Canadian Oil Sands

Invested In Our Energy Future

NOTICE OF ANNUAL GENERAL MEETING

and

MANAGEMENT PROXY CIRCULAR

FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 30, 2015

March 16, 2015

Invitation to Shareholders

Annual General Meeting of Shareholders
2:30 p.m. April 30, 2015
The Metropolitan Conference Centre
Calgary, Alberta

Dear Fellow Shareholders,

The Board of Directors, Management and employees of Canadian Oil Sands invite you to attend the 2015 Annual General Meeting of Shareholders on Thursday, April 30, 2015 at 2:30 p.m. (Calgary time) in the Ballroom of the Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta.

As President and Chief Executive Officer, I look forward to sharing with you directly how we plan to respond in this low crude oil environment and our focus on improving our performance while reducing costs, as well as our plans for the future. By attending the Meeting, you get to vote in person on the items of business and to meet with Management, our Board of Directors and fellow Shareholders. We will be webcasting the Meeting so if you cannot attend, we invite you to listen to the live webcast on our website at www.cdnoilsands.com starting at 2:30 p.m., or you can view the archive later at your convenience.

Your vote is important. Please take the time to review the accompanying Circular, which contains important information about the Meeting, items of business, voting, the nominated directors, our corporate governance practices and our approach to director and executive compensation.

The glossary on pages 31 to 33 will help you understand certain terms used in this Circular.

If you cannot come to the Meeting, you can vote by proxy by following the instructions on the attached proxy or VIF. If your shares are held in the name of a nominee, please refer to page 3 of the Circular for information on how to vote your shares.

On pages 2 through 5, we provide the answers to some frequently asked questions on voting. In addition, our proxy solicitation agent, Kingsdale Shareholder Services, would be pleased to answer any questions. You can call them at 1-866-851-3215 (toll-free) or 416-867-2272 or email them at contactus@kingsdaleshareholder.com.

We look forward to seeing you at the Meeting.

Yours truly,

"*Signed*" Ryan M. Kubik

Ryan M. Kubik
President and Chief Executive Officer

March 16, 2015

Inside

CANADIAN OIL SANDS LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, April 30, 2015

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**Meeting**") of the holders (the "**Shareholders**" or "**You**") of common shares ("**Common Shares**") of Canadian Oil Sands Limited ("**Canadian Oil Sands**" or the "**Corporation**") will be held in the Ballroom, The Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta on Thursday, April 30, 2015, commencing at 2:30 p.m. (Calgary time) for the following purposes:

1. to receive the consolidated financial statements of Canadian Oil Sands for the year ended December 31, 2014, together with the auditors' report thereon;
2. to reappoint PricewaterhouseCoopers LLP as the auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Corporation and approved by the Board of Directors;
3. to elect directors of the Corporation for the ensuing year. You should note that the Board of Directors of the Corporation can fill any vacancies that may arise between the Meeting and the next annual meeting of Shareholders thereafter that considers the election of directors;
4. to consider and, if deemed fit, approve an advisory resolution on our approach to executive compensation; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

DATED at Calgary, Alberta on March 16, 2015.

By Order of the Board of Directors of
Canadian Oil Sands Limited

"*Signed*" Trudy M. Curran

Trudy M. Curran
Senior Vice President, General Counsel and
Corporate Secretary

For more detailed information about the matters to be considered at the Meeting, you should read the Circular dated March 16, 2015. Capitalized terms used in this Notice that are not defined in this Notice are defined in the Circular.

Only Persons registered as holders of Common Shares on the records of Canadian Oil Sands as of the close of business on March 16, 2015 are entitled to receive notice of, and to vote or act at, the Meeting.

If you are unable to attend the Meeting in person, please date and sign the enclosed form of proxy and mail it to, or deposit it with, the Corporation's Transfer Agent, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department). **In order to be valid and acted upon at the Meeting, properly completed forms of proxy must be received by the Transfer Agent at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays in Alberta) before the Meeting or any adjournment thereof.**

CANADIAN OIL SANDS LIMITED
2000 First Canadian Centre
350 – 7th Avenue S.W.
Calgary, AB T2P 3N9

MANAGEMENT PROXY CIRCULAR
Relating to the Annual General Meeting of Shareholders
to be held on Thursday, April 30, 2015

This Circular is furnished in connection with the solicitation of proxies on behalf of the Corporation's Management at the time and place and for the purposes outlined in the accompanying Notice of Meeting, and at any adjournment thereof.

A glossary of certain terms used in this Circular can found on pages 31 to 33.

Index of Tables and Charts

MAKE YOUR VOTE COUNT: QUESTIONS AND ANSWERS ON VOTING

Your vote is important to us. In this section we answer some frequently asked questions about voting. Unless otherwise stated, the answers relate to all Shareholders regardless of whether you are a registered or Beneficial Shareholder (as explained below).

WHAT WILL THE MEETING COVER?

There are four items of business on the agenda:

1. Receive Financial Statements – see our 2014 annual report or go to www.cdnoilsands.com.

We will present the consolidated financial statements for the year ended December 31, 2014, and the auditors' report on the statements. These documents are included with the mailing of our 2014 annual report, which was mailed to you if you requested a copy. We will have copies of our annual report available at the Meeting, and you can also download a copy from our website. No formal action will be taken at the Meeting to approve our 2014 financial statements, which have already been approved by our Board; however, you will have an opportunity to ask questions regarding the financial statements at the Meeting.

2. Reappoint Auditors – see page 7.

You are being asked to vote on reappointing the auditors. The Board, on the recommendation of the Audit Committee, has proposed that PwC be reappointed as our auditors. See page 7 for information about the services PwC provided in 2014 and the fees we paid them. Representatives of PwC will be at the Meeting to answer your questions.

3. Elect Directors – see page 10.

You are being asked to vote on electing directors to our Board. Starting on page 10, you can read about the nominated directors, including their background and experience, which Board committees they serve on and the fees they earned. All of the directors are elected for a term of one year. You can vote for each director individually.

The Board has a Majority Voting Policy pursuant to which, in an uncontested election of directors, if a director does not receive the support of a majority of the votes cast at the annual meeting of Shareholders in his or her favour, that director will immediately tender his or her resignation to the Chair of the Board, to be effective upon acceptance by the Board. The CGC Committee will expeditiously consider the director's offer to resign and, unless there are exceptional circumstances, make a recommendation to the Board to accept it, with the Board in turn accepting the director's resignation unless it is satisfied that there are exceptional circumstances to do otherwise. The Board will announce its decision in a news release within 90 days following the annual meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or the CGC Committee at which the resignation is considered. This policy, which does not apply in circumstances involving contested director elections, can be found on our website at www.cdnoilsands.com.

We will file the complete voting results regarding all items of business conducted at the Meeting on SEDAR (at www.sedar.com), including the number of votes cast **FOR** and **WITHHELD** from each individual director.

4. Have an Advisory Vote on our Approach to Executive Compensation – see page 23.

You are being asked to vote on whether you support the approach we have taken in compensating for performance. Your vote is advisory and non-binding, and will provide the CGC Committee and the Board with important feedback. All of our compensation programs are designed to meet pay-for-performance and competitiveness objectives. Our policies and practices for executive compensation are linked to our strategic business objectives, which focus on increasing Shareholder returns over the long-term. Our philosophy is to compensate executives based on performance, at a level competitive to our peer companies; and in a manner designed to attract, engage and retain talented leadership focused on managing our assets for long-term value creation. Specifically, we ensure that Shareholder and Management interests are aligned through the use of metrics that tie variable pay to production and operating cost targets in our short-term incentive plan and a relative TSR (total shareholder return) test in both our short and long-term incentive plans.

5. Other Business – see page 23.

We are not aware of any other items of business to be considered at the Meeting. However, if other items of business are properly brought before the Meeting or at any adjournment of the Meeting, you (or your proxyholder, if you are voting by proxy) can vote as you see fit.

WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE ELECTRONIC AVAILABILITY OF THE CIRCULAR INSTEAD OF RECEIVING A PAPER COPY?

Again this year we are using the “notice and access” system for registered and Beneficial Shareholders and we are providing you with electronic access to the Circular for the Meeting instead of sending you a paper copy. This means of delivery is more environmentally friendly as it helps reduce paper use and also reduces the cost of printing and mailing materials to Shareholders. It also provides Shareholders with faster access to information about the Corporation. The notice you received provides instructions on how to access and review an electronic copy of the Circular and/or the annual report or how to request a paper copy. If you would like to receive a paper copy of the Circular and/or the annual report, please follow the instructions in the notice. The notice also provides instructions on voting at the Meeting.

WHY DIDN’T I RECEIVE A PRINTED NOTICE IN THE MAIL ABOUT THE ELECTRONIC AVAILABILITY OF THE MEETING MATERIALS?

Shareholders who previously signed up for electronic delivery of our Meeting materials and/or annual report will continue to receive them by e-mail and will not receive a printed notice in the mail.

WHY DID I RECEIVE A PAPER COPY OF THE CIRCULAR AND/OR ANNUAL REPORT WITH A NOTICE REGARDING THEIR ELECTRONIC AVAILABILITY?

Paper copies of the Circular and/or annual report, in addition to the notice regarding their electronic availability, will be delivered to Shareholders that requested paper copies.

HOW WILL THE ITEMS OF BUSINESS BE DECIDED AT THE MEETING?

Voting will be by ballot. The reappointment of auditors, election of directors, and the advisory vote on executive compensation will be decided by a simple majority of the votes cast (at least 50% plus one vote) by the Shareholders who are represented in person or by proxy at the Meeting (other than Canadian Oil Sands or its affiliates).

WHO COUNTS THE VOTES?

Votes are tallied by Computershare, our transfer agent and registrar, who will also act as scrutineer at the Meeting.

WHO CAN VOTE?

If you were a holder of Common Shares at the close of business on **Monday, March 16, 2015**, you are entitled to vote at the Meeting, or at any adjournment of that Meeting, even if you dispose of your Common Shares after the Record Date.

HOW MANY VOTES AM I ENTITLED TO?

You are entitled to one vote for each Common Share you hold.

WHY DO I NEED TO VOTE?

<u>Every vote</u> is important for shareholder democracy. In addition, we need a quorum. We can only hold the Meeting and transact business if, at the beginning of the Meeting, there are at least two people attending who hold or represent by proxy at least 25% of the total number of votes entitled to be cast at the Meeting.

HOW DO I VOTE?

How you vote will depend on whether you are a **registered Shareholder** or a **Beneficial Shareholder**. You are a **registered Shareholder** if you hold Common Shares in your own name. Your Common Shares are represented by a physical Common Share Certificate or a direct registration statement that entitles you to receive a physical Common Share Certificate. You are a **Beneficial Shareholder** if your Common Shares are held in an account and are recorded in the name of a nominee (bank, trust company, securities broker or other). Your Common Shares are not represented by a physical Common Share Certificate or direct registration statement but are recorded on an electronic system.

If you are a **registered Shareholder,** you can vote in person at the Meeting or by proxy.

(a) **To vote in person** – do not complete and return the form of proxy but simply attend the Meeting where your vote will be taken and counted. Be sure to register with Computershare, our transfer agent and registrar, when you arrive at the Meeting.

(b) **To vote by proxy** – you can convey your voting instructions by completing your proxy and returning it to Computershare. **By doing so, your Common Shares will be voted at the Meeting by Donald J. Lowry or Ryan M. Kubik, who are the Management appointees named on the accompanying proxy, or by**

another Person specified by you on your completed proxy. Please read and follow the instructions on the back of the proxy form on how to convey your voting instructions. Your proxy must be received by 2:30 p.m. (Calgary time) on Tuesday, April 28, 2015, or 48 hours before any adjournment of the Meeting.

(c) **To vote by telephone or internet** – you can vote by telephone or internet by following the instructions in your proxy. Your voting instructions must be received by 2:30 p.m. (Calgary time) on Tuesday, April 28, 2015, or 48 hours before any adjournment of the Meeting.

If you are a **Beneficial Shareholder,** your nominee will have its own means of conveying voting instructions, which should be carefully followed.

Most nominees will mail you a VIF (voting instruction form) that will need to be completed and returned. In addition to conveying voting instructions by mail, a nominee may also give you the option to convey your voting instructions by phone, fax or internet. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails you a VIF and asks you to return the completed form to Broadridge or follow specified telephone or internet-based voting procedures. If you receive a VIF from Broadridge, you cannot use that form to vote your Common Shares directly at the Meeting, but must instead return the VIF to Broadridge or complete the telephone or internet-based voting procedures.

If you hold Common Shares both as a registered Shareholder and as a Beneficial Shareholder, you will need to convey your vote using the applicable procedures for each type of holding.

AS A BENEFICIAL SHAREHOLDER CAN I VOTE IN PERSON AT THE MEETING?

Yes, but only if you appoint yourself as proxyholder on the VIF. We do not have the names of the Beneficial Shareholders and we will not have a record of the number of Common Shares you beneficially own or your entitlement to vote unless we receive proper instruction from your nominee. To be appointed, you should insert your own name in the space provided on the VIF provided to you by your nominee and carefully follow the instructions provided. This will allow you to attend the Meeting and vote your Common Shares in person. Be sure to register with Computershare when you arrive at the Meeting.

CAN I APPOINT SOMEONE ELSE AS PROXYHOLDER?

Yes. Whether or not you attend the Meeting, you have the right to appoint a Person, who does not need to be a Shareholder, to represent you at the Meeting and vote your Common Shares according to your voting instructions. To exercise this right, insert the name of the Person you wish to act as proxyholder, or complete another proper form of proxy.

WHO IS SOLICITING MY PROXY?

Management is soliciting your proxy and the costs of doing so are being borne by Canadian Oil Sands. We have hired Kingsdale Shareholder Services ("**Kingsdale**") to solicit proxies on our behalf. In addition to soliciting proxies by mail and by Kingsdale, directors, officers and employees of the Corporation may also, without additional compensation, solicit proxies in person or by phone, fax or other form of electronic communication. We are not sending proxy-related materials directly to non-objecting beneficial owners and we plan to have such materials distributed by intermediaries. We are paying for intermediaries to send proxy-related materials to both non-objecting beneficial owners and objecting beneficial owners.

HOW WILL MY PROXY BE VOTED?

Your proxyholder, whether it is the Management nominees or another Person designated by you, must vote according to the instructions you have given. If you do not convey any instructions and appoint a proxyholder, you can let your proxyholder decide your vote for you. If you do not give any instructions and appoint the Management nominees as proxyholder, or your proxyholder does not give specific instructions, your Common Shares will be voted **FOR** the reappointment of auditors, **FOR** the election of directors, and **FOR** accepting the approach on executive compensation.

WHAT IF THERE ARE AMENDMENTS OR VARIATIONS TO THE RESOLUTIONS?

The enclosed form of proxy gives the Person named in it the authority to use their discretion on voting on amendments or variations of the items to be voted on, and on any other matters properly brought before the Meeting. Proxyholders will vote using their best judgment under this discretionary authority.

As at the date of this Circular, the Board and Management do not know of any variations or amendments to the proposed items of business or any additional matters that may be presented for consideration at the Meeting.

CAN I CHANGE MY MIND ONCE I HAVE SUBMITTED MY PROXY?

Yes. You can revoke your proxy at any time before it is acted upon.

As a **registered Shareholder**, if your proxy was submitted by mail, you can revoke it in writing at our registered office or with Computershare at the address shown on the proxy form, or in person on the day of the Meeting. If you conveyed your voting instructions by telephone or internet then conveying new instructions will revoke prior instructions. (See page 28 for further instructions.)

If you are a **Beneficial Shareholder**, contact your nominee for instructions on how to revoke your proxy.

HOW ARE MY COMMON SHARES VOTED WHEN A BALLOT IS CALLED?

Voting on all resolutions will be by ballot. Your Common Shares will be voted as you specified in your voting instructions or in your proxy. If you didn't specify how to vote, then your Common Shares will be voted **FOR** the reappointment of auditors, **FOR** the election of directors and **FOR** accepting the approach on executive compensation.

If you have other questions on voting at the Meeting, please contact Computershare or Kingsdale:

Computershare Trust Company of Canada
By email: service@computershare.com
By phone: 1-800-564-6253

Kingsdale Shareholder Services
By email: contactus@kingsdaleshareholder.com
By phone: 416-867-2272
Toll free: 1-866-851-3215

WHAT IS THE MEETING ABOUT

HIGHLIGHTS:

1. Receive Financial Statements

The financial statements are presented to Shareholders each year. Representatives of PwC, independent registered chartered accountants, will be available to answer any questions at the Meeting.

2. Reappoint Auditors– see page 7.

The auditors review the financial statements and report to the Audit Committee who in turn report to the Board. The Board approves the auditor's expense, as recommended by the Audit Committee. In 2014, fees for audit, audit and tax related work totalled $555,978.

3. Elect Directors – see page 10.

Directors are elected annually. The Board and Management confirm that each nominee is qualified to serve on our Board and has both the relevant expertise in the oil sands, mining, pipeline and related industries and the requisite time to provide appropriate strategic direction and oversight.

