

SUNCOR ENERGY INC
Form 425
November 10, 2015

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Subject Company: Canadian Oil Sands Limited

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Explanatory Note: The following written presentation materials were first used by Suncor Energy Inc. on November 10, 2015.

(Presentation materials begin on the following page.)

Suncor's proposed acquisition of Canadian Oil Sands Limited
Information
for
Canadian
Oil
Sands
Limited

(COS)
Shareholders

Dated
November
10,
2015

All amounts in this presentation are in Canadian dollars (unless otherwise noted). Please review Advisories section.
Building on 50 years of oil sands experience

Advisories

NOTICE TO U.S. HOLDERS

THE SUNCOR COMMON SHARES OFFERED AS CONSIDERATION IN THE OFFER DOCUMENTS HAVE NOT BEEN DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC) OR ANY U.S. STATE SECURITIES COMMISSION NOR HAS THE SEC OR ANY U.S. STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OF THE OFFER DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Shareholders should be aware that, during the period of the Offer, Suncor or its affiliates, directly or indirectly, may bid for or purchase of Suncor common shares or Shares, or certain related securities, as permitted by applicable law or regulations of the United States, Canada or its provinces or territories.

On October 5, 2015, Suncor filed a registration statement on Form F-80, which includes the Offer Documents, with the SEC in connection with the Offer. This presentation is not a substitute for such registration statement or any other documents that Suncor has filed or may file with the SEC or send to shareholders in connection with the Offer. INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT ON FORM F-80, AS IT MAY BE AMENDED FROM TIME TO TIME, AND ALL OTHER RELEVANT DOCUMENTS.

FILED WITH THE SEC IN CONNECTION WITH THE OFFER AS THEY BECOME AVAILABLE, AS WELL AS ANY A SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. To obtain a free copy of the registration statement on Form F-80, as well as other filings containing information about Suncor, at the SEC's website (www.sec.gov).

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The Offer (as defined herein) described in the Offer Documents (as defined herein) is being made for the securities of a Canadian issuer by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare the Offer Documents in accordance with the disclosure requirements of Canada. Shareholders in the United States should be aware that the disclosure requirements are different from those of the United States. The financial statements included or incorporated by reference in the Offer Documents have been prepared in accordance with International Financial Reporting Standards, and are subject to Canadian accounting and auditor independence standards, and thus may not be comparable to financial statements of U.S. companies.

Shareholders in the United States should be aware that the disposition of their Shares (as defined herein) and the acquisition of common shares by them as described in the Offer Documents may have tax consequences both in the United States and in Canada. Such consequences for shareholders who are resident in, or citizens of, the United States may not be described fully in the Offer Documents.

The enforcement by shareholders of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Suncor Energy Inc. (" Suncor ") and Canadian Oil Sands Limited (" COS ") are incorporated under the laws of Canada, that some of their respective officers and directors may be residents of a foreign country, that some or all of the experts named in the Offer Documents may be residents of a foreign country and that all or a substantial portion of the assets of Suncor and COS and said persons may be located outside the United States.

entirety by reference to the complete text of the Offer Documents. The Offer Documents contain important information that should be read in its entirety with respect to the Offer.

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Advisories (continued)

OFFER DOCUMENTS

This presentation does not constitute an offer to buy or sell, or an invitation or a solicitation of an offer to buy or sell, any securities of Suncor to purchase the COS common shares and any accompanying rights (together, the Shares) in exchange for common shares of Suncor and subject to the terms and conditions set out in, the Offer to Purchase and Take-Over Bid Circular dated October 5, 2015, as well as the accompanying Letter of Transmittal, Notice of Guaranteed Delivery and other related Offer materials (collectively, the Offer Documents). If the Offer is made to all COS shareholders, the Offer will not be made or directed to, nor will deposits of Shares be accepted from or on behalf of, any holder of Shares in any jurisdiction where the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, Suncor may, in its discretion, extend the Offer to holders of Shares in any such jurisdiction. The information provided in this presentation is a summary only and should be read in its entirety with certain

information
contained
in
this
presentation
has
been
taken
from
or
is
based
on
COS
documents
that
have
been
publicly
filed
on
SEDAR
under
COS'
profile
at
www.sedar.com.

Suncor has not had access to the non-public books and records of COS and Suncor is not in a position to independently assess documents, including the financial and reserves information reproduced herein. COS has not reviewed this presentation and has no information in respect of COS contained herein. As a result, all historical information regarding COS included in this presentation, including the pro forma financial and reserves information reflecting the pro forma effects of a combination of Suncor and COS has been filed in securities filings on SEDAR. While Suncor has no reason to believe that such publicly filed information is inaccurate or incomplete, Suncor does not warrant the accuracy or completeness of any such information.

