
Alberta Royalty Review Panel Fort McMurray, June 5, 2007

Eric Axford, Vice President Suncor Energy Inc.



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- Certain financial measures referred to in this presentation, namely return on capital employed (ROCE) and cash flow from operations, are not prescribed by Canadian generally accepted accounting principles (GAAP). For a reconciliation, see pages 58, 76 and 77 of Suncor's 2006 Annual Report.
- A boe conversion ratio of six thousand cubic feet of natural gas: one barrel of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Accordingly, boe's may be misleading if used in isolation.

Suncor Energy at a Glance

- Integrated energy company - upstream, refining, & marketing, pipelines and wind power
- Market capitalization \$40 billion (US\$34 billion)
- Original and single largest investor in the Athabasca oil sands
- Production capacity of nearly 300,000 BOE/day, (260,000 being oil sands)
- More than 5,500 employees
- Sustainability: benefiting all stakeholders

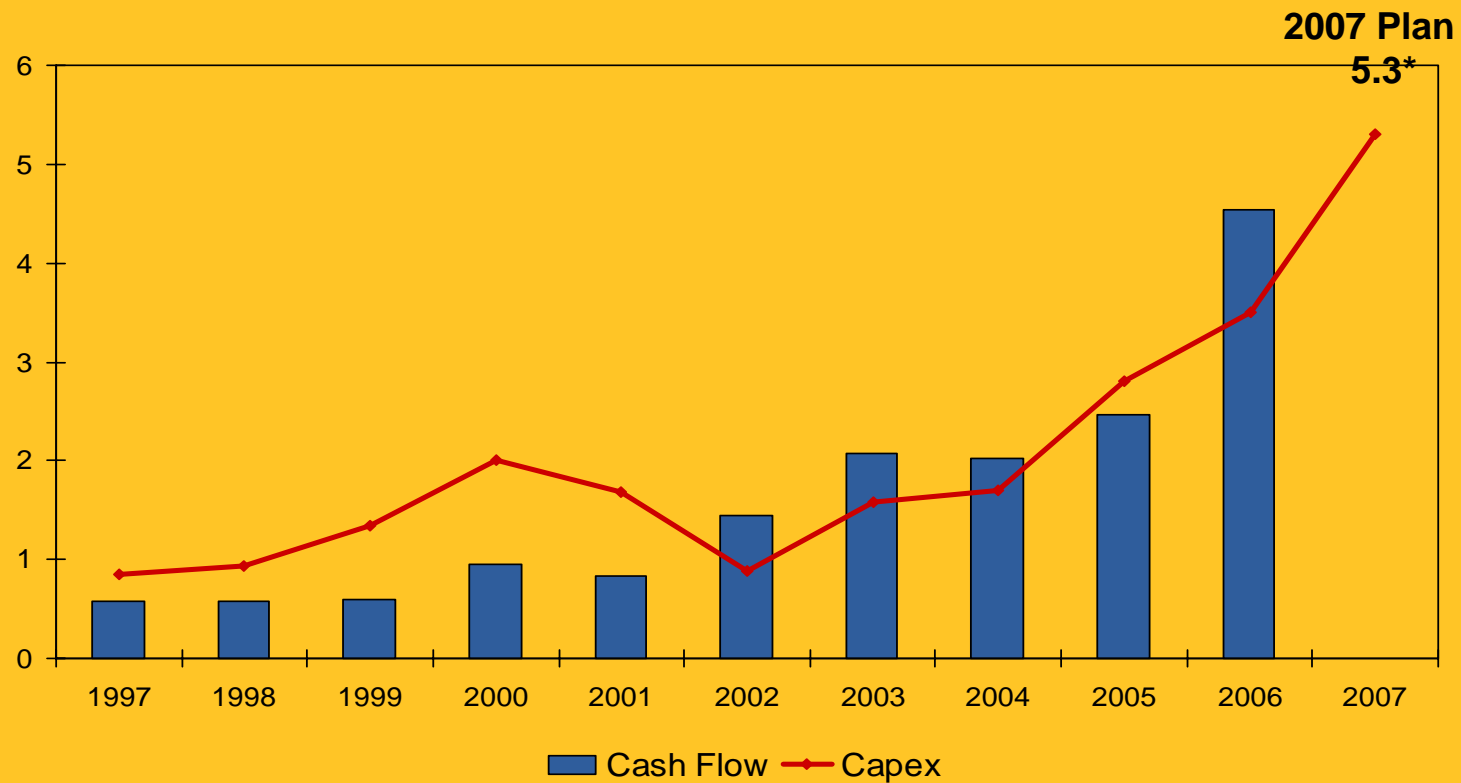
Suncor's Position on Oil Sands Royalty

The generic oil sands regime:

- is appropriate and fair:
 - *recognizes fundamental differences in risk between oil sands and conventional oil and gas production*
 - *derives a fair rent for Albertans, while timing payment to recognize long lead times and billions of dollars put at risk by developers*
 - *provides the same treatment for all oil sands developers and brought certainty to the industry*
- is globally competitive for similar world scale resource developments
 - *49% government take slightly higher than offshore Gulf of Mexico, and similar to Alaska's proposed take*

Cash Flow to Capital Investment

\$CDN billions



* Full year target. Cash flow from operations is a non-GAAP measure.

Benefits to Albertans / Canadians:

Year	Oil Sands Capital Investment	Oil Sands Employees	Suncor-wide royalty and tax payments to all levels of gov't
1996	\$321 million	1,430	\$477 million
2006	\$2.4 billion	3,180	\$1.7 billion
2015 (projected)	\$1.6 billion	7,800	\$3.7 billion*

* assumes \$60US W.T.I. with a market-based bitumen royalty, and achievement of growth plans to 2012, with 550,000bpd maintained through 2015. Approximately \$1.2 billion would be oil sands royalties. Royalties and taxes are highly sensitive to other factors as well, including foreign exchange rates and capital and other operating costs. Accordingly, in light of these uncertainties, actual differences may be material.

Recommendations and Conclusions

- Maintain the existing oil sands royalty structure
- Complete the Royalty review as soon as possible
- Suggestions on streamlining administration
- Existing Oil Sands Steering Committee to consider administration improvements
- IF structural changes, should apply to new projects only
- The reinvestment by industry and the returns to Albertans and Canadians shows the existing royalty structure is working

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