This year, effective April 30, 2015, the Board size is being reduced to 10 from 11 directors as the Board believes this is an appropriate size to provide for effective decision making and that it is prudent in the current economic climate to reduce costs where possible without negatively impacting the management of the business. The proposed composition of the Board promotes a diversity of views and ensures expertise in running the committees while fostering an atmosphere of high level strategic thinking and business acumen in low commodity cycles.

The Board is independent from Management and nine of the 10 nominees are independent.

You can vote for each director individually. After the Meeting, we will post the voting results on our website at **www.cdnoilsands.com** and on SEDAR at **www.sedar.com.**

4. Advisory Vote on our Approach to Executive Compensation – see page 23.

You are being asked to vote on whether you support the approach we have taken in compensating our executives for performance. Your vote is advisory and non-binding, and will provide the CGC Committee and the Board with important feedback.

Our approach to executive compensation aims to link compensation to strategic business objectives, which focus on increasing Shareholder returns over the medium and long-term, while balancing many factors, including competitive market conditions, employee engagement, appropriate risk-taking, current challenges and short-term achievements. All of our executive compensation programs are designed to meet the following pay-for-performance and competitiveness objectives:

- Attract, retain and motivate top talent operating in a highly complex, demanding and competitive business that has heightened regulatory and environmental issues and a challenging commodity price environment;
- Link executive compensation to corporate performance. See page 60. The total NEO compensation in 2014 was lower than all four prior years, reflective of lower corporate performance;
- Motivate executives to create Shareholder value by:
    - rewarding them when they successfully achieve corporate and individual performance objectives over the short, medium and long-term; and
    - ensuring that a significant portion of their total compensation is at risk, reflecting the individual's ability to influence business outcomes and financial performance; and
- Position our total direct executive compensation at the median of our compensation comparator group. To attract and retain highly qualified staff we target the 50th percentile although for both 2014 and 2015, the President and Chief Executive Officer and the Chief Financial Officer had total compensation targeted below the 50th percentile. In 2014, the two individuals were new to their positions and accordingly were expected to be transitioned to the 50th percentile. In 2015, market conditions had the Board continue to target below the 50th percentile. This means our staff can earn either below or above the median depending on actual corporate and personal results.

We actively manage compensation risk, including having a clawback policy and require that all remaining change of control/employment agreements have double trigger provisions. See pages 58 and 76.

The compensation for the President and Chief Executive Officer and the Chief Financial Officer reflected that they were new to their roles in 2014 and, as such, the CGC Committee and the Board felt it was appropriate to target compensation below the 50th percentile with the intent to move them to the 50th percentile over the next few years as they mature in these new roles. This approach is consistent with market practice for entities where the successful candidate has no previous experience in the role. For 2015, all NEOs (except for the Chief Financial Officer), had their total compensation frozen. The Chief Financial Officer received a slight increase in his base salary recognizing that he was materially below the 50th percentile of what chief financial officers at our peers were paid.

5. Other Business

Management does not intend to present any other business at the Meeting. We are not aware of changes to the proposed matters or other matters that may be presented for action. If changes or other matters are properly brought before the Meeting, your proxyholder will vote on them using his or her best judgement.

MATTERS TO BE CONSIDERED AT THE MEETING

1. Receive Financial Statements

The annual consolidated financial statements of the Corporation for the fiscal year ended December 31, 2014, together with the auditors' report thereon, are being sent concurrently to you with this Circular as part of the 2014 annual report of the Corporation (if you requested it) and are available on our website at www.cdnoilsands.com and on SEDAR at www.sedar.com. No formal action will be taken at the Meeting to approve the financial statements. The ABCA only requires that the financial statements be sent to you in advance of the Meeting. If you have questions about the financial statements, you may ask them at the Meeting.

Representatives of PwC will be present and will have the opportunity to make a statement and respond to appropriate questions.

2. Reappoint Auditors

The Board recommends that PwC be appointed auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Corporation and approved by the Board.

PwC have been our auditors since April 19, 1996 as the auditors of the Trust and its predecessor, and were appointed as the auditors of the Corporation's predecessor in July 2001. Under CPA Canada rules, the lead and concurring audit partners for the Corporation are rotated every seven years. You can vote for reappointing PwC as our auditors, or you can withhold your vote. We need a simple majority of votes cast for PwC, in person or by proxy, to approve their reappointment.

PwC provides us with four types of services:

- Audit services – generally relate to reviewing annual and interim financial statements and notes, conducting the annual audit and providing other services regulators may require of auditors as well as reviewing and testing results for internal controls over financial reporting. These may also include reviewing prospectuses, reports and other documents that are filed with securities regulators, or other documents issued for securities offerings.
- Audit-related services – include consulting on accounting matters and attest services not directly linked to the financial statements that are required by regulators.
- Tax services – relate to tax compliance, tax advice and tax planning that are beyond the scope of the annual audit. These services may include transfer-pricing surveys for the tax authorities, preparing corporate tax returns, advice and consulting on Canadian and U.S. tax matters, tax implications of capital market transactions and capital tax.
- Other services – include other professional services that PwC and/or its affiliates provide us and our subsidiaries from time to time.

The Audit Committee is responsible for reviewing and approving PwC's audit plan, fees, performance, qualifications, independence and audit of our financial statements. In 2014, and as part of the review by the Audit Committee and subsequent approval of the financial statements in January and February of 2015 by the Board, consistent with evolving governance practices, the Audit Committee engaged in a robust assessment of the audit performed by PwC and, based on this assessment, recommended the reappointment of PwC as external auditors. You can find more information about the Audit Committee starting on page 38 of Appendix II. The aggregate fees paid to PwC (excluding GST) with respect to 2014 and 2013 are outlined below. In 2014, the total fees increased 5% compared to 2013, primarily relating to higher audit fees.

Figure 1: Fees Paid to PwC

Fees Descriptions	2013	2014
Audit	$ 391,000	$ 430,000
Audit-Related	52,340	30,000
Tax	85,698	95,978
All Other Fees	Nil	Nil
Total	**$ 529,038**	**$555,978**

The Board of Directors and Management plan to vote FOR and recommend that you vote FOR the ordinary resolution to approve the appointment of PwC as the auditors for the Corporation for the ensuing year.

Unless otherwise directed by the Shareholders appointing them as proxy, the persons named in the enclosed form of proxy intend to vote at the Meeting to approve the reappointment of PwC as the auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Corporation and approved by the Board.

ELECTION OF DIRECTORS

Nominees – see pages 13 to 22.

Ten directors are proposed to be elected to the Board at the Meeting on April 30, 2015. All 10 nominees currently serve on the Board.

Ian A. Bourne
Gerald W. Grandey
Arthur N. Korpach
Ryan M. Kubik
Donald J. Lowry
Sarah E. Raiss
John K. Read
Brant G. Sangster
Wesley R. Twiss
John B. Zaozirny

Independence

All directors except for Mr. Kubik are independent. The independent directors annually appoint the independent Chair of the Board.

Majority Voting – see page 11.

The form of proxy or VIF provides for voting for individual directors. The Board has a Majority Voting Policy. This policy, which does not apply in circumstances involving contested director elections, can be found on our website at www.cdnoilsands.com.

We will file the complete voting results regarding all items of business conducted at the Meeting on SEDAR (at www.sedar.com), including the number of votes cast **FOR** and **WITHHELD** from each individual director.

Other Public Company Appointments – see pages 13 to 22.

Directors are required to consult with the Chair of the Board when considering an appointment to the board of another public company to ensure that it does not conflict with the director's duties and time commitments to Canadian Oil Sands. With the exception of Messrs. Twiss and Kubik, all of our proposed director candidates serve as directors of other issuers, but there are no public board interlocks and no director serves on more than five public boards, including Canadian Oil Sands.

Areas of Expertise – see pages 44 and 45.

We maintain a skills matrix to ensure our Board composition is appropriate and essential areas of expertise are represented.

Board Diversity – see pages 10 and 54.

The Board considers diversity of skills, experience, gender and ethnicity when considering the composition of the Board, both annually and when retirements are about to occur. While important, gender diversity is only one facet of the criteria considered as the CGC Committee and the Board consider it imperative to have all the requisite attributes on the Board to allow for thoughtful and knowledgeable discussions on strategic matters for Canadian Oil Sands to ensure its medium and long-term viability and competitiveness. In 2014, the Board adopted a Board Composition Policy that outlines the criteria considered. A copy of that policy can be found on our website at www.cdnoilsands.com.

Meeting Attendance – see page 47.

Our directors attended at least 95% of the Board and Board committee meetings in 2014. All directors attended the 2014 annual general meeting of Shareholders.

Sessions Without Management

The Board and Board committees have sessions without Management at each regularly scheduled meeting, and at special meetings, unless deemed unnecessary.

Director Compensation – see page 50.

Non-employee directors are paid retainers for Board and committee membership and fees for each meeting they attend in person or by phone except our Chairman of the Board who, effective July 1, 2014, only receives an annual retainer. Fees and retainers earned by Board members in 2014 totalled $2,068,451.

Director Succession Planning – see page 44.

The CGC Committee and the Board consider succession planning to be critical to having proper oversight of Canadian Oil Sands. Under the Board's policies (subject to a two year transition period for existing directors), directors are required to retire at the earlier of the annual meeting of Shareholders after the director turns age 72 and after twelve years of continuous service as a Board member.

Board Evaluation – see pages 36 to 47.

The CGC Committee conducts an annual assessment of the Board and its committees. This includes assessing performance against the established responsibilities, duties and workload of each director as well as the effectiveness of the various members in executing their duties and responsibilities. As well, the Chair of the Board meets individually with each director and with certain members of Management annually to discuss the overall effectiveness and performance of the Board, its committees and each of the Board members. The Chair of the CGC Committee also meets with each director to discuss the performance of the Chair of the Board.

Board Orientation and Continuing Education – see pages 47 and 48.

We encourage continuing education to help our directors keep abreast of changing governance issues and requirements and understand issues we face within the context of our business. In addition, as part of each director's responsibility to keep abreast of directors' duties and responsibilities, individual directors attend external conferences and presentations related to best governance practices and industry developments.

3. Elect Directors

You elect the Board of Directors annually. The specific number of directors to be elected (between three and 15 directors) is fixed by the Board each year as deemed appropriate to properly govern Canadian Oil Sands. Additionally, the Corporation's articles allow the Board to appoint one or more additional directors between annual general meetings to serve until the next annual general meeting but still within the maximum limit of 15 directors and in accordance with applicable law.

Currently, there are 11 directors on the Board, 10 of whom are independent. Ryan M. Kubik is the President and Chief Executive Officer of the Corporation and is therefore not independent. The plan is to reduce the Board size to 10 on April 30, 2015, coincidental with Mr. Shultz's retirement.

At 10 directors, the Board size and composition gives the Board experience and resources to guide Canadian Oil Sands through intricate and important issues that lie ahead. For example, Canadian Oil Sands is focussed on maintaining its competitiveness and liquidity in the current low crude oil price environment, focussing efforts at the Corporation, and in turn at Syncrude, on improving reliability and reducing costs, emphasizing the need for strong oversight by the Corporation on capital markets, operational and environmental performance and labour skills and efficiency. As well, there is an increased emphasis on the impact of global economic conditions, including the need for market access to the United States and Asia (including India) as a means of mitigating or eliminating market constraints on crude oil sales from Alberta. Market access and cost containment are key areas of focus in the strategic planning for the Corporation's future.

In choosing candidates, the CGC Committee and the Board consider:

- the skills and attributes needed to effectively govern Canadian Oil Sands, given the nature of its business and its size in terms of revenues, market capitalization and the number of employees;
- global supply/demand dynamics for crude oil and the impact on crude oil prices over the next several years;
- the increasingly challenging cost structure and the complexity of regulatory and governmental issues facing Canadian businesses and the oil sands industry in Alberta in particular;
- diversity of the members' skills, experience, age, ethnicity and gender;
- the heightened focus by governments, regulatory bodies, investors and the public, primarily on environmental and regulatory issues involving the development of this valuable and essential resource and the impact on revenues relating to pipeline and market access issues; and
- maintaining appropriate liquidity and capital structure in the current economic climate.

The CGC Committee considers the skills, experience, age, ethnicity and gender of its current Board members, as well as those of various external candidates, and the need to achieve an orderly succession of existing skills and knowledge about the business to new directors – see "Board Composition/Succession Planning" on page 44. The CGC Committee also conducts an annual assessment of the responsibilities, duties and workload of the Board and its committees.

Mandatory Retirement Policy/Term Limits/Diversity

In 2014, the Board amended its director retirement policy such that an individual may serve only for the earlier of twelve (12) continuous years or age 72. Board members appointed prior to May 1, 2014, were given a two year transition to these periods.

The Board considers having diversity of gender, ethnicity, age, skills and experience when it looks at which individuals should be nominated to stand for election. The goal of the review by the CGC Committee as the nominating committee is to create a Board with a range of experiences, skills, and personal attributes, which include gender and ethnicity that will in effect be larger as a whole than the sum of the individuals. When looking at candidates, the CGC Committee and the Board considered the experience and knowledge needed to oversee and provide guidance and direction for an entity in the oil sands mining industry that also is in a joint venture relationship. These skills, qualities and attributes are key in terms of management of its single producing asset as are the individual's understanding of the global commodity and geopolitical and regulatory factors that impact our business. Additional human resource experience, as well as capital market and project management skills are vital for a business that is capital intense and where skilled labour shortages impact outcomes. The diversity of thought and approach brought by gender differences were also factors. Ms. Raiss provides such gender diversity along with her human resources and mergers and acquisitions skills. Accordingly, gender is only one factor considered when choosing Board candidates. In 2014, we adopted a Board Composition Policy that outlines the criteria considered, which includes gender diversity. The Board does not support a fixed percentage for any selection criteria, as the composition of the Board is based on a number of factors established by the selection criteria, not only on gender. It is ultimately the skills, experience, character and behavioural qualities that are most important in determining the value that an individual could bring to the Board. 20% (one) of the NEOs are female and 30% (three) of all officers are female. The Board also encourages the diversity of its employees at a senior level and promotes the development of its female employees. The Board supported Ms. Curran attaining her ICD.D designation and encourages her to attain an external public board seat. Ms. Fisekci, Vice President, Investor & Corporate Relations attended Harvard Business School for further training and development under their Advanced Management Program.

Serving on Other Boards

The CGC Committee also considers each individual's ability to devote sufficient time to prepare for Board and committee meetings and their general availability to discuss issues facing Canadian Oil Sands. The CGC Committee and Chair of the Board monitor the number of other board memberships of current and proposed directors to ensure the ability of all directors to have sufficient time to prepare for and attend Board and committee meetings and to effectively act in the best interests of Canadian Oil Sands. The CGC Committee believes that experience on other boards brings a breadth of knowledge and experience that benefits Canadian Oil Sands because issues at other issuers may provide valuable insights into common matters, such as the environment, new technologies, corporate governance, compensation/human resource or financing considerations that can also be applied in stewarding Canadian Oil Sands. With the exception of Messrs. Twiss and Kubik, all of our proposed director candidates serve as directors of other issuers, but there are no public board interlocks and no director candidate serves on more than five public boards including Canadian Oil Sands.

Majority Voting Policy

The form of proxy or VIF allows for voting for individual directors. On February 20, 2014, the Board adopted a revised Majority Voting Policy, pursuant to which, in an uncontested election of directors, if a director does not receive the support of a majority of the votes cast at the annual meeting of Shareholders in his or her favour, that director will immediately tender his or her resignation to the Chair of the Board, to be effective upon acceptance by the Board. The CGC Committee will expeditiously consider the director's offer to resign and, unless there are exceptional circumstances, make a recommendation to the Board to accept it, with the Board in turn accepting the director's resignation unless it is satisfied that there are exceptional circumstances to do otherwise. The Board will announce its decision in a news release within 90 days following the annual meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or the CGC Committee at which the resignation is considered. This policy can be found on our website at www.cdnoilsands.com. This policy does not apply in circumstances involving contested director elections.

We will file the complete voting results regarding all items of business conducted at the Meeting on SEDAR (at www.sedar.com), including the number of votes cast **FOR** and **WITHHELD** from each individual director.

Nominees

After extensive review of the current Board as well as external candidates and the workload, skills, gender, ethnicity and experience that Canadian Oil Sands will need over the next year, the Board approved the following nominees:

Ian A. Bourne
Gerald W. Grandey
Arthur N. Korpach
Ryan M. Kubik
Donald J. Lowry
Sarah E. Raiss
John K. Read
Brant G. Sangster
Wesley R. Twiss
John B. Zaozirny

All of the current members of the Board have agreed to stand for re-election except Mr. Shultz who will retire effective April 30, 2015.

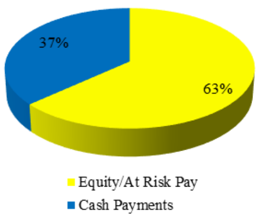
The Board has fixed the size of the Board at 10 directors effective April 30, 2015, believing that this allows certain matters, such as strategic planning, capital market experience, operational and in particular human resource experience, developing market access for crude oil products, environmental stewardship and operational capital management requirements, which require more in-depth oversight and analysis, to be handled by committees of the Board of an appropriate size and composition.