The information provided in this presentation is a summary only, does not purport to be complete and is qualified in its entirety. The Offer Documents contain important information that should be read carefully before any decision is made with respect to the Offer.

FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements), including statements regarding our business strategy, our financial performance, our reserves, our future growth projects, synergies, savings, and commitments to our shareholders, our belief that our offer is full and fair valued; Suncor's expected future growth projects; synergies, savings, and commitments to our shareholders; reserve life for each entity; capital expenditures; the NYMEX CL Light Sweet Crude Oil Futures contract settlement price; our expectations, estimates, projections, forecasts, and assumptions with respect to dividends, share repurchases and future oil exposure, which are based on Suncor's current expectations, estimates, projections, forecasts, and assumptions in light of its experience and its perception of historical trends. Some of the forward-looking statements may be identified by words such as "will", "may", "outlook", and similar expressions. In addition, all other statements and other information that are intended to describe our business, our financial performance, our reserves, our future growth projects, synergies, savings, and commitments to our shareholders, relating to the tax treatment of shareholders, the expected timing of the consummation of the Offer, and certain strategic and financial information (including the expected timing of the consummation of the Offer) are forward-looking statements. Forward-looking statements are not guaranteed and are subject to various risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Suncor. Users of this information should be aware that our actual performance may differ materially as a result of, among other things, assumptions regarding expected synergies and reduced operating expenditures; various assumptions regarding timing of commissioning and start-up of capital projects; fluctuations in currency and interest rates; price volatility in marketing operations (including credit risks); imprecision of production and reserves estimates and estimates of recoverable reserves.

properties; the ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction and other approvals; the ability to secure adequate product transportation; changes in royalty, tax, environmental and other law regulations; applicable political and economic conditions; the risk of war, hostilities, civil insurrection, political instability and quotas; and risks associated with existing and potential future lawsuits and regulatory actions. (Continued)

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Advisories (continued)
(\$
millions)
Total
September 30
2015
June 30
2015
Mar 31
2015
Dec 31

2014

Cash flow provided by operating activities

7 456

2 771

1 794

876

2 015

Increase (decrease) in non-cash working capital

(452)

(889)

361

599

(523)

Cash flow from operations

7 004

1 882

2 155

1 475

1 492

All

figures

and

descriptions

provided

herein

related

to

the

proposed

transaction,

including

those

around

consideration,

key

metrics,

pro

forma

ownership,

reasons

for

the

Offer,

potential

benefits to Suncor and COS shareholder and expected pro forma benefits are based on and assume the following: (i) Suncor's costs and assets (including reserves) will not in any way change from what was the case on October 29, 2015, in the case of Suncor's filings on SEDAR up to and including October 29, 2015, in the case of COS, and in the case of reserves, those reported by Suncor as

at

December

31,
2014;
(ii)
484.6
million
common
shares
of
COS
issued
and
outstanding
immediately
prior
to
the
closing
of
the
Offer;
(iii)
that
all
of
the
Shares
are
tendered
to
the
Offer

pursuant to the terms thereof; and (iv) no other Suncor common shares or common shares of COS are issued before closing of the Offer. Although Suncor believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Suncor's management's discussion and analysis (MD&A) for the period ended September 30, 2015 (the Third Quarter MD&A) and its most recently filed Annual Information Form/Form 40-F and other documents it files from time to time with securities regulators contain assumptions and other factors that could influence actual results and such factors are incorporated herein by reference. Copies of the MD&A and AIF can be obtained from Suncor at 150 6th Avenue S.W., Calgary, Alberta T2P 3E3, by calling 1-800-558-9071, or by email request to info@suncor.com or on www.sedar.com or EDGAR at www.sec.gov. Except as required by applicable securities laws, Suncor disclaims any intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Suncor's actual results may differ materially from the forward-looking statements, so readers are cautioned not to place undue reliance on them.

Certain
financial
measures
in
this
presentation

namely
cash
flow

from
operations,
free
cash
flow
and
free
cash
flow
per
share

are
not
prescribed
by
Canadian
generally
accepted

accounting principles (GAAP). All non-GAAP measures presented herein do not have any standardized meaning and therefore are not presented by other companies. Therefore, these non-GAAP measures should not be considered in isolation or as a substitute for GAAP. All non-GAAP measures are included because management uses the information to analyze business performance, level of risk and other information by investors.

