

Strength to Deliver

Report to the Community 2008-2009



OUR CORPORATE RESPONSIBILITY PRIORITIES ARE TO:

- CONDUCT** our business ethically, complying with all applicable laws and regulations and applying our Code of Business Conduct wherever we operate;
- ENGAGE** community to ensure understanding, shared benefits and respect for human rights within our sphere of influence;
- PROVIDE** a healthy, safe and secure work environment while operating with the highest safety standards; and
- MINIMIZE** the environmental impacts of our operations and work diligently to prevent any risk to community health and safety from our operations or our products.

PERFORMANCE OVERVIEW

	Change from 2007 to 2008	2008	2007	2006
FINANCIAL AND OPERATING PERFORMANCE				
Operating earnings from continuing operations (<i>\$ millions</i>) ¹	↑	3,857	2,528	2,010
Operating return on capital employed (%)	↑	22.6	18.4	15.0
Total upstream production from continuing operations before royalties (<i>barrels of oil equivalent/day – boe/d</i>) ^{2,3}	–	418,000	418,400	351,000
Refined petroleum products sales (<i>cubic metres/day – m³/d</i>)	↓	52,400	53,300	53,000
Number of employees at year end	↑	6,088	5,603	5,156
ENVIRONMENT, HEALTH AND SAFETY PERFORMANCE				
Greenhouse gas (GHG) emissions (<i>kilotonnes of carbon dioxide equivalent – CO₂e</i>) ⁴	↓	6,048	7,027	6,922
Primary air pollutant (PAP) emissions (<i>kilotonnes</i>) ⁵	↑	54.0	52.7	49.0
Production carbon intensity (PCI) (<i>tonnes of CO₂e/cubic metres – m³ of oil equivalent</i>)				
Upstream	–	0.15	0.15	0.19
Downstream	↓	0.22	0.23	0.26
Environmental costs (<i>\$ millions</i>) – operating expense and capital				
Upstream	↑	210	182	174
Downstream	↑	202	98	327
Total Recordable Injury Frequency (TRIF) (<i>number per 100 workers on site</i>) ⁶	↓	0.73	0.87	0.85
Corporate donations (<i>\$ millions</i>) – cash and in-kind contributions	↓	13.7	14.9	20.2

1 Represents net earnings, excluding gains and losses on foreign currency and on disposal of assets, and unrealized gains or losses associated with the Buzzard derivative contracts.

2 Before royalties. Production from discontinued operations was 6 thousand barrels of oil equivalent/day (Mboe/d) in 2006 and 0 Mboe/d in 2007 and 2008.

3 Where the term barrels of oil equivalent (boe) is used in this document, it may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (Mcf): one barrel (bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

4 A wide variety of gases that include carbon dioxide (CO₂), methane and oxides of nitrogen (NO_x), and that are believed to trap heat near the Earth's surface. Petro-Canada's GHG emissions are primarily the result of fossil fuel combustion.

5 A group of common air pollutants that are regulated by most jurisdictions in which Petro-Canada operates. The five primary air pollutants are: total volatile organic compounds (VOCs), carbon monoxide (CO), NO_x, sulphur dioxide (SO₂) and total particulate matter (TPM) under 100 microns (µm).

6 The sum of work-related fatalities, permanent total disabilities, disabling injury cases, cases involving restriction of work or motion, and medical treatment or loss of consciousness cases. Companies calculate TRIF from the total number of injuries and the size of the workforce. The number represents how many injuries would be in a workforce of 100. A frequency of 1.0 means, for every 100 workers on site, one person is injured per year.

ECONOMIC CONTRIBUTIONS TO COMMUNITIES

Petro-Canada's financial performance is an indication of how well we develop and deliver energy products and services. In the process, we also create jobs, support suppliers, pay taxes and royalties, and provide investment value to shareholders.

(millions of Canadian dollars, unless otherwise stated, unaudited)

	2008	2007	2006
FOR GOVERNMENTS (CITIZENS)			
Taxes			
Canadian federal and provincial	467	951	936
Property and other	75	72	66
Foreign	2,162	846	1,247
Total taxes	2,704	1,869	2,249
Indirect taxes minus value-added credits ¹	2,840	2,898	2,537
Royalties			
Canada	1,405	897	572
United States	56	31	28
International			
North Africa/Near East ²	668	123	231
Northern Latin America	5	10	29
Total royalties	2,134	1,061	860
FOR SHAREHOLDERS			
Dividends	320	255	201
Share buybacks (<i>number of shares</i>) ³	0	15,998,000	19,778,400
Share price (<i>Toronto Stock Exchange</i>)			
At year end (\$)	26.72	53.25	47.75
Range during the year (\$)	20.83 – 60.00	41.02 – 61.25	41.91 – 58.59
FOR EMPLOYEES			
Total Payroll	892.0	758.0	676.5

1 Petro-Canada collects and pays a variety of indirect taxes in jurisdictions in which the Company operates. Indirect taxes include value-added taxes, retail sales taxes, fuel taxes, environmental levies and property taxes. The table details approximate indirect taxes collected or directly paid by the Company and its affiliates, excluding International business unit operations and domestic retail sales taxes paid directly to vendors, from significant operations.

2 2006 North Africa/Near East royalty data includes royalties related to the mature Syrian producing assets sold in 2006.

3 Quoted on a post-stock dividend basis.

OUR APPROACH TO SUSTAINABILITY REPORTING

Our 2008-2009 Report to the Community provides a high level, current perspective of our Corporate Responsibility activities. Each year, we feature areas that are important to the Company and of current interest to stakeholders. This year, we discuss our Process Safety initiative and also outline our Community Partnerships and the implications of our planned merger with Suncor Energy Inc. (Suncor). See pages 18 to 20.

Our website provides greater detail and depth on our Principles for Responsible Investment and Operation and how we manage our commitments. This report is a synopsis of our activities. Please visit the Environment and Society section of our website at www.petro-canada.ca for more information.

As we continue to improve the accuracy and completeness of our reporting of sustainability performance to stakeholders, at our request, Pricewaterhouse Coopers LLP (PwC) has considered the consistency of the content of the Environment and Society sections of our website and our printed Report to the Community in relation to other information provided to them and provided feedback to management. We use this feedback and other control mechanisms to help us validate and strengthen our reporting.

PwC's services did not constitute an audit and PwC does not express an opinion or any other form of assurance on the reported information.