Management proposes that the individuals identified above be elected as directors of the Corporation, to serve until the next annual meeting of the Shareholders, or until their successors are duly elected or appointed. The form of proxy or VIF allows Shareholders to vote “for” or to “withhold” their vote from each director nominee. All of the proposed nominees have consented to be named in this Circular and to serve as directors if elected. Management has no reason to believe that any of the nominees would be unable to serve as a director but, should any nominee be unable to do so for any reason prior to the Meeting, the persons named in the enclosed form of proxy or VIF reserve the right to grant approval to appoint such other person or persons as may be nominated by the Board as a director. The proxy also authorizes the Board to replace any nominee if such nominee is unable or unwilling to serve as a director.

THE NOMINEES ARE:

IAN A. BOURNE
Age: 67
Calgary, Alberta, Canada
Corporate Director

Director since 2007
Independent



Mr. Bourne became a director in November 2007. He is the Chair of Ballard Power Systems Inc., a director of the Canada Pension Plan Investment Board, and a director of Wajax Corporation. Mr. Bourne is also a director of the Canadian Public Accountability Board, which regulates the auditors of public issuers in Canada.

Mr. Bourne obtained a Bachelor of Commerce degree at Mount Allison University in 1969. He is a member of the Institute of Corporate Directors. He completed the Director Education Program in February 2006 and was awarded the ICD.D designation in April of the same year. In 2011, Mr. Bourne was awarded the F.ICD (Fellowship) award.

Throughout his career, Mr. Bourne has acquired extensive experience, in particular, in the areas of risk management and finance, information technology, power generation, manufacturing operations, compensation policies, practices and programs and corporate governance.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Audit Committee	6 of 6	100%
Corporate Governance and Compensation Committee (Chair)	5 of 5	100%
Director Search Subcommittee (Chair)	2 of 2	100%
Total Meetings	20 of 20	100%

Other Public Company Boards(2)	Public Board Interlocks
Ballard Power Systems Inc.	None
Wajax Corporation	

Voting Results of 2014 Annual General Meeting	
Votes For: 235,424,409 (98.06%)	Votes Withheld: 4,661,758 (1.94%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(3)
March 16, 2015	30,615	Nil	30,615	$271,555	$465,000	Yes

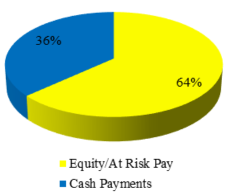
	Value of Total Compensation Received			
Year	Fees Earned(4)	Equity-Based Awards (Common Shares)(5)	All Other Compensation(6)	Total
2014	$75,500	Nil	$130,569	$206,069
2013	$86,000	Nil	$130,693	$216,693
2012	$78,500	Nil	$130,570	$209,070

Notes:

(1) Chair of both the CGC Committee and the Director Search Subcommittee and member of the Audit Committee.
(2) The CGC Committee and the Board have considered Mr. Bourne's participation as a director on a number of other public company boards, as well as his meeting attendance and his skills and experience, and have determined that these other public board memberships do not impair his ability to devote the time and attention to the Corporation required in order for Mr. Bourne to properly discharge his duties or his ability to act effectively and in the best interests of the Corporation.
(3) See page 48 for director share ownership requirements. The acquisition cost for his Common Shares exceeds $465,000.
(4) Cash retainers and meeting fees.
(5) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(6) In 2014 and 2015, Mr. Bourne elected to take the equity component of his compensation in cash, with which third party purchases of Common Shares were made on the TSX with the number of Common Shares and the amount paid per Common Share as follows: 1,507 on March 14 at $21.56; 805 on June 16 at $24.61; 923 on September 15 at $21.46; 2,199 on December 15, 2014 at $9.01; and 2,097 on March 13, 2015 at $9.45. Amounts include third party commission costs.

GERALD W. GRANDEY
Age: 68
Saskatoon, Saskatchewan, Canada
Corporate Director

Director since 2011
Independent



Mr. Grandey is the former Chief Executive Officer of Cameco Corporation, having held the position from 2003 to June 2011. Prior to joining Cameco, Mr. Grandey was Vice-Chairman of the Concord Business Group and President of Energy Fuels Nuclear, both privately owned businesses. Mr. Grandey currently serves on the boards of Potash Corporation of Saskatchewan, Rare Element Resources Ltd. and Sandspring Resources Ltd. In the not for profit sector, he serves on the boards of Persephone Theatre, the Dean's Advisory Council, Edwards School of Business and the Board of Governors of the Colorado School of Mines Foundation. He is past Chair of the World Nuclear Association and was a director of Cameco from 2000 to June 2011. Mr. Grandey is also a member of the National Board of the Institute of Corporate Directors. Mr. Grandey has been inducted into the Canadian Mining Hall of Fame and has been recognized by both the Canadian Nuclear Association and the U.S. Nuclear Energy Institute for leadership in nuclear energy.

He has a degree in geophysical engineering from the Colorado School of Mines and a law degree from Northwestern University.

He has extensive experience in the nuclear and mining industries, in business development, finance, human resources and government, media and investor relations.

Corporation's Board and Board Committees(1)	**Meeting Attendance**	
Board of Directors	7 of 7	100%
Corporate Governance and Compensation Committee	5 of 5	100%
Audit Committee	6 of 6	100%
Director Search Subcommittee	2 of 2	100%
Total Meetings	20 of 20	100%

Other Public Company Boards(2)	**Public Board Interlocks**
Potash Corporation of Saskatchewan	None
Rare Element Resources Ltd.	
Sandspring Resources Ltd.	

Voting Results of 2014 Annual General Meeting	
Votes For: 238,046,853 (99.15%)	Votes Withheld: 2,039,314 (0.85%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	**Common Shares**	**DSUs**	**Total # Common Shares and DSUs**	**Total $ Value of Common Shares and DSUs**	**Minimum Shareholding Requirements**	**Meets Share Ownership Target(3)**
March 16, 2015	31,000	30,446	61,446	$545,026	$465,000	Yes

	Value of Total Compensation Received			
Year	**Fees Earned(4)**	**Equity-Based Awards (Common Shares)(5)**	**All Other Compensation(6)**	**Total**
2014	$74,250	Nil	$130,000	$204,250
2013	$79,500	Nil	$130,000	$209,500
2012	$70,500	Nil	$140,833	$211,333

Notes:

(1) Member of the CGC Committee, the Audit Committee and the Director Search Subcommittee. Mr. Grandey also attended meetings of the Reserves Committee even though he is not a member of that committee.

(2) The CGC Committee and the Board have considered Mr. Grandey's participation as a director on a number of other public company boards, as well as his meeting attendance and his skills and experience, and have determined that these other public board memberships do not impair his ability to devote the time and attention to the Corporation required in order for Mr. Grandey to properly discharge his duties or his ability to act effectively and in the best interests of the Corporation.

(3) See page 48 for director share ownership requirements. The acquisition cost for his Common Shares and DSUs exceeds $465,000.

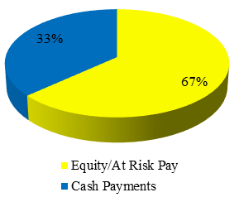
(4) Cash retainers and meeting fees.

(5) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.

(6) In 2014 and 2015, Mr. Grandey elected to take the equity component of his compensation in DSUs and DSUs were awarded as follows: 1,512 on March 14; 1,371 on June 16; 1,504 on September 15; 3,345 on December 15, 2014; and 3,316 on March 13, 2015. In addition, these DSUs earn additional DSUs to reflect the dividend amounts paid on Common Shares for the period DSUs are held.

ARTHUR N. KORPACH
Age: 57
Calgary, Alberta
Canada
Corporate Director

Director since 2013
Independent



Mr. Korpach, is a Corporate Director and retired Vice Chairman of Investment Banking at CIBC World Markets Inc. He has 27 years of investment banking experience working with clients in Canada and globally. During his career, he provided advice on numerous financing and merger and acquisition transactions.

Mr. Korpach currently serves on the boards of Canexus Corporation and Freehold Royalties Ltd. He is the past Chair of the Board of United Way of Calgary and Area and is a past director of Mount Royal University and its Foundation. Mr. Korpach is a past Chair of the Accounting Standards Board of the Canadian Institute of Chartered Accountants.

Mr. Korpach received a Bachelor of Commerce degree in 1979 from the University of Saskatchewan and an MBA from Harvard Business School in 1985. He is a Fellow Chartered Accountant and a Chartered Business Valuator. He has completed the Institute of Corporate Directors, Directors Education program and is accredited with the ICD.D designation.

He has experience in the areas of oil and gas, capital markets, finance and corporate governance.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Audit Committee	6 of 6	100%
Reserves, Marketing Operations and Environmental, Health & Safety Committee	5 of 5	100%
Total Meetings	18 of 18	100%

Other Public Company Boards	Public Board Interlocks
Canexus Corporation	None
Freehold Royalties Ltd.	

Voting Results of 2014 Annual General Meeting	
Votes For: 238,099,337 (99.17%)	Votes Withheld: 1,986,830 (0.83%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(2)
March 16, 2015	19,155	16,003	35,158	$311,852	$465,000	Yes

Value of Total Compensation Received				
Year	Fees Earned(3)	Equity-Based Awards (Common Shares)(4)	All Other Compensation(5)	Total
2014	$63,750	Nil	$130,000	$193,750
2013	$46,533	Nil	$87,000	$133,533

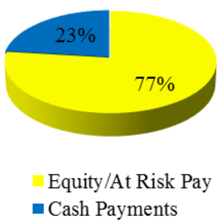
Notes:

(1) Member of the Audit Committee and the Reserves Committee following his election to the Board on April 30, 2013.
(2) See page 48 for director share ownership requirements. The acquisition cost for his Common Shares and DSUs exceeds $465,000.
(3) Cash retainers and meeting fees.
(4) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(5) In 2014 and 2015, Mr. Korpach elected to take the equity component of his compensation in DSUs and DSUs were awarded as follows: 1,512 on March 14; 1,371 on June 16; 1,504 on September 15; 3,345 on December 15, 2014; and 3,316 on March 13, 2015. In addition, these DSUs earn additional DSUs to reflect the dividend amounts paid on Common Shares for the period DSUs are held.

RYAN M. KUBIK
Age: 47
Calgary, Alberta, Canada

Director since January 1, 2014
Not Independent

President & Chief Executive Officer



Mr. Kubik was appointed President and Chief Executive Officer of the Corporation and became a director on January 1, 2014. Prior to his promotion to this role, Mr. Kubik was the Chief Financial Officer from April 2007 to December 31, 2013.

Mr. Kubik has over 20 years of oil and gas experience, having performed increasingly complex roles at Canadian Oil Sands over his 12 year tenure with the Corporation, including Controller and Treasurer, and since 2007, as Chief Financial Officer.

Mr. Kubik has a Bachelor of Commerce degree from the University of Calgary as well as the Chartered Accountant and Chartered Financial Analyst designations. He has completed the Institute of Corporate Directors, Directors Education program and is accredited with the ICD.D designation.

Corporation's Board and Board Committees(1)(2)	Meeting Attendance	
Board of Directors	7 of 7	100%
Total Meetings	7 of 7	100%

Other Public Company Boards	Public Board Interlocks
None	None

Voting Results of 2014 Annual General Meeting	
Votes For: 238,054,771 (99.15%)	Votes Withheld: 2,031,396 (0.85%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements(3)	Meets Share Ownership Target(4)
March 16, 2015	189,616	Nil	189,616	$1,681,894	$2,600,000	Yes

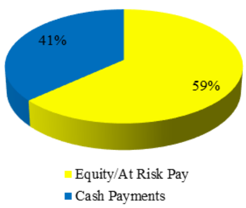
Notes:

(1) As a member of Management, Mr. Kubik is not a member of any Board committees other than the Director Search Subcommittee. He was appointed as a director on January 1, 2014, concurrent with the retirement of Mr. Coutu.
(2) Mr. Kubik does not receive additional compensation for serving as a director. He receives only his compensation as a member of Management. See page 72.
(3) Based on his 2014 compensation.
(4) See page 71 for share ownership requirements as an executive officer. Mr. Kubik's acquisition cost for his Common Shares exceeds $2,600,000.

DONALD J. LOWRY
Age: 63
Edmonton, Alberta, Canada
Corporate Director

Director since 2007
Independent

Chair of the Board



Mr. Lowry became a director in April 2007, and assumed the role of Chair of the Board on October 1, 2009. He served as the President and Chief Executive Officer of EPCOR Utilities Inc. from January 1998 until March 7, 2013, at which time he retired and remained as an executive advisor until July 2013. Mr. Lowry became Chairman of Capital Power Corporation, a publicly traded company formed when EPCOR spun off its generation business in July of 2009. He also serves as a director of Hydrogenics Corporation, Melcor Real Estate Investment Trust, and Stantec Inc.

Mr. Lowry holds a Bachelor of Commerce (Hons) degree and an MBA from the University of Manitoba, and is a graduate of the Harvard Advanced Management Program and the Banff School of Management.

He has more than 30 years of industry experience, specifically in the utilities, telecommunications and power generation sectors. In 2013, Mr. Lowry was named Alberta's Energy Resource Person of the Year by the Alberta Chamber of Resources.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Corporate Governance and Compensation Committee (ex officio)	5 of 5	100%
Audit Committee (ex officio)	6 of 6	100%
Reserves, Marketing Operations and Environmental, Health and Safety Committee (ex officio)	5 of 5	100%
Director Search Subcommittee	2 of 2	100%
Total Meetings	25 of 25	100%

Other Public Company Boards(2)	Public Board Interlocks
Capital Power Corporation Hydrogenics Corporation Melcor Real Estate Investment Trust Stantec Inc.	None

Voting Results of 2014 Annual General Meeting	
Votes For: 229,487,722 (95.59%)	Votes Withheld: 10,598,445 (4.41%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(3)
March 16, 2015	45,550	15,903	61,453	$545,088	$1,081,500	Yes

Year	Value of Total Compensation Received			
	Fees Earned(4)	Equity-Based Awards (Common Shares)(5)	All Other Compensation(6)	Total
2014	$145,000	Nil	$212,425	$357,425
2013	$166,500	Nil	$211,120	$377,620
2012	$159,000	Nil	$210,921	$369,921

Notes:

(1) Member of the Director Search Subcommittee. As Chair of the Board, Mr. Lowry is an ex officio member of the other Board committees. Prior to July 1, 2014, he earned meeting fees for attendance on those committees but, as of July 1, 2014, his annual Board retainer was increased from $110,000 to $150,000 but he no longer is paid meeting fees. He does not receive committee retainers.

(2) The CGC Committee and the Board have considered Mr. Lowry's participation as a director on a number of other public company boards, as well as his meeting attendance and his skills and experience, and have determined that these other public board memberships do not impair his ability to devote the time and attention to the Corporation required in order for Mr. Lowry to properly discharge his duties or his ability to act effectively and in the best interests of the Corporation.

(3) Includes 7,500 Common Shares over which Mr. Lowry exercises control or direction. See page 48 for director share ownership requirements. The acquisition cost for his Common Shares and DSUs exceeds $1,081,500.

(4) Cash retainers and meeting fees.

(5) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.

(6) In 2014 and 2015, Mr. Lowry elected to take the equity component of his compensation in cash, with which third party purchases of Common Shares were made on the TSX with the number of Common Shares and the amount paid per Common Share as follows: 1,496 on March 14 at $21.56; 1,310 on June 16 at $24.61; 1,502 on September 15 at $21.46; 3,578 on December 15, 2014 at $9.01; for 2015, in DSUs, of which he received 5,369 on March 13, 2015. Amounts include third party commission costs. He also earned DSU equivalents on DSUs issued in prior years as part of the dividend equivalent on those DSUs.

Ms. Raiss became a director in 2012. From 2000 to 2011, Ms. Raiss was Executive Vice President of TransCanada Corporation where she was responsible for a broad portfolio including human resources, information systems, aviation, building, office services, real estate, organizational excellence and communications. Prior to TransCanada, Ms. Raiss had a consulting firm specializing in strategy, culture change and merger integration. Ms. Raiss has held various senior positions in the telecommunications industry including Ameritech (now AT&T).

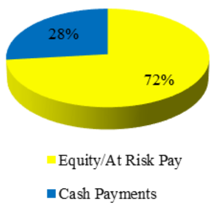
Ms. Raiss is a director of Commercial Metals Company, Loblaw Companies Limited and Vermillion Energy Inc., and serves on the National Board of the Institute of Corporate Directors. She was on the Calgary Petroleum Club Board of Governors until May 2014 and served as that organization's President from May of 2012 to May of 2013. Ms. Raiss also serves as Chair of the Alberta Electric System Operator.

Ms. Raiss has a Bachelor of Science in Applied Mathematics and an MBA, both from the University of Michigan. She has completed the Institute of Corporate Directors, Directors Education program and is accredited with the ICD.D designation. In 2003, the year of its inception, and in 2004, 2005 and 2006, Ms. Raiss was named to Canada's Top 100 Most Powerful Women, and in 2007 was inducted into the Top 100 Hall of Fame.