Cash flow from operations for Suncor for each of the four quarters ended below is defined and reconciled to the GAAP measure for the corresponding period below. Free cash flows and free cash flows per share for Suncor and COS for 2012, 2013, 2014 and the period ended below are reconciled on slide 13.

The financial and operating performance of Suncor and its reportable operating segments and the timing and terms upon which they may be affected by a number of factors. Many of these risk factors and other assumptions related to Suncor's forward-looking performance are further detail throughout the Offer Documents, the Third Quarter MD&A, and in Suncor's 2014 annual MD&A, 2014 Annual Report, and Canadian securities commissions at www.sedar.com and the United States Securities and Exchange Commission at www.sec.gov and other statements in evaluating the forward-looking statements contained in this presentation.

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Advisories (continued)

RESERVES

Unless noted otherwise, reserves information presented herein is presented as working interests (operated and non-operated) shares and royalty interests, is at December 31, 2014, and is rounded to the nearest hundred million barrels of oil or barrels of oil equivalent. For definitions of proved and probable reserves, Suncor's interest, location of the reserves and the product types reasonably expected to be produced, see the Offeror's 2014 Annual Information Form available at www.sedar.com and www.sec.gov. For more information on COS' reserves, see COS' most recent 2014 Annual Information Form. Certain oil and gas reserves presented in this presentation have been prepared in accordance with National Instrument 51-101, which has been adopted by securities regulatory authorities in Canada and imposes oil and gas disclosure standards for Canadian issuers, which differ from the oil and gas disclosure standards of the SEC under Subpart 1200 of Regulation S-K. The SEC definitions of proved and probable reserves are not comparable to those defined in NI 51-101. Therefore, proved and probable reserves disclosed herein in compliance with NI 51-101 are not comparable to those disclosed in the Offeror's 2014 Annual Information Form. Moreover, as permitted by NI 51-101, the Offeror has determined and disclosed its reserves and the related net present value of reserves disclosure using forecast prices and costs. In contrast, the SEC requires that reserves and related future net revenue be

than forecast prices, but permits the optional disclosure of future net revenue estimates based on different price and cost criteria forecasts. Consequently, the oil and gas reserves estimates presented herein are prepared in accordance with NI 51-101 are not companies in their filings with the SEC.

BOE

Barrels of oil equivalent (boe) - Certain natural gas volumes have been converted to barrels of oil on the basis of six thousand relative market values, and thus may be misleading.

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Consideration

Suncor is offering to acquire Canadian Oil Sands Limited (TSX: COS) in an all share transaction valued at approximately \$6.9 billion

1

Exchange ratio of 0.25 of a Suncor share per COS share

Implied
acquisition
price

2
of
\$9.73/COS
share
represents
a
substantial:

57% premium to COS' unaffected share price of \$6.19 on October 2, 2015

49%
premium
to
COS'
unaffected
30-day
volume-weighted
average
share
price of \$6.54 as at October 2, 2015
Key metrics

Enterprise
Value
5
/2P
Reserves
6
of
\$4.31/boe

Cost
per
flowing
barrel
7
of
\$76,800
Pro Forma
ownership

At closing, COS shareholders are expected to own ~7.7% of Suncor

Suncor working interest in Syncrude would increase to 48.74%

Key conditions
and timing

Tender period of 60 days and structured as a permitted bid under COS'
shareholder approved rights plan

No due diligence requirements prior to closing

Customary regulatory approvals

Proposed transaction summary

(1)

Includes

equity

consideration

of

approximately

\$4.7

billion

as

of

October

30,

2015

and

net

debt

of

approximately

\$2.2

billion

as

of

September

30,

2015.

(2)

Based on the closing price of Suncor shares on the TSX on October 30, 2015.

(3)

Equity

Value

is

defined

as

the

number

of

Suncor

common

shares

offered

to

COS

shareholders

pursuant

to

the
Offer
multiplied
by
the
closing
price
of
Suncor's
common
shares on the TSX on October 30, 2015 (the "Equity Value").

(4)
COS' trailing 12 month cash from operating activities ended September 30, 2015.

(5)
Enterprise value is defined as the Equity Value plus COS' total debt minus its cash and cash equivalents, as at September 30, 2015.

(6)
2P Reserves are COS' proved and probable (2P) reserves. Reserves are presented as working interest (operated and non-operated) royalties and without including any royalty interests, and as of December 31, 2014.

See
Reserves
in
the
Advisories.

(7)
The Enterprise Value divided by 90,285 bbls/d, COS' average daily volumes for the nine months ended September 30, 2015.

