtedness ("7.25% Swiss Fr. Bonds")	Dome Petroleum Limited	Public (Agent—Credit Suisse)	SFr 103.2
9.	Notes dated as of October 31, 1980 in the amount of SFr 100 million for general corporate purposes ("6% Swiss Fr. Notes")	Dome Petroleum Limited	Public (Agent—Credit Suisse)	SFr 107.1

(1) All Credit Facilities have been amended subsequent to the date indicated.
(2) Includes principal and accrued and deferred interest.

APPENDIX H

UNAFFECTED CREDIT FACILITIES

(Thousands of Canadian Dollars, Except Where Noted)

Description of Credit Facility*	Debtor	Creditor(s)	Balance Owing as of December 31, 1987
1. Debentures dated as of November 8, 1976 in the amount of $30 million ("10.375% Debentures")	Musketeer Energy Ltd.	Public (Trustee—Montreal Trust Company)	$19.47 million
2. Debentures dated as of February 1, 1981 in the amount of U.S. $100 million ("14.75% Debentures")	Hudson's Bay Oil and Gas Company Limited	Public (Trustee—United States Trust Company of New York)	U.S. $100 million
3. Balance of Purchase Price dated as of August 21, 1978 in the amount of $93 million in respect of acquisition of Siebens Oil & Gas Ltd. ("Canpar Balance of Purchase Price")	Provo Gas Producers Limited	Canpar Holdings Ltd.	$51.15 million
4. Lease dated as of February 1, 1980 in the amount of $4 million in respect of the Dexter terminal	Dome Petroleum Corp. Dome Petroleum Limited (guaranteed)	Industrial Development Authority of Stoddard County, Missouri	U.S. $4 million
5. Aircraft Lease dated as of December 1, 1983 in the amount of $5.4 million ("Hawker Siddley")	Dome Petroleum Limited	Greyhound Computer of Canada Ltd.	$3.32 million
6. Computer Leases in respect of IBM Computers	Dome Petroleum Limited	IBM	$2,858
	117906 Canada Inc.	IBM	$95,255
7 Lease dated as of November 1, 1985 ("Lisa Compugraphic")	Dome Petroleum Limited	First City Capital Ltd.	$20,486
8. Lease dated as of August 1, 1983 ("Xerox Copiers")	Dome Petroleum Limited	Xerox Canada Inc.	$34,064
9. Lease dated as of May 15, 1984 ("Telephone Network")	Dome Petroleum Limited	First City Capital Ltd.	$230,263
10. Lease dated as of March 1, 1983 ("Dredging Workshop")	Dome Petroleum Limited	Beaumac Corporation	$56,632

* All Credit Facilities have been amended subsequent to the date indicated.

Description of Credit Facility*	Debtor	Creditor(s)	Balance Owing as of December 31, 1987
11. Lease dated as of February 1, 1985 ("Gulf Furnishings")	Dome Petroleum Limited	Toronto Dominion Leasing Ltd.	$198,371
12. Lease dated as of July 16, 1985 ("Personal Computers")	Dome Petroleum Limited	Toronto Dominion Leasing Ltd.	$103,025
13. Lease dated as of October 31, 1985 ("Gulf Furnishings")	Dome Petroleum Limited	Toronto Dominion Leasing Ltd.	$155,794
14. Leases dated as of December 10 and 31, 1985 and August 6, 1986 in the amount of $704,376 ("Personal Computers")	Dome Petroleum Limited	Toronto Dominion Leasing Ltd.	$394,546
15. Mortgage (undated) in the amount of $300,000 ("Meridian Hangar")	Dome Petroleum Limited	Delina Holdings Ltd.	$300,000
16. Purchase Agreement dated as of August 15, 1974 in the amount of $131,250 ("Overriding Royalty Purchase")	Dome Petroleum Limited	Peter Sevensma	$8,750
17. Purchase Agreement dated as of August 15, 1974 in the amount of $131,250 ("Overriding Royalty Purchase")	Dome Petroleum Limited	Peter Klaui	$8,750
18. Obligation to pay certain unpaid 1982 and 1983 Petroleum and Gas Revenue Taxes ("PGRT")	Dome Petroleum Limited and various subsidiaries	Receiver General of Canada	$163.6 million

* All Credit Facilities have been amended subsequent to the date indicated.