Ms. Raiss has extensive experience in human resources and compensation matters, corporate governance and oil and gas, especially as such relate to pipelines.

SARAH E. RAISS
Age: 57
Calgary, Alberta, Canada
Corporate Director

Director since January 2012
Independent



Corporation's Board and Board Committees[(1)]	Meeting Attendance	
Board of Directors	7 of 7	100%
Corporate Governance and Compensation Committee	5 of 5	100%
Total Meetings	12 of 12	100%

Other Public Company Boards	Public Board Interlocks
Commercial Metals Company Loblaw Companies Limited Vermillion Energy Inc.	None

Voting Results of 2014 Annual General Meeting	
Votes For: 237,984,700 (99.12%)	Votes Withheld: 2,101,467 (0.88%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target[(2)]
March 16, 2015	16,995	7,067	24,062	$213,430	$465,000	Yes

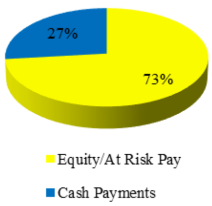
	Value of Total Compensation Received			
Year	Fees Earned[(3)]	Equity-Based Awards (Common Shares)[(4)]	All Other Compensation[(5)]	Total
2014	$50,750	Nil	$130,569	$181,319
2013	$72,500	Nil	$130,000	$202,500
2012	$66,500	Nil	$130,570	$197,070

Notes:

(1) Member of the CGC Committee. Ms. Raiss also attended three meetings of the Reserves Committee although she is not a member of that Committee.
(2) See page 48 for director share ownership requirements.
(3) Cash retainers and meeting fees.
(4) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(5) In 2014 and 2015, Ms. Raiss elected to take the equity component of her compensation in cash, with which third party purchases of Common Shares were made on the TSX with the number of Common Shares and the amount paid per Common Share as follows: 1,507 on March 14 at $21.56; 633 on June 16 at $24.61; 726 on September 15 at $21.46; 1,730 on December 15, 2014 at $9.01; and 2,097 on March 13, 2015 at $9.45. Amounts include third party commission costs. She also earned DSU equivalents on DSUs issued in prior years as part of the dividend equivalent on those DSUs.

JOHN K. READ
Age: 67
Calgary, Alberta, Canada
Corporate Director

Director since 2010
Independent



Mr. Read became a director in 2010. He is a Professional Engineer with 40 years of experience in engineering project management and construction in the energy industry. Mr. Read was a founding partner of Colt Engineering Corporation in 1974 where he held various engineering and management positions and served as President and/or CEO for 23 years, retiring in early 2006. Mr. Read currently serves on the boards of Axia NetMedia Corporation and PFB Corporation. In the not-for-profit sector, he is currently Chairman of the Ernest C. Manning Awards Foundation.

Mr. Read graduated from the University of Saskatchewan in Mechanical Engineering in 1970 and has experience in oil and gas, especially oil sands, capital project management and construction.

Mr. Read resigned as a director of Oilsands Quest Inc. ("**Quest**") on September 6, 2011. On November 29, 2011, Quest filed for creditor protection proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and obtained an order from the Alberta Court of Queen's Bench to start proceedings. Quest filed for Chapter 15 protection in a United States bankruptcy court in February 2012. The NYSE MKT LLC (the "**NYSE MKT**") halted trading in the common shares of Quest when Quest started creditor protection proceedings under the CCAA and, on June 1, 2012, delisted Quest from the NYSE MKT for failure to meet the continued listing requirements of the NYSE MKT. Quest has sold all of its assets.

On February 24, 2011, a putative class action complaint (the "**Original Complaint**") was filed in the United States District Court for the Southern District of New York (the "**New York Court**") against Quest and certain current and former officers of Quest, including Mr. Read, on behalf of investors who purchased or sold Quest's securities between August 14, 2006 and July 14, 2009, alleging claims of securities fraud under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and control person liability for such fraud under Section 20(a) of the same act, arising out of Quest's accounting for its acquisition of an interest in Oilsands Quest Sask Inc. in August 2006. On May 27, 2011, the plaintiffs in that putative class action filed an amended complaint (the "**Amended Complaint**") alleging the same legal causes of action but made the following changes from the Original Complaint: a) expanded the putative class period so that it ran from March 20, 2006 to January 13, 2011; b) named as additional defendants eight individuals who were current or former directors of Quest, as well as two additional corporate defendants, McDaniel & Associates Consultants Ltd. and TD Securities, Inc.; and c) based the claimed fraud on a new theory that Quest overstated the value of its mineral rights as a result of misstatements about, among other things, the potential for extracting bitumen from oil sands lands for which Quest had exploration and development permits. The Amended Complaint sought unspecified damages. In December 2012, the parties entered into a settlement agreement which was approved by the New York Court in August 2013.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Reserves, Marketing Operations and Environmental, Health and Safety Committee	5 of 5	100%
Total Meetings	12 of 12	100%

Other Public Company Boards	Public Board Interlocks
Axia NetMedia Corporation PFB Corporation	None

Voting Results of 2014 Annual General Meeting	
Votes For: 237,920,529 (99.10%)	Votes Withheld: 2,165,638 (0.90%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(2)
March 16, 2015	2,322	32,254	34,576	$306,689	$465,000	Yes

	Value of Total Compensation Received			
Year	Fees Earned(3)	Equity-Based Awards (Common Shares)(4)	All Other Compensation(5)	Total
2014	$47,750	Nil	$130,000	$177,750
2013	$57,500	Nil	$130,000	$187,500
2012	$58,833	Nil	$130,000	$188,833

Notes:

(1) Member of the Reserves Committee.
(2) See page 48 for director share ownership requirements.
(3) Cash retainers and meeting fees.
(4) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(5) In 2014 and 2015, Mr. Read elected to take the equity component of his compensation in DSUs and DSUs were awarded as follows: 1,512 on March 14; 1,371 on June 16; 1,504 on September 15; 3,345 on December 15, 2014; and 3,316 on March 13, 2015. In addition, these DSUs earn additional DSUs to reflect the dividend amounts paid on Common Shares for the period DSUs are held.

BRANT G. SANGSTER
Age: 68
Calgary, Alberta, Canada
Corporate Director

Director since 2006
Independent

Chair of Reserves Committee

Mr. Sangster became a director in September 2006. In 2006, Mr. Sangster retired as Senior Vice President, Oil Sands of Petro-Canada following a 25-year career as a senior executive with that company. He was responsible for managing Petro-Canada's oil sands businesses, including its 12% interest in the Syncrude Joint Venture and participation in the Fort Hills mining and upgrading project. Mr. Sangster currently serves as a director of Titanium Corporation Inc. and Inter Pipeline Fund.

He has a Bachelor of Science degree in Chemical Engineering from Dalhousie University.

Mr. Sangster has over 38 years of experience in the energy industry, with experience specific to oil sands mining and SAGD as well as marketing.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Reserves, Marketing Operations and Environmental, Health and Safety Committee	5 of 5	100%
Total Meetings	12 of 12	100%

Other Public Company Boards	Public Board Interlocks
Inter Pipeline Fund	None
Titanium Corporation Inc.	

Voting Results of 2014 Annual General Meeting	
Votes For: 238,145,345 (99.19%)	Votes Withheld: 1,940,822 (0.81%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(2)
March 16, 2015	20,145	25,746	45,891	$407,053	$465,000	Yes

Year	Fees Earned(3)	Equity-Based Awards (Common Shares)(4)	All Other Compensation(5)	Total
		Value of Total Compensation Received		
2014	$54,500	Nil	$130,000	$184,500
2013	$66,000	Nil	$130,000	$196,000
2012	$62,500	Nil	$130,000	$192,500

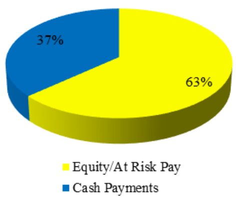
Notes:

(1) Chair of the Reserves Committee.
(2) See page 48 for director share ownership requirements. The acquisition cost for his Common Shares and DSUs exceeds $465,000.
(3) Cash retainers and meeting fees.
(4) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(5) In 2014 and 2015, Mr. Sangster elected to take the equity component of his compensation in DSUs and DSUs were awarded as follows: 1,512 on March 14; 1,371 on June 16; 1,504 on September 15; 3,345 on December 15, 2014; and 3,316 on March 13, 2015. In addition, these DSUs earn additional DSUs to reflect the dividend amounts paid on Common Shares for the period DSUs are held.

WESLEY R. TWISS
Age: 69
Calgary, Alberta, Canada
Corporate Director

Director since 2001
Independent

Chair of Audit Committee



Mr. Twiss became a director in 2001. He is a corporate director with over 40 years of energy industry experience. He was Executive Vice President and Chief Financial Officer of PanCanadian Energy Corporation from October 2000 until April 2002. Mr. Twiss was responsible for directing all aspects of corporate financial affairs, as well as strategic management and corporate development. He has completed the Institute of Corporate Directors, Directors Education program and is accredited with the ICD.D designation. He also is on the Financial Advisory Committee of the Alberta Securities Commission.

Mr. Twiss has a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto and an MBA from the University of Western Ontario.

Mr. Twiss has acquired extensive experience in the areas of oil and gas, capital markets, finance, human resources and pipelines.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Audit Committee	6 of 6	100%
Reserves, Marketing Operations and Environmental, Health and Safety Committee	5 of 5	100%
Total Meetings	18 of 18	100%

Other Public Company Boards	Public Board Interlocks
None	None

Voting Results of 2014 Annual General Meeting	
Votes For: 236,016,922 (98.31%)	Votes Withheld: 4,069,245 (1.69%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares(3)	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(2)
March 16, 2015	62,035	Nil	62,035	$550,250	$465,000	Yes

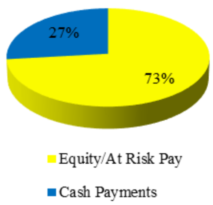
Value of Total Compensation Received				
Year	Fees Earned(4)	Equity-Based Awards (Common Shares)(5)	All Other Compensation(6)	Total
2014	$76,750	Nil	$130,569	$207,319
2013	$83,500	Nil	$130,693	$214,193
2012	$83,500	Nil	$130,570	$214,070

Notes:

(1) Chair of the Audit Committee and member of the Reserves Committee.
(2) See page 48 for director share ownership requirements. The acquisition cost for his Common Shares exceeds $465,000.
(3) Includes 5,470 Common Shares over which Mr. Twiss exercises control or direction.
(4) Cash retainers and meeting fees.
(5) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(6) In 2014 and 2015, Mr. Twiss elected to take the equity component of his compensation in cash, with which third party purchases of Common Shares were made on the TSX with the number of Common Shares and the amount paid per Common Share as follows: 858 on March 14 at $21.56 per; 751 on June 16 at $24.61; 862 on September 15 at $21.46; and 2,052 on December 15, 2014 at $9.01; and 1,957 on March 13, 2015 at $9.45. Amounts include third party commission costs.

JOHN B. ZAOZIRNY, Q.C.
Age: 67
Calgary, Alberta, Canada
Corporate Director

Director since 1996
Independent



Mr. Zaozirny became a director in 1996. He is Vice Chairman, an executive position, of Canaccord Genuity Corporation. He also is a director of Bankers Petroleum Inc., the lead independent director of Computer Modelling Group, Chair of Pengrowth Energy Corporation and a director of PetroAmerica Oil Corp. In addition to his private sector experience, Mr. Zaozirny was in public service as a former Minister of Energy for the Province of Alberta.

Mr. Zaozirny holds an LLB from the University of British Columbia, as well as an LLM from London School of Economics and Political Science. Mr. Zaozirny also has a Bachelor of Commerce degree from the University of Calgary.

He has experience in the areas of oil and gas, capital markets, corporate governance, human resources and government relations.

Corporation's Board and Board Committees(1)	Meeting Attendance	
Board of Directors	7 of 7	100%
Corporate Governance and Compensation Committee	5 of 5	100%
Total Meetings	12 of 12	100%

Other Public Company Boards(2)	Public Board Interlocks
Bankers Petroleum Inc. Computer Modelling Group Pengrowth Energy Corporation PetroAmerica Oil Corp.	None

Voting Results of 2014 Annual General Meeting	
Votes For: 228,357,943 (95.11%)	Votes Withheld: 11,728,224 (4.89%)

Securities held as of March 16, 2015 (at Market Value of $8.87 per Common Share as at March 16, 2015 rounded to the nearest whole number):

12 Month Period Ended	Common Shares	DSUs	Total # Common Shares and DSUs	Total $ Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Share Ownership Target(3)
March 16, 2015	26,167	32,254	58,421	$518,194	$465,000	Yes

Value of Total Compensation Received

Year	Fees Earned(4)	Equity-Based Awards (Common Shares)(5)	All Other Compensation(6)	Total
2014	$47,750	Nil	$130,000	$177,750
2013	$59,000	Nil	$130,000	$189,000
2012	$54,500	Nil	$130,000	$184,500

Notes:

(1) Member of the CGC Committee.
(2) The CGC Committee and the Board have considered Mr. Zaozirny's participation as a director on a number of other public company boards and have determined that Mr. Zaozirny's additional public board memberships do not impair his ability to devote the time and attention to the Corporation required in order for Mr. Zaozirny to properly discharge his duties or his ability to act effectively and in the best interests of the Corporation. The CGC Committee and the Board also considered Mr. Zaozirny's meeting attendance and his skills and experience.
(3) See page 48 for director share ownership requirements. The acquisition cost for his Common Shares and DSUs exceeds $465,000.
(4) Cash retainers and meeting fees.
(5) No options or Equity Plan Awards are granted to the non-employee directors. However, directors can elect to take their equity compensation in DSUs or in cash that is then used to purchase Common Shares on the TSX.
(6) In 2014 and 2015, Mr. Zaozirny elected to take the equity component of his compensation in DSUs and DSUs were awarded as follows: 1,512 on March 14; 1,371 on June 16; 1,504 on September 15; 3,345 on December 15, 2014; and 3,316 on March 13, 2015. In addition, these DSUs earn additional DSUs to reflect the dividend amounts paid on Common Shares for the period DSUs are held.

4. Advisory Resolution on our Approach to Executive Compensation

At the Meeting, you will have the opportunity to vote on our approach to executive compensation. We encourage you to read the Compensation Discussion and Analysis starting on page 55 for important information on what we pay our executives, how we pay them and why. We hope that you will carefully review the summary of the objectives, philosophy and principles used in making executive compensation decisions. The CGC Committee and the Board aim to attract, retain and motivate a team of experienced and talented individuals with the goal of achieving improved operations, effectively managing capital projects and growing the long-term value of Canadian Oil Sands.

Your vote is a non-binding advisory vote and will provide the CGC Committee and the Board with important feedback. As a Shareholder, you will be able to vote "**FOR**" or "**AGAINST**" our approach to executive compensation through the following resolution:

"RESOLVED, on an advisory basis, and not to diminish the role and responsibilities of the Board of Directors, that the Shareholders accept the Corporation's approach to executive compensation as disclosed in its management proxy circular made available to Shareholders in advance of the 2015 annual general meeting of Shareholders."

Following the Meeting, the Board will examine the level of participation, the nature of the comments received from Shareholders and evolving best practices in Canada. We will continue to review and improve our processes, ensuring that Shareholders can provide effective and timely input on executive compensation. In the event that the advisory resolution is not approved by a majority of the votes cast at the Meeting, the Board will consult with its Shareholders (and particularly with those who are known to have voted against it) to understand their concerns and will review the Board's approach to compensation in the context of those concerns. Results from the Board's review, if necessary, will be discussed in the Corporation's management proxy circular for the annual meeting of Shareholders to be held in 2016. In 2014 we received 96.59% approval on our approach to executive compensation.

Management and the Board recommend that you vote FOR the advisory resolution on our approach to executive compensation. Unless otherwise directed by Shareholders appointing them proxy, the persons named in the enclosed proxy intend to vote FOR this resolution at the Meeting.

5. Other Business

Management does not intend to present any other business at the Meeting. We are not aware of changes to the proposed matters or other matters that may be presented for action. If changes or other matters are properly brought before the Meeting, your proxyholder will vote on them using his or her best judgement.

LETTER FROM THE CORPORATE GOVERNANCE AND COMPENSATION (CGC) COMMITTEE

Dear Fellow Shareholder:

We design our executive compensation program that we believe will attract, engage, motivate and retain the talent we need to achieve our strategic objectives. We take this role very seriously as we govern the Corporation and we believe we will drive to increase shareholder value over the medium and long-term. As part of this goal, we aim to reflect the business and global energy market in our decision making process and in our influence over the capital and operating decisions of the Syncrude Joint Venture, even though we do not control this venture.

Transparent and easy-to-understand disclosure about compensation practices is important, and we intend to provide the information you need to understand what we pay our executives, how we pay them and why. We have designed the compensation program with the aim of achieving the short, medium and long-term success of the Corporation. We encourage you to read the disclosure in the Compensation Discussion and Analysis that follows. 2014 reflected significant changes in our executive team with a new President and Chief Executive Officer, new Chief Financial Officer and the retirement at the end of 2014 of our Executive Vice President, Allen Hagerman. Our compensation program and succession planning reflects the development and growth of internal candidates into more senior roles and accordingly, progression of compensation as a person's role develops is reflected in our compensation. The focus of the executive team; however, remains unchanged - to reduce costs (both operating and capital), and improve reliability of Syncrude's operations.