Equity Value

3
/Cash Flow

4
multiple

of
7.5

7

Premium

All share offer at a substantial share price premium
to
October 2, 2015 close
Dividend

Opportunity
for cash dividend increase for COS shareholders

Suncor has a solid record of growth and sustainability
Savings

Elimination of redundant administration costs

Improved governance

Quality

Strong investment grade balance sheet, greater financial liquidity

Large, diverse and integrated oil-focused portfolio of assets

Operating

Experience

Superior reliability of assets

Operating for five decades in the oil sands

Integration

Midstream

and downstream assets and expertise enable

superior price realization

Upside

Continued

leverage

to

oil

price

and

long-life,

low

decline

assets

Canada's leading integrated energy company

Why this Offer makes sense

8

WTI

right scale

COS

left scale

NYMEX CL Light Sweet Crude Oil futures

contract settlement prices

as at April 9, 2015

as at October 30, 2015

Suncor-COS discussion history

(1)

Price determined by the ratio of 0.32 Suncor/COS shares,
based upon the March 31, 2015 Suncor closing price.

(2)

Price determined by the ratio of 0.25 Suncor/COS shares,
based upon the October 30, 2015 Suncor closing price.

Dec

2015

2016

2017

First Suncor -

COS

Discussion

March 6

Second COS

rejection letter

April 16

First Suncor

expression of

interest letter

March 9

First COS

rejection letter

March 13

2018

2019

Futures are

down ~15%

since April 9

\$0

\$20

\$40

\$60

\$80

\$100

\$0

\$3

\$6

\$9

\$12

\$15

Jan

2015

Mar

2015

May

2015

Jul

2015

Sep

2015

Second meeting and
implied offer value

1
of
\$11.84/share
April 9
Implied offer value

2
of \$9.73/share
a 57% premium to COS close on October 2, 2015 compared to a 24%
increase

in
the
four
year
futures
strip
(Dec.
2015

2019
average)

(1)

Based on Suncor's closing price of \$38.91 per share on the TSX on October 30, 2015 and COS' pre-offer closing price of \$6.1 per share on the TSX as at October 2, 2015.

(2)

Based on Suncor's and COS' current quarterly dividends.

(3)

Estimate is before tax and based on COS' 2014 general administration expenses.

(4)

5% is inclusive of 2015 to 2019, and assumes Suncor maintains current production levels and Hebron and Fort Hills ramp up of
Statements
in the Advisories.

(5)

Based on production for the nine months ended September 30, 2015 and shares outstanding as at September 30, 2015.

(6)

The Enterprise Value (as described on slide 6) divided by 90,285 bbls/d, COS' average daily volumes for the nine months ended

(7)

Reserves are presented as working interest (operated and non-operated) share before deduction of royalties and without including as of December 31, 2014. See Reserves

in the Advisories.

(8)

Net debt is defined as total debt less cash and cash equivalents. Capitalization is defined as total debt plus the book value of shares

9

Significant benefits

COS shareholder potential benefits

Expected Pro Forma benefits

57%

upfront

premium

1

45%

2

Tax-

Deferred

\$25M

administration cost

3

99%

and

retained

50 years

oil sands experience

~5%

4

Investment

Grade

6.7%

Production increase

per Suncor share, pro forma

5

\$76,800

Competitive

cost

per flowing barrel

6

Increased

Integration

and

marketing

synergies

Low

Cost of integration

Continued

Strong operational performance

9.1 billion

Long-life,

low decline 2P reserves

7

19%

Low leverage maintained

net debt/capitalization

8

10X

Increased liquidity

value of SU to COS shares

traded in the three

months prior to the offer

intended to enable tax-deferred rollover

10

Participate in Canada's leading integrated energy company

Suncor -

A growing business with complementary upstream & downstream operations

\$61B

Enterprise value

1

September 30, 2015

576 000

99% oil production

boe/d for the nine months ended Sep. 30, 2015

Refining capacity

bbls/d as at September 30, 2015

462 000

Liquidity

Cash & cash equivalents (\$5.4 billion) plus unutilized credit facilities as at September 30, 2015

\$12.3B

Cash flow from operations

4

Trailing 12 months as at September 30, 2015

\$7.0B

Capital expenditures

2015 Guidance midpoint excluding capitalized interest

\$6.1B

East

Coast

North

Sea

Stavanger

London

Aberdeen

Buzzard

Golden Eagle

Denver

Sarnia

Montreal

St. John's

Hibernia

Terra Nova*

Hebron

White Rose

Fort

McMurray

Base Plant

& Mine*

Firebag*

Syncrude

pro forma

MacKay

River*

Fort Hills*

Oil Sands

Head office

Calgary

Regional office

Upstream facility

*operated

Downstream facility

Mississauga

Circles are scaled to relative net capacities in boe/d

Edmonton

(1)

Market capitalization plus total debt minus cash and cash equivalents.

