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June 29, 2007

To: John Stevenson, Secretary  
Ontario Securities Commission  
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Anne-Marie Beaudoin, Directrice du secrétariat  
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Subject: **Request for Comment: Proposed Enhancements to Executive  
Compensation Disclosure (Form 51-102F6)**

Dear Sir/Mesdames:

Thank you for the opportunity to provide comments to the draft form. This input is submitted on behalf of Imperial Oil Limited ("Imperial") in response to the Canadian Securities Administrators (CSA) request for input on the proposed changes to Form 51-102F6, Statement of Executive Compensation, issued on March 29, 2007. These changes relate to proposed amendments to the rules which govern the disclosure of information of compensation for named executive officers and directors within a company's management proxy circular.

Imperial continues to be supportive of clarifying information in the management proxy circular to ensure our shareholders and potential investors have a clear understanding of our executive compensation practices and approach. Many of the proposed changes to Form 51-102F6 are in essence already covered in previous Imperial management proxy statements and hence we are aligned with the objective to provide investors with "improved clarity and context regarding corporate compensation practices". However, there are three areas where Imperial would respectfully request the CSA to carefully consider the final composition of certain proposed rules to ensure the implementation of these rules truly meets the stated objective of "improved clarity and context" for investors.

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**Item 2: Compensation Discussion and Analysis (CD&A):**

**Performance Graph:**

**Specific Request for Input:**

- 6. Will moving the performance graph to the CD&A and requiring an analysis of the link between performance of the company's stock and executive compensation provide meaningful disclosure?**

We do not agree that the performance graph should be moved to the CD&A, further we believe the proposal has the potential to mislead readers, particularly when new NEO's are appointed. We believe that the existing practice is appropriate, but if additional commentary is necessary it should be in a narrative form that discusses the links between a number of short-term and long-term components of the company's performance, of which share price is just one aspect.

**Item 3: Summary Compensation Table (SCT):**

**Specific Request for Input:**

- 8. Do you agree with the way bonuses and non-equity incentive plans will be disclosed in the summary compensation table?**

We believe the proposal to segment between bonuses and non-equity incentive plan compensation will likely confuse shareholders because of the difficulty in distinguishing between a non-performance and performance-based award. We would propose the CSA consider a modified table such as the one included herein:

NEO	Year	Salary (\$)	Short/Mid Term Compensation Awards (\$)	Other Annual Compensation	Long-Term Compensation - Awards	LTIP Payouts	All Other Compensation	Total Compensation
CEO								
CFO								
NEO								
NEO								
NEO								

- 10. Is it appropriate to present stock and option awards based on the compensation cost of the awards over the service period? If not, how should these awards be valued?**

We do not agree that presenting stock and option awards based on the service cost of awards recognized for financial statement purposes is an appropriate approach for effectively providing disclosure to investors. This proposed approach will mean that the SCT will in the second and subsequent years after the proposal is adopted reflect both current and prior years' award costs. This will lead to confusion for the investor, as compared with the current approach of only showing the value of current years' award for the NEO in the SCT.

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This approach requires a better understanding of Canadian accounting standards than many investors will have when reading a proxy circular. This approach highlights accounting costs instead of compensation value, and accounting service cost allocation horizons are different than grant value horizons. By reporting the accounting cost of multiple years' grants to an NEO, without distinguishing the current year's compensation awards, the objective of greater clarity to investors will not be met.

We would support continuing the existing practice of disclosing the value of the current year's award based on current share prices. Alternatively, we would support reporting grant value based on the grant date share price.

**Item 6: Retirement Plan Benefits**

**Specific request for input:**

- 18. Should we require supplemental tabular disclosure of defined contribution pension plans or other deferred compensation plans? Is a breakdown of the contributions and earnings under these plans necessary to understand the complete compensation picture?**

We view the current standard for reporting on NEO retirement plan benefits as being sufficient, and that it does not detract from providing clarity to investors on the complete compensation picture in the current year. As well it is our view that the proposals outlined will create some technical pension actuarial reporting issues, where specific disclosures of pension amounts are requested. If additional information on individual NEO retirement benefits is deemed necessary, beyond what is already provided, there are three items which we view would be more relevant on a year over year comparison basis to an investor, versus service costs of DB plans:

- Any compensation treatment during the year which impacts the value of the accrued pension benefit
- Impact on accrued value of pension resulting from another year of service
- Narrative (only as required) which provides relevant context for changes in NEO accrued pension value resulting from changes in the pension plan itself.

Thank you again for the opportunity to provide comments on this important matter.

Yours truly,