Our oversight and approach to executive compensation balances many factors, including competitive market conditions, employee engagement, risk taking, current challenges, global crude oil market dynamics, short-term achievements and the progression of strategic initiatives. A key element of our executives' individual goals is their ability to influence Syncrude and other joint venture owners in reaching top quartile oil sands operational performance in safety, operations and the environment. Although we don't operate any assets directly, we strongly encourage and oversee the environmental stewardship and safety of the Syncrude Project. Syncrude Canada provides details on its role in sustainable operations and publishes a report every two years.

A core principle of our compensation strategy is to competitively pay our executives based on their performance. We do this through at risk pay and incentive programs that directly relate to the achievement of strategic objectives. See page 58 for a description of our target compensation and mix.

- Our short-term incentive plan (STIP) is designed to reward employees for achieving predetermined targets for production, operating expenses, relative total shareholder return (TSR) and individual performance goals. This year payments for the corporate performance were nil for production and TSR and only 21% of target for operating costs.
- Our long-term incentive plans (LTIP) are designed to focus our executives on achieving specific goals that contribute to sustainable, long-term shareholder value and achievement of our strategic objectives. Our executives receive half of their LTIP grants in PSUs that have a three-year term, and half in options that have a seven-year term.

We continue to monitor compensation developments and will implement those that are relevant to a company of our size, considering our business model and strategies. In 2014, we added a post retirement equity retention provision for the President and Chief Executive Officer and reduced the percentage of fixed versus variable compensation paid to our President and Chief Executive Officer and Chief Financial Officer. With the transition of the roles of President and Chief Executive Officer, as well as Chief Financial Officer, we continued to reflect a compensation structure that attracts top talent and emphasizes the variable "at risk" component of compensation. Our goal is to ensure that both Shareholders and the executives benefit from the long-term success of Canadian Oil Sands. The Board stewarded a succession process to develop top talent, and we are confident that Canadian Oil Sands has a staff with sound business knowledge and experience who understand the oil sands industry and the factors impacting our business. It is a testament to this process that we are able to promote two highly qualified individuals from within the company to the top leadership positions.

Our annual advisory say-on-pay vote received an approval rating of over 95% in 2014, 2013 and 2012. This voluntary step helps us gather shareholder feedback on our executive compensation approach. We are committed to continually advancing our compensation and disclosure practices to support our long-term success.

The CGC Committee and the Board appreciate the time you spend understanding and voting on the business of our Meeting. We specifically welcome your participation in our fourth advisory vote on executive compensation.

I invite you to contact me directly at the address on page 54 if you wish to raise any issues or concerns.

Yours truly,

"Signed" Ian A. Bourne

Ian A. Bourne
Chair, Corporate Governance and Compensation Committee

Our Compensation Programs

Appropriate executive compensation enhances our ability to achieve our strategic objectives. Our strategy is reflected in the design of our compensation programs and the compensation decisions we made in 2014.

Our compensation programs are designed to:

- **Support our business strategy**
  Motivate our executives to achieve short, medium and long-term strategic business objectives.
- **Pay for performance**
  Focus our executives on managing Canadian Oil Sands' operations, strategy, finances and assets to enhance long-term value. We reward them when they successfully achieve corporate and individual performance objectives over the short, medium and long-term.
- **Attract, retain and motivate top talent**
  Be competitive with peer companies operating in a highly complex, demanding and competitive business that has heightened regulatory and environmental issues and constrained market access.
- **Align with Shareholder interests**
  Focus our executives on increasing Shareholder returns over the long-term, and deter excessive risk taking. Total compensation for all of our executives includes about 60% that is at risk, reflecting the individual's ability to influence business outcomes and financial performance. For 2014, the CGC Committee and the Board raised the variable component of compensation for the President and Chief Executive Officer to 77% of his total compensation to drive long-term performance. In addition, NEOs are required to hold a minimum level of Common Shares with our President and Chief Executive Officer being required to hold four times his annual salary. See page 71.
- **Manage compensation risk**
  Take a disciplined and balanced approach to achieving our business objectives and structure programs to deter excessive risk taking. In addition to minimum share ownership requirements, all change of control/employment agreements contain a double trigger provision. See page 76.

The CGC Committee and the Board believe that they have the appropriate weighting between fixed and variable pay and the appropriate criteria on the variable portion to reflect driving shareholder value. In 2014, the Board targeted improvements in reliability at Syncrude as production volumes and operating costs drive a large part of Canadian Oil Sands' share value. Therefore, the CGC Committee and the Board tied 70% of the NEOs short-term compensation to production, operating costs and relative TSR. Similarly, the target payouts under the PSUs depend on relative TSR.

In 2014, the Corporation did not achieve the minimum threshold level of production and was below the operating cost targets. Additionally, relative TSR performance was low and below threshold payout levels. As a result the NEOs effectively earned about 36%[(1)] of their projected compensation as shown below:

NEO	Total Target Compensation for 2014[(2)]	Actual Total Compensation earned in 2014[(3)]
Ryan M. Kubik	3,185,000	853,140
Robert P. Dawson	1,056,250	393,615
Trudy M. Curran	945,600	448,730
Darren K. Hardy	780,000	379,895
Allen R. Hagerman	712,800	338,250

Note:

(1) On a weighted average basis.
(2) Base salary, short-term incentive target value, and 2014 long-term incentive grant target value only.
(3) Base salary, actual 2014 STIP payouts and estimated value of 2014 LTIP grants as at December 31, 2014. All of the vested options were out of the money at year end.

Named Executive Officers

The compensation discussion in this section is generally for the following NEOs:

- Ryan M. Kubik, President and Chief Executive Officer
- Robert P. Dawson, Chief Financial Officer
- Trudy M. Curran, Senior Vice President, General Counsel and Corporate Secretary
- Darren K. Hardy, Senior Vice President, Operations
- Allen R. Hagerman, Executive Vice President

2014 Performance Considerations

During 2014, the CGC Committee and the Board considered:

- The need for Management to steward Syncrude in the execution of large capital projects relating to mine train replacements and tailings management such that those projects were completed on time and on or ahead of budget;
- The transition of three of the five NEOs while focusing on increasing the efficiency and effectiveness of the Syncrude Joint Venture and management's influence at Syncrude;
- The need to address strategic pressures from increasing bitumen and shale oil supply in North America and constrained pipeline capacity that limit access to global markets impacting realized selling prices; and
- Focusing on maximizing returns in light of inflationary cost concerns in the Fort McMurray area.

We positioned our total executive compensation at the median of the Mercer Comparator Group. This means that some of the companies in the group pay more than we do and some less to achieve targeted performance. For our incoming President and Chief Executive Officer and our Chief Financial Officer; however, we targeted below the median as they were new to their roles and accordingly will progress towards the median as they gain experience. In 2015, all of the NEOs (other than the Chief Financial Officer) had their compensation frozen. The Chief Financial Officer had a slight increase to his base salary as his total compensation was materially below the median paid to Chief Financial Officers at Canadian Oil Sands' peers.

2014 Compensation Decisions

In support of our performance and strategic achievements, the CGC Committee approved the following executive compensation decisions for 2014:

- Salary increases were awarded to each NEO based on performance and/or promotions, with consideration for internal equity with regard to roles and responsibilities and continued alignment with competitive market levels. Total compensation paid to the new President and Chief Executive Officer and new Chief Financial Officer were targeted below the median as the individuals were new to these roles. See page 61.
- Operational performance at Syncrude remained key. We failed to meet our production and operating cost targets and accordingly there were zero payouts on production and TSR and only 21% of target payout on operating costs of the short-term incentive plan. Payments reflect an assessment of each NEO's leadership effectiveness and the execution of strategic goals. See page 62.
- Grants under our long-term incentive plans were awarded to specific executives considering individual performance, internal equity and competitive data. Our LTIP for NEOs consists of a stock option plan and a PSU plan, which have different terms for vesting and payouts. *Both* PSUs and options are at risk and vesting of the PSUs is contingent on the performance of our share price relative to an established Peer Comparison Group, which further aligns the interests of Management and Shareholders. The PSUs granted in February 2011 matured in February 2014 and paid out at 1.09 times target, reflecting our TSR performance at the 53rd percentile of the Peer Comparison Group in February 2014. The 2012 PSUs that matured in February 2015 had a zero payout as our TSR performance was below the threshold. See page 74. As of March 16, 2015, all vested options are out of the money.

2015 Compensation Decisions

Given the current crude oil environment, in January and February 2015, the CGC Committee and the Board made the following key executive compensation decisions:

- NEO's compensation was frozen with no increases other than a slight increase to the base salary of the Chief Financial Officer.
- 2015 STIP targets for the production and operating costs criteria portions with thresholds that will result in zero payouts if production is below 100 million barrels (gross to Syncrude) and operating costs (net of energy) higher than $1,580 million.

SOLICITATION OF PROXIES

Solicitation of Proxies by Management

This Circular is furnished in connection with the solicitation of proxies from Shareholders by Management for use at the Meeting, and at any adjournment thereof.

Unless otherwise directed by the Shareholders appointing them as proxy, the persons named in the enclosed form of proxy intend to vote FOR the election as directors of the Corporation all of the nominees identified in this Circular and to fill any vacancies among the directors of the Corporation that may arise between the Meeting and the first meeting of the Shareholders thereafter that considers the election of directors, by appointing to any such vacancy a person selected by the Corporation. The persons will also vote FOR the other resolutions outlined in the Notice of Meeting and this Circular coming before the Meeting.

Costs and Manner of Solicitation

Proxies in the enclosed form are solicited by Management. Solicitation of proxies will be primarily by mail, but directors, officers and employees of the Corporation may, without special compensation, solicit proxies in person or by telephone, facsimile or other form of electronic communication. We also have retained Kingsdale to act as proxy solicitation agent to provide the following services in connection with the Meeting: reviewing the Circular, recommending corporate governance best practices where applicable, liaising with proxy advisory firms, developing and implementing Shareholder communication and engagement strategies, advising with respect to meeting and proxy protocol, reporting and reviewing the tabulation of Shareholder proxies, and soliciting Shareholder proxies including contacting Shareholders by telephone. We are paying Kingsdale a fee of $25,000, excluding goods and services tax ("**GST**") plus a per call amount and reimbursement of certain out-of-pocket expenses for this proxy solicitation. The cost of this solicitation of proxies and the preparation and mailing of this Circular will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXY

Appointment of Proxy

If you wish to have your Common Shares voted at the Meeting by proxy, you must submit a properly completed instrument of proxy to Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department). **In order to be valid and acted upon at the Meeting, properly completed forms of proxy must be received by the Transfer Agent at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Alberta) before the Meeting or any adjournment thereof. The Chair of the Meeting has the ability to waive or extend the proxy cut-off without notice at their discretion.**

You are only entitled to receive notice of, and to vote or act at, the Meeting or any adjournment thereof if you were a Shareholder of record at the close of business on the Record Date (Monday, March 16, 2015). If you became a Shareholder after the Record Date, except as provided for in the ABCA, you cannot vote at the Meeting or any adjournment thereof.

If you want to appoint a proxy, you must do so in a written document appointing a proxy and the document must be executed by you or by your duly authorized attorney in writing. If you are a corporation, the document must be executed under corporate seal by your duly authorized officer or attorney. An instrument of proxy signed by a Person acting as attorney or in some other representative capacity should expressly reflect such capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing his or her qualification and authority to so act.

If you receive more than one form of proxy because you own Common Shares registered in different names or addresses, each form of proxy should be completed and returned.

The persons designated in the enclosed form of proxy furnished by Management are directors and officers of the Corporation. If you are entitled to vote at the Meeting, you may appoint a Person other than those named in the enclosed form of proxy to attend and act for and on behalf of you at the Meeting or any adjournment thereof. To exercise this right, you must insert the name of the Person you want to represent you (who does not need to be a Shareholder) in the blank space provided in the enclosed form of proxy and submit such form in the manner described above, or submit another appropriate instrument of proxy.

Revocation of Proxy

If you have submitted a form of proxy, you may revoke it at any time prior to the exercise of that proxy by depositing an instrument in writing executed by you or your attorney or authorized agent, either with Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) at any time up to and including the second last business day preceding the date of the Meeting or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting or prior to the commencement of the adjourned meeting. Upon making either such deposits, your prior proxy is revoked. You may also revoke a previously given proxy by personally attending the Meeting and voting your Common Shares in person, or in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

On any ballot taken at the Meeting, the nominees named in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they have been appointed nominee in accordance with the directions of the Shareholders appointing them. In the absence of such direction, the Common Shares represented by valid instruments of proxy executed in favour of the Management nominees and deposited in the manner described above will be voted "**FOR**" all matters identified in the Notice of Meeting.

The enclosed form of proxy gives the nominees named in the proxy form discretionary authority regarding any amendments or variations of the matters identified in the proxy and Notice of Meeting. The proxy form also gives the nominees discretionary authority to act on any other matters that may properly come before the Meeting or any adjournment thereof. At the date of this Circular, none of the Transfer Agent, the Board or Management know of any such amendments, variations or other matters that may be presented for consideration at the Meeting.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is very important to you if you do not hold Common Shares in your own name. If you hold Common Shares through a broker, financial institution, trustee, nominee or other intermediary or otherwise, you should note that only proxies deposited by Persons whose names appear on the records of the Corporation as the registered holders of Common Shares will be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to you by a broker are probably not registered in your own name on the records of the Corporation. Such Common Shares are more likely to be registered in the name of your broker or an agent of that broker. In Canada, most such Common Shares are registered in the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or other intermediaries on your behalf can only be voted (for or against resolutions) at your direction. Without specific instructions, brokers and other intermediaries are prohibited from voting Common Shares for their clients. You should ensure that instructions regarding the voting of your Common Shares are communicated to the appropriate person before the deadline.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from you in advance of Shareholder meetings. Each broker or other intermediary has its own mailing procedures and provides its own return instructions to clients. You should carefully follow these procedures and instructions to ensure that your Common Shares are voted at the Meeting.

In some cases, the form of proxy or VIF provided to you by or on behalf of your broker or other intermediary is very similar, even identical, to the enclosed form of proxy being solicited by Management. The purpose of the form of proxy or VIF provided by or on behalf of a broker or other intermediary, however, is limited to instructing the registered holder (the broker or other intermediary, or an agent thereof) how to vote on your behalf.

Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge. Broadridge typically supplies VIFs, mails a VIF to you and asks you to return the VIF to Broadridge or follow specified telephone or internet-based voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions regarding the voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, you cannot use that form to vote your Common Shares directly at the Meeting, but must instead return the VIF to Broadridge or complete the telephone or internet-based voting procedures well in advance of the Meeting to have such Common Shares voted at the Meeting on your behalf.**

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker or other intermediary, you may attend the Meeting as proxyholder for the registered holder and vote your Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your own Common Shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the form of proxy or VIF provided to you and return the document to your broker or other intermediary (or the agent of your broker or other intermediary) in accordance with their instructions well in advance of the Meeting.

Procedure and Votes Required

The number of votes required to appoint the auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Corporation and to elect the directors of the Corporation for the ensuing year will be at least 50% plus one of the votes cast by Shareholders, other than Canadian Oil Sands or any of its affiliates, voting in person or by proxy at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each Common Share entitles the holder of the Common Share to one vote on all matters coming before the Meeting. Only Shareholders of record as of the close of business on the Record Date (Monday, March 16, 2015) are entitled to receive notice of the Meeting. As at March 16, 2015, there were 484,614,325 Common Shares issued and outstanding.

If you are shown as a Shareholder on the Shareholder list kept by Computershare on the Record Date, you will be entitled to vote at the Meeting or any adjournment thereof on the basis of one vote for each Common Share shown opposite your name on Canadian Oil Sands' register of Shareholders even if you dispose of your Common Shares after the Record Date. Except as provided in the ABCA, no Person who becomes a Shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment thereof.

To the knowledge of the Corporation, and the Corporation's directors and executive officers, no Person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of the issued and outstanding Common Shares. As at March 16, 2015, to the knowledge of the Transfer Agent and the Corporation, the directors and officers of the Corporation hold, in the aggregate, 632,290 Common Shares, representing less than 1% of the issued and outstanding Common Shares.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and officers of the Corporation, no "informed person" (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*), or any person nominated for election as a director of the Corporation, or any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction of Canadian Oil Sands since January 1, 2014 or in any proposed transaction that has materially affected or would materially affect Canadian Oil Sands or its subsidiaries.

Computershare Trust Company of Canada acts as the registrar and transfer agent for the Common Shares, and receives fees for its services in such capacities and is also reimbursed for all expenses properly incurred.