(2)

As at December 31, 2014 and assumes that 7.5 billion boe of proved and probable reserves are produced at a rate of 534,900 boe per day. Reserves are presented as working interest (operated and non-operated) share before deduction of royalties and without including any royalties. December 31, 2014. See Reserves in the Advisories.

(3)

5% is inclusive of 2015 to 2019, and assumes Suncor maintains current production levels and Hebron and Fort Hills ramp up operations. See Forward-Looking Statements in the Advisories.

(4)

CFOPs is a non-GAAP measure. See Non-GAAP Measures in the Advisories for a reconciliation of cash flow from operations to cash flow provided by operating activities, a GAAP measure.

Expected average annual five year production growth

3

~5%

38

years

2P reserve life index

2

11

Suncor's business model is robust even with lower oil prices

Cash flow is well in excess of dividends and sustaining capital

Sustainment

level

\$2.9B

Dividends

\$1.2B

Sustaining

capital

\$1.7B

Available to

enhance

returns

\$2.6B

Growth

capital

\$3.0B

2

Nine months ended

September 30, 2015

(\$Billions)

Cash Flow

\$5.5B

cash flow that is substantially
higher than dividends and
sustaining capital requirements

Credit

unutilized

lines

\$6.9B

Cash

& cash

equivalents

\$5.4B

As at

September 30, 2015

(\$Billions)

resulting in continued healthy
cash balances and total liquidity

Upgrader utilization

Nine months ended September 30, 2015

(excludes Syncrude)

Refinery utilization

Nine months ended September 30, 2015

In Situ utilization

1

Nine months ended September 30, 2015

Strong operational discipline

has driven

94%

94%

97%

(1)

Based on 180,000 barrels per day of capacity for Firebag plus 38,000 barrels per day of capacity for MacKay River.

(2)

Includes \$318 million of capitalized interest.

29¢
quarterly dividend
>20%
year dividend CAGR
1
13 years
\$5.3B
-2014
>10%
\$250
million
3

Suncor

-

A
strong
track
record
of
returning
cash
to
shareholders

12

(1)

Compound annual growth rate (CAGR).

(2)

Based on the weighted average number of shares outstanding in each year for 2011 to 2014 and as at September 30, 2015 in the quarterly dividend going forward of \$0.29 per share (subject to approval by Suncor's Board of Directors).

(3)

Targeted following completion of the Offer, subject to market conditions and assumes bid is completed in sufficient time to cover includes \$40 million worth of shares repurchased in the three months ended September 30, 2015.

Repurchases per share

2

Dividends

per share

2

2011

2012

2013

2014

2015e

Q1 2016e

0.32

0.94

1.12

1.14

0.43

0.50

0.73

1.02

1.14

e = estimated

0.17

13

(1)

Free cash flow, free cash flow per share and cash flow from operations are non-GAAP measures. See Non-GAAP Measures in

(2)

Figures are divided by the weighted average number of shares outstanding in each period for each respective company.

Suncor has generated superior free cash flow

Suncor free cash

flow

1

per share

2

COS free cash flow

1
 per share
 2
 2012
 2013
 2014
 2015
 Nine months
 ended Sep. 30
 1.80
 1.76
 1.43
 1.02
 0.01
 0.36
 -0.17
 0.61
 Free cash flow
 1
 reconciliation
 Nine months
 ended Sept. 30
 Suncor (\$ millions)
 2012
 2013
 2014
 2015
 Cash flow provided by operating activities
 8 859
 10 100
 8 936
 5 441
 Increase (decrease) in non-cash working capital
 874
 (688)
 122
 71
 Cash flow from operations
 1
 9 733
 9 412
 9 058
 5 512
 Capital and exploration expenditures
 (6 957)
 (6 777)
 (6 961)
 (4 637)
 Free cash flow
 1

2 776
 2 635
 2 097
 875
 Weighted average number of shares outstanding
 (millions)
 1 545
 1 501
 1 462
 1 445
 Free cash flow
 1
 per share
 2
 (dollars)
 1.80
 1.76
 1.43
 0.61
 Canadian Oil Sands (\$ millions)
 Cash flow provided by (used in) operating activities
 1 864
 1 583
 745
 315
 Increase (decrease) in non-cash working capital
 (283)
 (236)
 361
 (87)
 Cash flow from operations
 1
 1 581
 1 347
 1 106
 228
 Capital and exploration expenditures
 (1 086)
 (1 342)
 (930)
 (312)
 Free cash flow
 1
 495
 5
 176
 (84)
 Weighted average number of shares outstanding
 (millions)
 485