INQUIRIES/ADDITIONAL INFORMATION

Inquiries may be directed to the proxy solicitation agent, Kingsdale Shareholder Services, as follows:

Kingsdale Shareholder Services
Exchange Tower
130 King Street West, Suite 2950
P.O. Box 361
Toronto, ON M5X 1E2

Telephone:	416-867-2272
Fax:	416-867-2271 or Toll Free Fax: 1-866-545-5580
E-mail:	contactus@kingsdaleshareholder.com
Toll free:	1-866-851-3215

Additional information relating to Canadian Oil Sands is available through the Internet via SEDAR at www.sedar.com or on our website at www.cdnoilsands.com.

Copies of Canadian Oil Sands' financial statements and management's discussion and analysis may be obtained by contacting the Transfer Agent, Computershare, at 530 – 8th Avenue S.W., 6th floor, Calgary, Alberta T2P 3S8; phone 403-267-6800; facsimile 403-267-6598 or the Corporation's Vice President, Investor and Corporate Relations by mail, email, phone or facsimile at Suite 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9; email – invest@cdnoilsands.com; phone 403-218-6220; facsimile 403-218-6201.

Financial information is provided in Canadian Oil Sands' comparative audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2014, which may be found at www.cdnoilsands.com or at www.sedar.com. Additionally, copies of the documents incorporated by reference in this Circular may be obtained on request without charge from the Senior Vice President, General Counsel and Corporate Secretary of the Corporation at Suite 2000, First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9, facsimile: 403-218-6227 or through SEDAR at www.sedar.com.

APPENDIX I – GLOSSARY

Terms to Help You Understand These Materials

We use the following terms in this Circular, including the Summary:

"ABCA"	means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.
"Annual Information Form"	means the annual information form of Canadian Oil Sands dated February 24, 2015 in respect of the financial year ended December 31, 2014, incorporated by reference in this Circular and available on SEDAR at www.sedar.com and then the new annual information form to be filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this Circular.
"Beneficial Shareholders"	has the meaning set out in "Appointment and Revocation of Proxy – Advice to Beneficial Holders of Common Shares". See page 28.
"Board" or **"Board of Directors"**	means the board of directors of the Corporation as it may be constituted from time to time.
"business day"	means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Calgary, in the Province of Alberta, for the transaction of commercial banking business.
"Canadian Oil Sands" or **"we"** or **"us"**	means the Corporation and its subsidiaries and partnerships.
"CGC Committee"	means the Corporate Governance and Compensation Committee of the Board of Directors of the Corporation.
"Circular"	is this Management Proxy Circular.
"Common Share Certificate"	means a certificate representing Common Shares.
"Common Shares"	means the common shares in the capital of the Corporation.
"Conversion"	means the conversion of the Trust and its subsidiaries on December 31, 2010 from an income trust structure to a corporate structure pursuant to a plan of arrangement approved by unitholders of the Trust and the Court of Queen's Bench of Alberta.
"Corporation"	is Canadian Oil Sands Limited.
"DSUs"	means deferred common share unit awards granted under the DSU Plan.
"DSU Plan"	means the Deferred Common Share Unit Plan of the Corporation.
"Early Retirement"	means retirement at age 55 to 64, provided that the employee has had 5 years of continuous service and does not meet the definition of "Normal Retirement".
"Equity Incentive Plan"	means the equity incentive plan of the Corporation. See "Long-Term Incentive Plans – Equity Incentive Plan" on page 70.
"IFRS"	means International Financial Reporting Standards issued by the International Accounting Standards Board.
"LTIP"	means the long-term incentive plans for employees of the Corporation, which consist of the Transition Option Plan, the New Option Plan and the Equity Incentive Plan. See Figure 16: LTIP Summary starting on page 65.
"mmbbls"	means millions of barrels.
"Management"	is the management of the Corporation.
"Meeting"	is the Annual General Meeting of the Shareholders to be held on Thursday, April 30, 2015 at 2:30 p.m. (Calgary time), and any adjournment(s) thereof.

"Mercer"	means Mercer (Canada) Limited, a wholly-owned subsidiary of Marsh McLennan Company ("**Marsh McLennan**"). Mercer is the external national consulting firm engaged to provide compensation advice to the CGC Committee and the Board.
"Mercer Comparator Group"	means the comparator group used in consideration of determining the total compensation amount for each of the Named Executive Officers. See "Mercer Comparator Group" on page 60.
"NEOs" or **"Named Executive Officers"**	are the five senior officers of the Corporation during 2014, being Messrs. Kubik, Dawson, Hardy and Hagerman and Ms. Curran.
"Normal Retirement"	means retirement at or after age 65 or where the employee's age plus service equals at least age 70, provided that the employee has had three years of continuous service and is at least age 55.
"New Option Plan"	means the option plan of the Corporation. See "New Option Plan" on page 69.
"Notice of Meeting"	means the Notice of Annual General Meeting of Shareholders, which accompanies this Circular.
"Peer Comparison Group"	means generally comparable public Canadian issuers that are corporations and competitors of Canadian Oil Sands as determined from time to time by the CGC Committee and the Board.
"Person"	means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity.
"PSUs"	means performance common share unit awards granted under the Equity Incentive Plan, as more particularly described in "Long-Term Incentive Plans – Equity Incentive Plan" on page 70.
"PSU Awards"	means the grant of PSUs.
"PwC"	is PricewaterhouseCoopers LLP, independent, registered chartered accountants.
"RSUs"	means restricted common share unit awards granted under the Equity Incentive Plan.
"Record Date"	is March 16, 2015.
"Regulatory Requirements"	means the requirements and recommendations of National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, along with all applicable requirements of the TSX. In addition, where references are made to the Audit Committee, such references include the specific governance requirements for audit committees as set out in National Instrument 52-110 *Audit Committees*.
"Reserves Committee"	is the Reserves, Marketing Operations and Environmental, Health and Safety Committee of the Board of Directors of the Corporation.
"Shareholders"	means, collectively, the holders of Common Shares from time to time.
"STIP"	means the annual target bonus or short-term incentive plan for employees of the Corporation. See "Annual Target Bonus or Short-Term Incentive Plan" on page 62.
"Syncrude"	means, collectively, the Syncrude Joint Venture and the Syncrude Project.
"Syncrude Joint Venture"	means the joint venture formed for the purpose of governing the Syncrude Project.

"Syncrude Participants"	means Canadian Oil Sands Partnership #1 (36.74%), Imperial Oil Resources (25%), Suncor Energy Ventures Partnership (12%), Sinopec Oil Sands Partnership (9.03%), Nexen Oil Sands Partnership (7.23%), Mocal Energy Limited (5%) and Murphy Oil Company Ltd. (5%), as the corporations or partnerships that own the undivided interests in the Syncrude Project and their respective successors and assigns in interest from time to time.
"Syncrude Plant"	means all of the plant and facilities owned by the Syncrude Participants and operated by Syncrude Canada Ltd. located at Mildred Lake, approximately 40 kilometres north of Fort McMurray, Alberta, where upgrading of bitumen occurs along with the plants and facilities owned by the Syncrude Participants and operated by Syncrude Canada Ltd. located at the Aurora site approximately 35 kilometres north of Mildred Lake.
"Syncrude Project"	means (a) the scheme for recovery of oil sands, crude bitumen or products derived therefrom originally approved in Approval No. 1920 and currently approved in Approval Nos. 8573 and 10781, all as issued by the ERCB or the AEUB or their predecessors, as such scheme may be amended or superseded from time to time, (b) all property now owned or hereafter acquired or developed by the owners participating from time to time in such scheme or by Syncrude Canada Ltd. on their behalf in connection with such scheme, (c) the oil sands leases related to such scheme, and (d) any other scheme or schemes implemented for the purpose of recovering oil sands, crude bitumen or products derived from those oil sands leases related to such scheme or schemes and all property acquired or developed in connection with such scheme or schemes.
"Transfer Agent" or "Computershare"	means Computershare Trust Company of Canada and its successors from time to time.
"Transition Option Plan"	means the plan granting options to receive Common Shares, as approved by the Corporation's shareholders at the Annual and Special Meeting on April 29, 2010 relating to previously granted options that had been issued prior to the Conversion from the Trust to the Corporation.
"Trust"	is Canadian Oil Sands Trust, a predecessor to the Corporation.
"TSR"	means total shareholder return (share price appreciation assuming dividends reinvested) relative to a peer comparison group established by the CGC Committee and the Board, as more particularly described in "Compensation Discussion and Analysis – Executive Compensation Overview" on page 55 and "Annual Target Bonus or Short-Term Incentive Plan" on page 62.
"TSX"	means the Toronto Stock Exchange.
"You" or **"Shareholder"**	means a person who holds Common Shares in the Corporation.
"VIF"	means a voting instruction form sent to a Beneficial Shareholder by a broker, financial institution, trustee, nominee or other intermediary. See "Appointment and Revocation of Proxy – Advice to Beneficial Holders of Common Shares" on page 28.

APPENDIX II - STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Governance Overview

The Board of Directors believes that effective governance and accountability improves the performance of Canadian Oil Sands and benefits all Shareholders. The Board strives for top quality governance by:

- regularly reviewing progress with respect to the development and achievement of the strategic plan;
- looking at the global and local economic environment changes and reflecting upon and working with Management to change or alter the strategic plan or the targets and objectives such that long-term shareholder value is preserved;
- ensuring that the goals and objectives of Management in achieving the long-term strategy of Canadian Oil Sands, as well as their compensation, are aligned to drive the achievement of that strategy;
- considering succession planning in relation to the Board of Directors, the President and Chief Executive Officer and the other senior officers;
- assessing and overseeing the liquidity risks and tactics for long-term financial strength of the Corporation;
- monitoring operating and development activities of Syncrude;
- having experienced leaders who share their financial, operational, human resources, capital markets, governmental and regulatory experience in industry and in particular the oil and gas and mining sectors, with a view to providing effective stewardship of Canadian Oil Sands;
- having independent directors who bring sound judgment, integrity and independence of thought to the oversight of Canadian Oil Sands and who are encouraged to speak their minds while respecting others so that different viewpoints can flourish in the process of developing reasoned conclusions;
- overseeing risk generally, as it applies to the energy industry, as well as specific risks to the Corporation, including compensation risk, through special strategy discussions and during regular scheduled in-camera sessions at the Board and committee meetings;
- conducting an annual self-assessment of the Board, its committees, the Chair of the Board and the committee chairs to assess performance against the established responsibilities of each as well as the effectiveness of the various members in executing their duties and responsibilities;

- developing a skills matrix of Board members, considering Canadian Oil Sands' medium and long-term goals and the mandate of the Board and its committees and focusing on the educational development of the directors;
- regularly reviewing corporate governance practices in light of new regulatory requirements and evolving best practices and implementing changes where the Board believes it is appropriate to do so;
- conducting stress tests and total take look-backs as part of the compensation reviews by the CGC Committee and the Board to ensure that the appropriate balance between sustainable shareholder value creation and risk is achieved;
- conducting a risk assessment process around executive compensation, including doing assessments of potential payouts under certain fact scenarios and also having a comparison to peer results conducted by an external consultant;
- considering corporate governance guidelines issued by various investor groups and the practices of various other public issuers and holding specific sessions with various stakeholders on corporate governance and considering how Canadian Oil Sands could better inform its Shareholders and investors generally as to the oversight and review process undertaken;
- having a majority voting policy, and publishing individual voting results. Our policy can be found on our website at www.cdnoilsands.com;
- having forward planning agendas for the Board and its committees and follow-up action lists;
- designing executive compensation programs to meet pay-for-performance and competitiveness objectives. Our policies and practices for executive compensation are linked to our strategic business objectives, which focus on increasing shareholder returns over the long-term. Our philosophy is to compensate executives based on performance; at a level competitive to our peer companies; and in a manner designed to attract, engage and retain talented leadership focused on managing our assets for long-term value creation; and
- gathering Shareholder feedback on our executive compensation approach including an annual advisory say-on-pay vote and an assessment of board governance through both internal assessments and external feedback including "board games" rankings.

Organization

The Board has six regularly scheduled meetings each year and there is normally at least one day and a half of meetings to consider and approve the Corporation's strategy for the medium and long-term. In addition to the regularly scheduled Board meetings, special Board meetings are held when deemed necessary. Meetings are scheduled two years in advance. See page 37 for a description of Board activities in 2014.

The Board and the Board committees have a one-year rolling plan of items for discussion, known as the "forward agendas". These plans are reviewed and updated annually to ensure that all of the matters reserved to the Board and the Board committees, as well as other key issues, are discussed at the appropriate time and with sufficient time for analysis and review.

The Chair of the Board, the President and Chief Executive Officer, and the Senior Vice President, General Counsel and Corporate Secretary work together to make sure that the information communicated to the Board and the Board committees is relevant, accurate, timely and clear. This applies in advance of regular scheduled meetings and between these meetings.

The services of the Senior Vice President, General Counsel and Corporate Secretary and her team are available to all directors. Each Board committee also receives support from Management related to its specific committee's terms of reference. The Board committees may also seek independent professional advice to assist them in their duties, at the Corporation's expense.

Typically at each Board meeting, the President and Chief Executive Officer reports on the progress of the strategic plan and various related initiatives since the last meeting and senior officers provide a status report on major corporate and operational matters under their responsibilities. The Board also reviews reports from each of the Board committees and may also receive reports from the Senior Vice President, General Counsel and Corporate Secretary on any relevant corporate governance or compliance matters. Certain members of Management also regularly attend portions of Board and Board committee meetings.

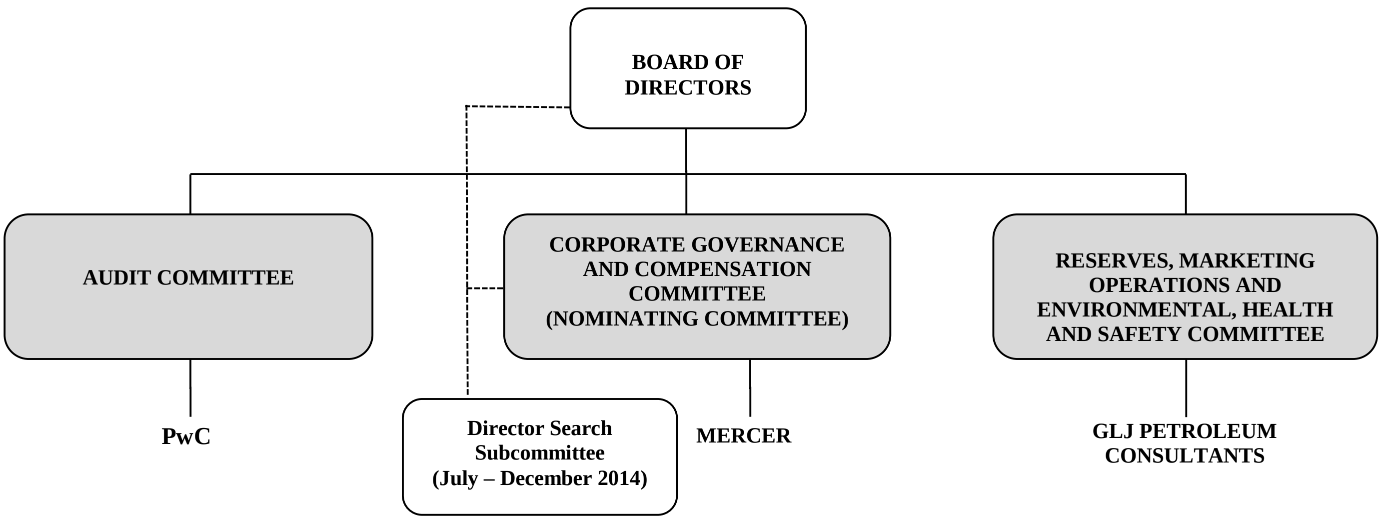
Structure

Under the terms of reference for the Board, the Board may establish and seek the advice and delegate responsibilities to committees of the Board. Committees of the Board allow directors to focus responsibility and devote necessary resources to a particular issue or area. The Corporation regularly schedules meetings for both the Board and its committees, and at each regularly scheduled meeting, in-camera sessions are held to allow full disclosure and discussion of any and all issues by Board and committee members without Management present. Additionally, the Board, in conjunction with the CGC Committee, has developed terms of reference that act as position descriptions for the chair of each committee. These terms are reviewed annually and updated as appropriate. There are also terms of reference for the Chair of the Board and for the President and Chief Executive Officer. The Board assesses its own performance against these various terms of reference annually.

The Chair of the Board is independent and the committees of the Board are composed entirely of independent directors.

The following diagram outlines the Board committees and the Board standing committees for 2014 and, where relevant, the external advisors that assisted them in their respective mandates.

Figure 2: Board Structure



Responsibilities of the Board

The principal role of the Board is to steward Canadian Oil Sands. Its fundamental objective is the creation of Shareholder value, including the protection and enhancement of the value of the Corporation's assets by overseeing that its business operations are conducted with honesty and integrity and with a view to long-term profitability. The Board's stewardship responsibility means that it oversees the conduct of the business and of Management, who is responsible for developing long-term strategy and conducting the Corporation's day-to-day business.

The Board assesses and ensures systems are in place to manage business risks with the objective of preserving Canadian Oil Sands' assets and creating Shareholder value. The Board, through the President and Chief Executive Officer and the senior officers, sets the attitude and practices towards compliance with applicable laws, financial regulations and reporting, and environmental and safety policies.

In fulfilling its primary responsibilities, the Board has oversight responsibility to ensure that Canadian Oil Sands has:

- a strategic planning process to establish long-term goals and strategies to achieve them as well as to consider various acquisitions and growth opportunities;
- a process to identify the principal business risks and implement appropriate systems to monitor and manage those risks;
- established processes to manage and measure the performance of Management, and in particular, the President and Chief Executive Officer, in achieving stated objectives; and

- developed, with the President and Chief Executive Officer, annual objectives, duties and specific projects essential to the achievement of Canadian Oil Sands' short, medium and long-term plans, as well as plans for succession and development of the senior executives.

Board Activities in 2014

During 2014, the Board specifically:

- assessed various strategic initiatives aimed at maintaining and improving Shareholder value in the context of current and potential future crude oil prices, political and economic trends, pipeline and market constraints, and oil sands industry developments;
- reviewed succession planning in relation to the Board of Directors, considered replacing Mr. Shultz on his retirement at this annual general meeting and elected not to replace him at this time and to instead reduce the number of directors on the Board;
- focussed on certain strategic operational issues and capital projects;
- considered the development of the new President and Chief Executive Officer and the new Chief Financial Officer and the replacement of other officers as senior management changed roles;
- continued to assess operations at Syncrude and the steps being undertaken to improve reliability and lower operating and capital costs, including the current status of operations under the management services agreement and systems and processes being undertaken to improve reliability and overall performance as well as the progress on certain mine train replacements/relocations, tailings management initiatives and other capital projects;
- continued to review and monitor Syncrude's sustainability processes and reporting by Syncrude, as operator, on sustainability issues;
- assessed the overall effectiveness of the technology initiatives of Syncrude and other oil sands operations in relation to intellectual collaboration on various environmental initiatives, such as tailings and water management, with a view to having Canadian Oil Sands continue to promote a more cooperative industry approach towards collaboration and development of best practices;
- reviewed the assessments of internal controls and management systems to effectively monitor Canadian Oil Sands' operations and promote compliance with applicable laws, regulations and policies;
- reviewed the program for effectively communicating with and receiving feedback from Shareholders, employees, government authorities, other stakeholders and the public as well as specific Shareholder assessment initiatives;
- considered the impact of various environmental issues on Canadian Oil Sands' business and long-term growth strategy and assessed the Corporation's performance regarding social responsibility;
- considered various market access and development issues, including impacts regarding the Keystone XL, Energy East, Trans Mountain Expansion and Gateway pipeline options;
- reviewed and approved the annual budget and finance plan;
- reviewed actual quarterly results against target production, operating expenses, health and safety measures, and other factors;
- approved the annual audited financial statements and, starting on April 30, 2014, also approved the quarterly financial statements and guidance;
- approved quarterly dividend amounts after considering Canadian Oil Sands' financing plan, operating results and expectations, financial position and market outlook; and
- reviewed compliance by Management of the Code of Business Conduct (the "**Code**") as well as other corporate policies approved by the Board.

The Board has formal terms of reference that describe the objectives, duties and responsibilities of the Board, which are incorporated by reference herein. A copy of the terms of reference can be obtained from our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference, from SEDAR at www.sedar.com or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9.

Director Search Subcommittee

The Board created a subcommittee to look at the replacement of Mr. Shultz on the Board when he retires on April 30, 2015. After careful consideration, the subcommittee felt that the Board size could and should be reduced to 10 from 11 and accordingly discontinued the search.

Figure 3: 2014 Committee Membership

Independent Director	Audit Committee	Reserves Committee	CGC Committee	Director Search Subcommittee(1)
Ian A. Bourne	√		√ Chair	√ Chair
Gerald W. Grandey	√		√	√
Arthur N. Korpach	√	√		
Donald J. Lowry	ex officio	ex officio	ex officio	√
Sarah E. Raiss			√	
John K. Read		√		
Brant G. Sangster		√ Chair		
C.E. (Chuck) Shultz		√		
Wesley R. Twiss	√ Chair	√		
John B. Zaozirny			√	

Note:

(1) The Director Search Subcommittee was formed in July 2014 and dissolved in December 2014. Mr. Bourne chaired this Subcommittee.

Audit Committee

The Audit Committee, on behalf of the Board of Directors, has oversight responsibility for Canadian Oil Sands' financial reporting processes and the quality of its financial reporting and internal controls. The Audit Committee meets quarterly with the auditors, the President and Chief Executive Officer, the Chief Financial Officer and the Senior Vice President, General Counsel and Corporate Secretary as well as other members of our financial team. It also receives quarterly reports, either in person or in writing, from the internal auditors. Given Canadian Oil Sands' small staff and the need for a range of specialized skills relating to audits of marketing, information technology and finance, the internal audit function has been outsourced to an independent accounting firm.

The Audit Committee focuses on the financial and disclosure risks to which the Corporation is exposed in that the Audit Committee reviews accounting transactions and financial statements, internal controls, financial plans and assumptions, liquidity, balance sheet liabilities, credit and insurance. It annually conducts a full review of areas where financial risk to the Corporation exists and quarterly considers any actual or potential changes to that risk profile and mitigating actions to be undertaken. It also oversees the effectiveness of the external auditors. The Audit Committee routinely holds in-camera sessions with the external auditors, the internal auditors, Management and Committee members as a means of promoting open and independent discussion and analysis of financial and related matters that could affect Canadian Oil Sands.

The Audit Committee has formal terms of reference that describe the objectives, duties and responsibilities as well as the function of the Audit Committee. There are also formal terms of reference for the Chair of the Audit Committee that describe the duties and responsibilities of the Chair of the Audit Committee. A copy of these terms of reference can be found on our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference, from SEDAR at www.sedar.com or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9. For further details concerning the Audit Committee, see "Audit Committee Information" in the Annual Information Form.

The Audit Committee is currently composed of the following four directors: Wesley R. Twiss (Committee Chair), Ian A. Bourne, Gerald W. Grandey and Arthur N. Korpach. **All members are independent.**

Audit Committee Activities in 2014

During 2014, the Audit Committee reviewed with Management and the external auditors prior to publication, the 2013 annual audited consolidated financial statements, notes thereto and related management's discussion and analysis, the 2014 interim unaudited consolidated financial statements and related management's discussion and analysis, the annual information form and the management proxy circular. The Audit Committee also spent considerable time at its quarterly and other meetings discussing the internal control and disclosure processes and procedures at Canadian Oil Sands as well as the policies, procedures and processes at Syncrude with a view to Canadian Oil Sands complying with financial reporting requirements under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. In addition, as part of its responsibilities, the Audit Committee:

- reviewed and discussed with Management, the internal auditors and the external auditors their respective assessment and evaluation of Canadian Oil Sands' internal controls over financial reporting and disclosure controls as well as the documentation and testing of those controls;
- reviewed and discussed with Management changes in accounting policies, practices or standards and Management's key accounting estimates and judgements;
- reviewed and, until April 30, 2014, approved the quarterly unaudited consolidated financial statements;
- after April 30, 2014 reviewed and recommended to the Board for approval the unaudited quarterly financial statements;
- reviewed and recommended to the Board the approval of the annual audited consolidated financial statements;
- reviewed and discussed the finance plan and made recommendations to the Board regarding proposed dividend amounts each quarter in light of the finance plan and current economic conditions;
- reviewed and oversaw the management of financial risk exposures to Canadian Oil Sands;
- reviewed and monitored the consistency of reporting during the transition of the roles of Chief Financial Officer, Controller and Treasurer, with a view to ensuring appropriate experience and knowledge was maintained in the areas of financial disclosure and reporting;
- reviewed and, until April 30, 2014, approved the release to the public of the quarterly and annual guidance documents and, after April 30, 2014, reviewed and recommended to the Board for approval of the release to the public of these documents;
- reviewed the results of Management's assessment of the design and evaluation of internal controls over financial reporting and the reviews by the external auditors of their assessments of the design and effectiveness of internal controls in respect of the 2014 annual and quarterly results;
- reviewed the independence of the external auditors, based on the auditors' disclosure of its relationships with Canadian Oil Sands and its compensation, and determined that the external auditors were independent;
- reviewed and discussed Management and Board communications with Shareholders and other stakeholders;
- reviewed the effectiveness performance and qualifications of the external auditors, including conducting robust oral and written assessments of the auditors, and recommended reappointment for Shareholders' approval;
- conducted a review of the Canadian Public Accountability Board's 2014 report;
- reviewed the tax position of the Corporation and its subsidiaries as well as developments in the industry regarding various tax matters;
- recommended the annual audit fees payable to the external auditors to the Board and approved any quarterly adjustments to the annual fees;
- reviewed the overall scope and plans of the annual audit with the external auditors and Management including the decision to obtain an integrated audit opinion from the external auditors;
- received Management's advice and confirmation of the control process and review of financial information and internal controls testing at the Syncrude level with specific reports from Mr. Dawson as the Chair of Syncrude's audit and business controls subcommittee so that the Audit Committee understood and was apprised of Management's oversight role of the Corporation's interest in Syncrude;
- met in-camera with the representatives of the external auditors to discuss the scope of their work, their relationship with Management and any other issues that the external auditors wished to raise with the Committee;

- reviewed financial plans and recommended to the Board for approval dividends after considering current and future expected financial results;
- reviewed and approved all services provided by the external auditors;
- received and approved the scope and terms of engagement of an independent accounting firm as internal auditors, including their fees;
- reviewed with the internal auditors, the internal controls over financial reporting and the compliance with internal controls, and met in-camera to discuss any issues that the internal auditors wished to review with the Committee;
- reviewed the various insurance programs in place and the nature of the risks insurance plans were to cover;
- reviewed the impact of market volatility and global economic instability on Canadian Oil Sands' liquidity position and various customers' financial positions;
- reviewed the results of the procedures for the receipt of complaints regarding accounting or auditing matters whereby issues may be submitted confidentially to the Committee (no complaints were received);
- considered audit controls at the Syncrude joint venture and Management's role in the oversight of internal and financial controls at Syncrude; and
- reviewed the 2014 internal audit plans and the internal auditor's review and assessment of various controls and projects.

Reserves Committee

The Reserves Committee has oversight responsibility for reserves and resource evaluation and related disclosure as well as oversight of marketing matters, compliance with environmental, health and safety issues and Syncrude operational matters. The Reserves Committee reviews the environmental, health and safety matters relating to the shipment of the Corporation's crude oil product. The Reserves Committee also reviews management's oversight of Syncrude's compliance with regulatory and environmental obligations, applying the expertise of its members in these areas. The Reserves Committee analyzes and provides directional input to Management on Syncrude operating costs and capital projects, especially prior to the Board's review and approval of annual budgets. Additionally, the Reserves Committee reviews the Corporation's strategy in respect of operating parameters, capital projects, marketing and market access, and technological initiatives and reviews operational risks.

The Reserves Committee meets at least twice a year with the external reserves evaluator and with the Senior Vice President, Operations, the President and Chief Executive Officer, the Chief Financial Officer and the Senior Vice President, General Counsel and Corporate Secretary and members of our marketing team. In addition, the Reserves Committee meets at least three other times during the year to review matters relating to environmental, health and safety, marketing and Syncrude operations, paying particular attention to the progress of strategic initiatives focussed on operating cost reductions, development, market access and capital projects and operational risk management.

The Reserves Committee has formal terms of reference that describe the objectives, duties and responsibilities of the Reserves Committee. There are also formal terms of reference for the Chair of the Reserves Committee that describe the duties and responsibilities of the Chair of the Reserves Committee. A copy of these terms of reference can be found on our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference, from SEDAR at www.sedar.com or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 - 7th Avenue S.W., Calgary, Alberta T2P 3N9.

The Reserves Committee is currently composed of the following five directors: Brant G. Sangster (Committee Chair), Arthur N. Korpach, John K. Read, C.E. (Chuck) Shultz and Wesley R. Twiss. **All members are independent.** Messrs. Read and Twiss hold designations as professional engineers.

Reserves Committee Activities in 2014

During 2014, the Reserves Committee:

- assessed the progress of various sustaining projects at the Syncrude Joint Venture, including mine train replacements and tailings management systems;
- assessed the current and proposed five year business plan of Syncrude as it related to operating costs and reliability improvements;

- reviewed and assessed operational risks of the Syncrude Joint Venture including, without limitation, water flow, tailings management, integration of new projects into existing operations and mine plans;
- reviewed various marketing strategies regarding the sale of Canadian Oil Sands' synthetic crude oil product and development of new markets and customers and in particular long-term market access to the U.S. Gulf Coast and the Canadian East and West Coasts;
- reviewed the assessment of progress towards achieving fewer maintenance outages at Syncrude and the plans towards improving reliability at Syncrude over the medium and long-term;
- considered the Corporation's obligations and compliance with environmental, health and safety matters, with particular focus on tailings and water management issues and on safety matters at Syncrude as well as the safety procedures of various methods of transporting the Corporation's product to market;
- reviewed the adequacy of the mining reclamation fund against future reclamation obligations and the adequacy of funding those obligations;
- reviewed procedures relating to the disclosure of oil and gas activities and reserves and resources information and compliance with applicable securities laws relating to those activities;
- reviewed Management's oversight of Syncrude operations and environmental matters including how Management, through their roles on various subcommittees and the Syncrude management committee, oversaw the handling of the Syncrude mine train replacements and tailings management plans;
- reviewed the process, scope and results of the independent external reserves evaluation and resources reporting and verified the independence of the evaluator;
- reviewed the safety policies and procedures at the Corporation and its oversight as an owner of the Syncrude Joint Venture;
- reviewed various operational risks and the mitigation or management oversight plans to reduce or eliminate those risks;
- reviewed the impact of various environmental and operating regulations and aspects of compliance.

CGC Committee (Nominating Committee)

There is no separate nominating committee of the Board and instead this function is handled by the CGC Committee. Given our small staff and focus on the Corporation's investment in Syncrude and related marketing of its product, the Board of Directors believes that having the CGC Committee handle all issues and duties typically handled by a nominating committee is more efficient and appropriate.

The CGC Committee has formal terms of reference that describe the objectives, duties and responsibilities of the CGC Committee. There are also formal terms of reference for the Chair of the CGC Committee that describe the duties and responsibilities of the Chair of the CGC Committee. A copy of these terms of reference can be found on our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9.

The CGC Committee is currently composed of the following four directors: Ian A. Bourne (Committee Chair), Gerald W. Grandey, Sarah E. Raiss and John B. Zaozirny. **All members are independent.**

The CGC Committee annually evaluates the Board, the committees of the Board and each director's performance based on the results of a directors' annual assessment and informal interviews with the Chair of the Board. Interviews are undertaken by the Chair of the Board and discussions are held regarding the overall effectiveness and performance of the Board, its committees and the Board members with each member of the Board and certain senior officers. The performance of the Chair of the Board as well as the Chair of each of the committees is evaluated as part of this annual review process, and additional interviews are conducted by the Chair of the CGC Committee with other directors in relation to any concerns that a member does not feel appropriate to be discussed with the Chair of the Board.

As part of the annual assessment, consideration is given to the relationships that each member has with other public issuers so as to ensure that no member has a relationship that would materially interfere with his or her ability to act in the best interest of Canadian Oil Sands and exercise independent judgement in considering transactions and agreements to which Canadian Oil Sands is a party. In addition, the CGC Committee considers the number of other boards on which each member serves, to ensure that each director has the requisite time to prepare for, attend and contribute to Board and committee meetings.

As part of the ongoing Board assessment process, the CGC Committee and the Board review the terms of reference for each of the Board, the committees, the President and Chief Executive Officer, the Chair of the Board and the chair of each committee of the Board at least annually. Additionally, the CGC Committee examines best practices from a number of sources including other public issuers in North America, the rules of the Canadian Securities Administrators, the requirements for audit committees and the guidelines suggested by various investor groups.

The CGC Committee annually reviews and recommends approval of the officers' objectives for the year with the focus of having those objectives facilitate achievement of the strategic goals. During the year and following year end, the CGC Committee evaluates each officer's performance against these objectives. The CGC Committee considers the overall strengths and weaknesses of Management with a view to having a strong team with the appropriate experience, knowledge and capability to lead the Corporation in achieving long-term value for Shareholders.