485
485
485
Free cash flow
1
per share
2
(dollars)
1.02
0.01
0.36
(0.17)
1

Dividend growth comparison

14

(1)

Global peers in alphabetical order, not necessarily as they appear in the chart: Anadarko Petroleum Corporation, Apache Corporation, Chesapeake Energy Inc., Chesapeake Energy Corporation, Chevron Corporation, Canadian Natural Resources Limited, ConocoPhillips Corporation, Encana Corporation, Enersis S.A., EOG Resources Inc., Exxon Mobil Corporation, Hess Corporation, Husky Energy Limited, Marathon Oil Corporation, Murphy Oil Corporation, Occidental Petroleum Corporation, Royal Dutch Shell P.L.C. and

(2)

Includes distributions on COS predecessor's trust units prior to December 31, 2010.

Five Year Dividend/Distribution Growth

September 2010 to September 2015

190%

Global peers

-100%

0%

100%

200%

-90%

2

1

1

Five Year Total Shareholder Returns
including reinvested dividends

15

Suncor

17%

COS

36%

Net Debt to Capitalization

as at September 30, 2015

Delivering for equity holders while maintaining a strong balance sheet

Suncor

Pro Forma

19%

(1) Source: Bloomberg, from October 3, 2010 to October 2, 2015 inclusive.

(2) Net debt is defined as total debt less cash and cash equivalents. Capitalization is defined as total debt plus the book value of

Suncor

+15%

COS

-69%

TSX Capped

Energy Index

-32%

Marginal

credit

profile

Strong

credit

profile

1

2

\$103

\$108

\$114

\$106

\$92

\$100

\$99

\$63

16

(1)

Current and pro forma percentages are based on boe production for the nine months ended September 30, 2015.

(2)

North America Onshore and Libya.

(3)

Suncor's gross revenues net of royalties less purchases of crude oil and products and less transportation, divided by upstream production.

All figures rounded to the nearest dollar.

Exposure to oil price upside

Suncor production

Current

Pro Forma

1

99%

Oil

SCO

60%

Offshore

20%

Bitumen

19%

99%

Oil

SCO

66%

Offshore

17%

Bitumen

16%

Other

1%

Exposure to global oil price

Suncor integrated

realizations

per boe

COS light sweet

SCO per barrel

Brent

C\$ per barrel

2015

Nine months

ended September 30

2012

2013

2014

\$112

\$112

\$109

\$72

1

2

3

1%

Other

2

17

(1)

Reserves are presented as working interest (operated and non-operated) share before deduction of royalties and without including

and

as

of

December

31,

2014.

See

Reserves

in

the Advisories.

(2)

As at December 31, 2014 and assumes that approximately 7.5 billion boe of proved and probable reserves (2P) are produced at Suncor's average daily production rate in 2014.

(3)

As

at

December

31,

2014

and

assumes

that

approximately

1.6

billion

boe

of

proved

and

probable

reserves

(2P)

are

produced

at

a

rate

of

94,557 boe/d,

COS' average daily production rate in 2014.

(4)

Excludes Libya and North American Onshore production.

(5)

Compound annual growth rate (CAGR).

Larger, world class reserve base and expected production growth

Both companies have long-life,

low decline reserves

Billions

of

Boe

1

Suncor offers attractive production

growth with the benefits of diversification

Thousands of barrels per day

4.7

1P

Suncor

0.7

1P

COS
7.5 2P
1.6 2P
38
years
RLI
1,2
46
years
RLI
1,3
Suncor
4
Offshore
454
505
524
570
106
98
95
90
2012
2013
2014
2015
Nine months
ended September 30
Synthetic
crude oil
Bitumen
sales
COS
Synthetic
crude oil

Suncor brings strong operating experience
18
Upgrader utilization
SCO barrels produced divided by
350,000
barrels
per
day
1
2015
Nine months
ended September 30
Suncor

Syncrude

(1)

Nameplate capacity of both the Syncrude and Suncor upgrading complexes is 350,000 barrels per day.

(2)

Based on mined bitumen and synthetic crude oil production for the six months ended June 30, 2015. Source: Alberta Energy R

(3)

Based on thermally produced bitumen volumes for the six months ended June 30, 2015. Source: Alberta Energy Regulator.

(4)

Based on refining & marketing net earnings per barrel of capacity versus Suncor's peers. See note 1 on slide 19.

50 Years

Operating experience

in

the oil sands

Largest

Miner

and

upgrader

2

Largest

In

situ

producer

3

Most

profitable

North

American

refiner

4

Continuous

Improvement

Operational

excellence

management system

Innovation

Advancing new

technologies

2012

2013

2014

0%

20%

40%

60%

80%

100%

Benefits of integration from Suncor's downstream

19

80%

90%

100%

2011

2012

2013

2014

Refinery utilization vs. US average

Percent of refining capacity

Suncor

US
average
2
2015
Nine months
ended September 30
R&M Net Earnings
1
US\$/bbl of capacity
Suncor
2015
Nine months
ended September 30
High
Average
Low
Peers
1
0
5
10
15
2011
2012
2013
2014

Suncor's downstream is an industry leader in profitability and reliability

The integrated business model has enabled Suncor to capture margins across the value chain and maximize the value of Oil Sands production

Integration mitigates crude oil price differential volatility and provides downside protection in a low commodity price environment

(1)

Net earnings per barrel of capacity. Peers consist of Alon USA Energy, Inc., CVR Refining, LP, the U.S. downstream division of PBF Energy Corporation, the downstream divisions of Imperial Oil Limited and Husky Energy Inc., Marathon Petroleum Corporation, PBF Refining Company, Valero Energy Corporation and Western Refining, Inc. United Refining Company had not reported third quarter net earnings per barrel of capacity for the nine months ended September 30, 2015. Suncor, CVR Refining, LP and Husky Energy Inc. report net earnings per barrel of capacity on a first-in-first-out inventory valuation basis, while other peers report on a last-in-first-out basis and therefore Suncor's net earnings per barrel of capacity is comparable to those peers.

(2)

Source: US Energy Information Administration.

20

Suncor is the largest operator in the oil sands

Syncrude

Fort

Hills

Voyageur

South

Millennium &

Steepbank

Mines

Lewis

Firebag

Mackay

River

Suncor & other JV
properties

Syncrude properties

Experience

Brings strong operating experience to governance of Syncrude Board
and Management Committee

Commitment

Would commit additional experienced personnel to work with operator
on reliability and long-term strategic decision making

Synergies

Explore regional synergies with respect to operations, capital
investment and technology

21

Suncor is offering compelling value to COS shareholders

Substantial premium
to pre-Offer Equity Value (+57%)

1

Significant opportunity for cash dividend increase (+45%)

2

with a track
record of delivering increasing returns to shareholders

Participation in Suncor's anticipated growth

and shareholder value
creation

Continued exposure to oil price recovery

Intended to enable tax-deferred rollover on closing

Expected elimination of \$25 million administration
costs annually

Simplified and enhanced Syncrude governance

With a 48.74% working interest in Syncrude, Suncor would commit
additional experienced personnel to work closely with the operator to
improve reliability and long-term strategic decision making

Increased liquidity, stronger balance sheet and improved credit
profile

Capture regional synergies
associated with Suncor's midstream and
downstream asset base and profitable integrated model

(1)

Based on the closing price of the Suncor shares on the TSX on October 30, 2015.

(2)

Based on Suncor's and COS' current quarterly dividends.

22

Current tender process, timing and instructions (subject to change)

Offer open for 60 days, expiring December 4, 2015

Registered COS shareholders wanting to benefit from the Offer must complete and deliver Letter of Transmittal and share certificates to Depository

Beneficial (i.e. non-registered) COS shareholders must contact their broker, financial institution or other entity that holds their Shares to tender to the Offer

Questions can be direct to:

Toll Free in

North America

Outside

North America

Suncor Investor Relations

Offer@suncor.com

1-800-558-9071

403-296-9068

Information Agent:

D.F. King Canada

Inquiries@dfking.com

1-866-521-4427

201-806-7301

Dealer Managers:

J.P. Morgan Securities Canada Inc.

CIBC World Markets Inc.

1-888-270-2178

1-844-670-8949

403-532-2134

416-956-3001

Depository:

Computer Share Investor Services

CorporateActions

@computershare.com

1-800-564-6253

514-982-7555

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Appendix

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Frequently asked questions

Is Suncor

comfortable increasing
its exposure to oil sands,
particularly to an asset that has
experienced weak operational
performance?

Oil sands

is at the very core of Suncor. We bring five decades of oil sands experience to the table.

We have steadily improved the reliability and profitability of our own mining and upgrading operations which are similar and adjacent to those of Syncrude.

We expect to improve the governance of Syncrude and continue to support the operator in achieving lower costs and increased reliability, following a successful offer. On what information is Suncor's offer for Canadian Oil Sands based?

As an existing owner of 12% of Syncrude, Suncor has access to the same information as COS and every other Syncrude owner.

COS chairs the Syncrude committees where this information is tabled (see page 9 of COS 2014 Annual Information Form). All material information we are aware of has been made public. How does Suncor's offer for COS compare to what it recently paid for an additional 10% working interest in Fort Hills?

Suncor
is
offering
significantly
more
for
COS
ownership
stake
in
Syncrude

\$76,800
1
per
flowing
barrel
at
Syncrude versus \$56,000
2
per flowing barrel at Fort Hills.

We value assets on their free cash flow profiles, however, and not on a cost per flowing barrel basis.

Fort
Hills
is
a
brand
new
asset,
operated
by
Suncor,
that
is
expected
to
produce
a
high
quality
pipeline-ready
bitumen
at
operating
and
sustaining
capital
costs

that
are
expected
to
be
much
lower
than
Syncrude's.
Has Suncor factored the value of
Lease 29 into its bid?

We
believe
our
bid
includes
full
and
fair
value
for
all
of
COS
assets
and
liabilities.

Lease 29 is an asset that belongs to Syncrude. It's important to note that any decision to sell a Syncrude lease requires support from other Syncrude owners who would have to align on appropriate value, regardless of Suncor's ownership stake.
Will Suncor increase its offer?

On October 5, 2015, Suncor made a full and fair offer which includes:

A 57% premium to COS' pre-offer closing price
3

A 45% cash dividend uplift
4

An all share deal that is intended to enable a tax-deferred rollover

Ownership of Suncor shares that will provide continued exposure to oil prices.

(1)
Assumes \$6.9 billion total consideration for COS divided by 90,285 bbls/d, COS' average daily volumes for the nine months ended

(2)
Based
on

\$1.0
billion
total
consideration
for
10%
of
Fort
Hills
divided
by
18,000
barrels
per
day
(Suncor
press
release
dated
September
21,
2015).

(3)

Based on the closing price of the Suncor shares on the TSX on October 30, 2015.

(4)

Based on Suncor's and COS' current quarterly dividends.

25
Syncrude Overview
Operations

Located
near
Fort
McMurray,
AB,
adjacent
to
Suncor
Base

Operations

Operates oil sands mines and an upgrading complex

Products

Produces

a

single

high

quality,

light,

sweet,

synthetic

crude

oil

(SCO)

blend

referred to as Syncrude Sweet Premium (SSP)

Structure

&

Control

Syncrude Canada Limited (SCL) is the operator

Change in operatorship requires unanimous support of the owners

Imperial

Oil Limited (IOL) provides a wide range of management and other

services to SCL under a Management Services Agreement (MSA)

Termination of the MSA requires 24 months notice by either IOL or by a

vote of three non-affiliated partners with at least 51% interest in SCL

Capacity

Nameplate

capacity of 350,000 barrels per day

Reserves

4.4 billion barrels of 2P reserves

2P reserve life of 46 years

Syncrude

Joint

Venture

ownership

Suncor

Energy Ventures

Partnership

Canadian

Oil Sands

Partnership #1

Imperial

Oil Resources
Sinopec
Oil Sands
Partnership
Nexen
Oil Sands
Partnership
Murphy
Oil Company
Ltd.
Mocal
Energy Limited
12.0%
36.74%
25.0%
9.03%
7.23%
5.0%
5.0%
(1)
Clauses
909
and
910
(pages
62-64A)
of
the
Syncrude
Project
Ownership
and
Management
Agreement
dated
February
4,
1975
as
filed
on
SEDAR
by
COS
on
March
28,
2008.
(2)

Management Service Agreement (pages 14-15) of COS 2014 Annual Information Form.

(3)
Represents
the
reserves
of
Syncrude,
and
is
based
on
COS'
reported
reserves
and
interest
in
Syncrude.
See
Reserves
in
the
Advisories.

(4)

Assumes that the approximately 4.4 billion barrels of proved and probable reserves are produced at a rate of 257,368 boe/d, Syncrude production rate in 2014, based on numbers reported by COS.

4
3
1
1,2

26
Notes

27
Notes

Visit us at the Investor Centre on Suncor.com
1-800-558-9071
offer@suncor.com
For
additional
information
regarding

the
Offer,
please
visit:
www.suncorofferforcanadianoilsands.com
Investor Relations Contacts
Steve Douglas
Leigh MacComb
Samantha
Enns
Vice President
IR
Analyst
IR
Associate
IR
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