CGC Committee Activities in 2014

During 2014, the CGC Committee:

- reviewed the human resource plan for staffing and succession planning for our employees, noting the promotion of various employees including the President and Chief Executive Officer and other senior officers. To the extent possible, cross-training is facilitated to expose employees to finance, accounting and operations disciplines. The succession plan recognizes that having a small employee group encourages cross-training but that it also creates limitations for certain internal succession planning. In 2014, the CGC Committee actively stewarded the transition of the President and Chief Executive Officer, the Chief Financial Officer, the Controller and the Treasurer;
- reviewed the size and composition of the Board to ensure that the current Board membership has the necessary breadth and diversity of experience and is appropriately sized to provide for effective decision making and staffing of Board committees. For 2015, the decision was made to reduce the Board size from 11 to 10;
- reviewed the directors' compensation structure with the help of Mercer, which advised the CGC Committee on prevailing compensation practices in the industry and in Canada;
- recommended to the Board the nominees to stand for election as directors of the Corporation at the Meeting;
- assessed the individual performance of the President and Chief Executive Officer and the other officers, as well as the corporate performance for the year, and recommended the approval of short-term and long-term incentives to the Board based on those assessments;
- approved the compensation for non-officers;
- reviewed the executive compensation structure, retaining Mercer to advise on compensation structures and information in regard to the actual compensation paid at comparable public and private entities as well as the appropriateness of certain comparator groups;
- conducted stress tests and qualitative risk analyses of the compensation program against various performance scenarios for the Corporation;
- continued to review and implement detailed and measurable processes with all officers whereby objective targets are set within each officer's specific duties and expectations, tied to strategic plans for the Corporation, and measured against annual results, all with a view to driving achievement of the long-term performance goals;
- conducted annual assessments of the senior officers against the target objectives and goals that were set for Canadian Oil Sands and the senior officers, and determined the contribution that senior officers and other staff had on the Corporation's overall performance;
- discussed the approach and policy of the Corporation around meetings between Board and committee chairs as well as directors interacting and meeting Shareholders with regard to governance, strategic or business matters. The Chair of the Board and the Chair of the CGC Committee summarized feedback received from various institutional and large shareholders to assist the CGC Committee and the Board to respond appropriately to Shareholder views on matters such as Say-on-Pay, succession planning and the environment;

- finalized the employee compensation and benefits package for 2014, employing Mercer to provide advice on market data for compensation structure and amounts at comparable companies for the senior officers in early 2014;
- reviewed and approved a more directed community investment program that targets specific areas of the community, such as education and mental health initiatives, for assistance; and
- oversaw relationship development activities between the CGC Committee Chair, the Senior Vice President, General Counsel and Corporate Secretary and various proxy advisory firms.

Experience and Skill Set of the CGC Committee

Members of the CGC Committee have specific experience in the analysis of various compensation programs and the potential impact on the Corporation's financial and operational results. For example, Messrs. Bourne, Grandey and Zaozirny and Ms. Raiss understand the financial impact of various valuation models as well as the potential impact, positive and negative, of the STIP and LTIP programs. They each have experience in their roles as senior management and/or as directors of other boards, including, in the case of each of Mr. Zaozirny and Ms. Raiss, as Chair of another corporate governance committee, on issues relating to succession planning, employee retention and training.

Roles and Responsibilities of the Chair of the Board

The principal role of the Chair of the Board is to manage and provide leadership to the Board of Directors and to act as a direct liaison between the Board and Management. In addition, the Chair of the Board acts as a communicator for Board decisions where appropriate. The Chair of the Board is accountable to the Board. The Chair of the Board has formal terms of reference that describe the duties and responsibilities of the Chair of the Board. A copy of these terms of reference can be found on our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9.

Other duties and responsibilities of the Chair of the Board include:

- providing independent advice and counsel to the President and Chief Executive Officer and other members of the senior management team;
- ensuring that the directors are properly informed and that sufficient information is provided to enable the directors to form appropriate judgments; and
- developing and setting the agendas for meetings of the Board, in concert with the President and Chief Executive Officer and the Senior Vice President, General Counsel and Corporate Secretary.

In addition, the Chair of the Board is specifically charged with responsibility for leading and managing the Board in discharging its responsibilities. Annually, the Chair of the Board, in conjunction with the CGC Committee, evaluates the effectiveness of the Board, its committees and the individual directors, including interviews with each individual director as well as certain members of Management. The Chair of the Board's mandate directs him to ensure that the directors hold regular discussions without Management present and he presides at those in-camera sessions.

Roles and Responsibilities of the President and Chief Executive Officer

The President and Chief Executive Officer is responsible for leading the development and execution of Canadian Oil Sands' long-term business strategy and corporate objectives with a view to creating and maintaining Shareholder value. The President and Chief Executive Officer's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing long and short-term plans. The President and Chief Executive Officer acts as a direct liaison between the Board and Management and communicates to the Board on behalf of Management. The President and Chief Executive Officer has formal terms of reference that describe the duties and responsibilities of the President and Chief Executive Officer. A copy of these terms of reference can be found on our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9.

The President and Chief Executive Officer also communicates, on behalf of Canadian Oil Sands, with Shareholders, employees, government authorities, other Syncrude Participants, Syncrude Canada Ltd. management, other stakeholders and the public.

In relation to Syncrude, Mr. Kubik is the chair of the Syncrude management committee, which is the structure whereby the Syncrude Participants oversee the operations of the Syncrude Joint Venture. All capital decisions and the annual Syncrude budget are made by this management committee. Mr. Kubik also chairs the board of Syncrude Canada Ltd. and its CEO committee. These key positions allow Mr. Kubik to assert the Corporation's objectives and influence (but not control) over the Syncrude Joint Venture's operating and capital decisions. Further information of the structure of the Syncrude Joint Venture can be found in the Annual Information Form.

Other duties and responsibilities of the President and Chief Executive Officer include:

- assessing, in conjunction with the Chief Financial Officer, the principal risks of Canadian Oil Sands to ensure that risks are being monitored and managed;
- ensuring, in conjunction with the Chief Financial Officer, that effective internal controls and management information systems are in place;
- abiding by specific internally-established control systems and authorities, leading by personal example and encouraging all employees to conduct their activities in accordance with all applicable laws and Canadian Oil Sands' standards and policies;
- creating a corporate culture that promotes ethical practices and high performance standards; and
- being responsible for the ongoing succession planning and development of the senior management team.

The President and Chief Executive Officer plays a prominent role in educating government, stakeholders, investors and the public as to the role of the oil sands in Canada and the world economy and the actions being undertaken on the environmental side. He actively works with Syncrude Canada Ltd.'s senior management team with a view to improving reliability at Syncrude and developing more profitable operations.

Board Composition/Succession Planning

As part of its annual process, the CGC Committee considered succession planning for Board members and discussed guidelines to assist in the process of identifying new Board members. The profile of ideal characteristics and qualifications of nominees takes into account Canadian Oil Sands' governance framework and current Board composition along with the focus on marketing, internal controls and financial reporting issues and recent or impending changes in the political, regulatory, governance and environmental arenas applicable to Canadian Oil Sands.

In 2010, the CGC Committee, with the Board's approval, retained an external consultant to assist with succession planning for the Board. The consultant assessed the attributes, skills and experience of various individuals and the appropriate skill set mix among the Board in light of Canadian Oil Sands' medium and long-term goals and the mandate of the Board and its committees. The results of the assessment were reviewed with the CGC Committee and subsequently presented to the Board for consideration and adoption of a succession plan. Following discussion, a short list of potential candidates was developed and interviews were held with some of the potential candidates.

For the last four years, the CGC Committee continued this process of assessing potential Board candidates and the strategic issues facing the Corporation with the goal of having a Board with the experience, diversity, skills and time to effectively steward the Corporation through both current operational and market access challenges and future capital projects in the context of global economic uncertainty and increasing government regulations. As part of the process, Ms. Raiss joined the Board in January 2012 and Mr. Korpach joined the Board in April 2013.

In 2014, the CGC Committee reconsidered the criteria necessary for the Board as a whole and for individual directors to possess in light of emerging global economics, industry conditions, governance and regulatory challenges facing the energy industry and the oil sands mining industry in particular. The CGC Committee also reassessed the appropriate board renewal for Canadian Oil Sands. After deliberations at both the CGC Committee and Board level, the Board adopted, on the recommendation of the CGC Committee, a Board Composition Policy which outlines the criteria needed for effective oversight and stewardship of Canadian Oil Sands, as well as the appropriate length of service that Board members should serve. Given the complexity of the oil sands mining industry and the Syncrude Joint Venture itself, the Board determined that an individual should not serve longer than the earlier of: twelve (12) consecutive one (1) year terms and age 72. Recognizing existing directors had not been elected with such mandatory retirement provisions, the Board allowed any director elected prior to July 1, 2014 to extend this mandatory retirement period by two years. A copy of this policy can be found on our website at www.cdnoilsands.com/about-COS/governance/terms-of-reference or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9.

The following table lists the categories of skills and experience that are essential to the Board to effectively oversee and provide oversight and guidance for Canadian Oil Sands.

Figure 4: Director Self-Assessment Matrix

Self-assessment of Skills, Experience and Diversity	**I. Bourne**	**G. Grandey**	**A. Korpach**	**R. Kubik**	**D. Lowry**	**S. Raiss**	**J. Read**	**B. Sangster**	**C.E. Shultz**	**W. Twiss**	**J. Zaozirny**
1. Financial Experience and Education: a) ability to read and understand financial statements and notes thereto;	√	√	√	√	√	√	√	√	√	√	√
b) experience as Chief Financial Officer or similar position responsible for treasury, accounting and financing activities; and	√	√		√	√					√	
c) ability to analyze and interpret a full set of financial statements, including notes thereto in accordance with IFRS.	√	√	√	√	√	√	√	√	√	√	√
2. Marketing Experience: a) experience with crude oil or gas marketing firm; and	√	√	√		√	√		√	√	√	√
b) specific crude oil marketing experience either as buyer or seller.				√				√	√		
3. Oil & Gas/Oil Sands/Mining Experience: a) experience in oil and gas, oil sands or mining sectors either in operations role, financial role or analyst role;		√	√	√			√	√	√	√	√
b) ability to understand the evaluation of reserves or experience as a geologist, geophysicist, or engineer; and		√	√				√	√	√	√	
c) knowledge of oil sands, mining and/or SAGD.		√	√	√			√	√	√	√	
4. Capital Markets Experience: a) familiar with equity markets and equity issues;	√	√	√	√	√	√	√		√	√	√
b) familiar with issuances of debt securities on both private and public basis; and	√	√	√	√	√	√	√	√	√	√	√
c) understanding of derivatives.	√	√	√	√	√	√		√	√	√	√
5. Mergers & Acquisitions Experience: experience in acquisitions and takeover mergers.	√	√	√	√	√	√	√	√	√	√	√
6. Hands-on experience as operator or senior executive of a business	√	√	√	√	√	√	√	√	√	√	
7. Experience with human resources and compensation matters	√	√	√		√	√	√		√	√	√
8. Social Responsibility Experience	√	√	√	√	√	√	√	√	√	√	√
9. Legal Experience		√									√
10. Gender/Ethnic Diversity						√					

Director Independence

As an Alberta corporation listed on the TSX, Canadian Oil Sands is subject to various guidelines, requirements and disclosure rules governing the independence of the members of its Board and Board committees, including the independence requirements of the ABCA and the governance guidelines and audit committee rules adopted by the Canadian Securities Administrators. With the exception of Mr. Ryan Kubik, who is the President and Chief Executive Officer of the Corporation, each of the Board nominees meets the legislative and regulatory standards governing independence.

Based on information regarding personal and business circumstances provided in a comprehensive questionnaire completed annually by each of the Corporation's directors and director nominees, the Board is satisfied that nine of its 10 proposed members are "independent" within the meaning of the Regulatory Requirements. Basically, to be "independent" means that the director has no relationship with Canadian Oil Sands that could reasonably be expected to interfere with the individual's judgement.

Figure 5: Director Independence

Directors	Independent	Not Independent	Director Since	Director Age
Ian A. Bourne	√		2007	67
Gerald W. Grandey	√		2011	68
Arthur N. Korpach	√		2013	57
Ryan M. Kubik		√(1)	2014	47
Donald J. Lowry	√(2)		2007	63
Sarah E. Raiss	√		2012	57
John K. Read	√		2010	67
Brant G. Sangster	√		2006	68
Wesley R. Twiss	√		2001	69
John B. Zaozirny	√		1996	67

Notes:

(1) Mr. Kubik was appointed President and Chief Executive Officer and became a director of the Corporation effective January 1, 2014.
(2) Mr. Lowry is the Chair of the Board of Directors of the Corporation.

All committees of the Board of Directors are composed entirely of independent directors and in-camera meetings of the independent Board members are held regularly, and at every quarterly meeting as a minimum. In 2014, an in-camera session was held at every Board meeting (7 of 7). The composition of the Board, including the independence of the Chair of the Board and his specified role, provides the Board with appropriate structures and procedures to ensure that the Board can function independently of Management.

Director Attendance

The Board has a director attendance policy whereby Board members are encouraged to attend all Board meetings but required to attend at least 75% of the meetings. If a member fails to achieve at least 75% attendance, the Board considers the reason for such failure and assesses if the director should be considered as a candidate for the ensuing year. In 2014, all Board members met the attendance requirement.

For the 12-month period ended December 31, 2014, the attendance of Board members was as follows:

Figure 6: Director Attendance

	Meetings Attended(1)(2)				
Director(2)	**Board of Directors**	**CGC Committee**	**Audit Committee**	**Reserves Committee**	**Director Search Subcommittee(3)**
Ian A. Bourne	7 of 7	5 of 5 (Chair)	6 of 6	—	2 of 2 (Chair)
Ryan M. Kubik	7 of 7	5 of 5	6 of 6	5of 5	2 of 2
Gerald W. Grandey	7 of 7	5 of 5	6 of 6	5 of 5 (not member)	2 of 2
Arthur N. Korpach	7 of 7	—	6 of 6	5 of 5	—
Donald J. Lowry	7 of 7 (Chair)	5 of 5 (ex officio)	6 of 6 (ex officio)	5 of 5 (ex officio)	2 of 2
Sarah E. Raiss	7 of 7	5 of 5	—	3 of 5 (not member)	—
John K. Read	7 of 7	—	—	5 of 5	—
Brant G. Sangster	7 of 7	—	—	5 of 5 (Chair)	—
C.E. (Chuck) Shultz	7 of 7	—	—	5 of 5	—
Wesley R. Twiss	7 of 7	—	6 of 6 (Chair)	5 of 5	—
John B. Zaozirny	7 of 7	5 of 5	—	—	—

Notes:

(1) Number of meetings based on membership on a committee or Board at time of meeting, or on attendance as Chair of the Board, as applicable.
(2) Board members can attend other committee meetings if they wish but cannot vote if they are not a member of the committee.
(3) Director Search Subcommittee formed in July 2014 and disbanded in December 2014. Only meeting fees were paid and no retainer payments were paid. Mr. Kubik was invited to attend at least a portion of the meetings.

Orientation and Continuing Education

Continuing education helps our directors keep abreast of changing governance issues and requirements, and understand issues we face within the context of our business. We encourage the directors to individually attend external conferences and presentations related to best governance practices and industry developments.

The Board also encourages directors to attend external governance programs, such as the Haskayne School of Business or the Institute of Corporate Directors ("**ICD**") Directors Education Program, as a means of continuing their education about the roles and responsibilities of directors. To date, six of the current directors (Ms. Raiss and Messrs. Bourne, Korpach, Kubik, Shultz and Twiss) have completed the ICD program and hold a certification designation to that effect. The Corporation contributes to payment of the costs of the various ongoing director education courses for its Board members.

Messrs. Bourne and Twiss teach portions of the ICD Directors Education Program and in particular the courses relating to risk and audit committees. Ms. Raiss teaches human resources and compensation committee courses for the ICD.

We have an orientation and development program for the Board, including an online Board reference manual that outlines the duties and responsibilities of the Board, the Board committees and each member as a director. This manual is updated regularly, and all Board members are expected to review and be familiar with its contents. In addition, we conduct orientation sessions with new directors to review our business, current issues and opportunities and corporate goals and objectives.

We also provide directors with opportunities to increase their knowledge and understanding of the business through site visits to the Syncrude Plant and through specific information sessions on relevant topics, such as environmental issues relating to tailings management, water usage and greenhouse gas emissions, and specific accounting matters such as IFRS, asset retirement obligations, Syncrude's research and development initiatives, pipeline and market access, capital project design and scoping and alternative means of exploiting oil sands development. In addition, the Board is briefed on developments and emerging best practices in corporate governance. In 2013 and 2014, Management and Syncrude management co-hosted a strategy session for our directors focused on specific environmental, research and development and operational components of the business. All directors attended.

Expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance and participation at Board meetings and advance review of meeting materials, are conveyed to Board members as part of the evaluation process and are also communicated in orientation sessions for new Board members.

Director Common Share Ownership Requirements

To ensure that directors' compensation is aligned with Shareholders' interests, each non-employee director is required to hold, Common Shares or DSUs (Common Share equivalents), equal to a market value or acquisition value of $465,000 and the Chair of the Board is required to hold such securities equal to a market value or acquisition value of $1,081,500, being three times the combined value of the annual Board retainer and the annual Common Shares purchase and/or DSUs award.

Members have five years from the date of their original appointment to the Board to meet the share ownership requirements. If the market value of the Common Shares held by a director falls below the original purchase price actually paid by the director, the director is entitled to use the original purchase cost when calculating his ownership requirement rather than the market value. As part of this requirement, a director's annual compensation includes the purchase of Common Shares or the issuance of DSUs. See pages 13 to 22 for each director's holdings in the Corporation.

Currently, all directors hold the requisite number of equity units in the Corporation or are within the five year period to accumulate the holdings.

Director Compensation

The CGC Committee directly retains Mercer, an external national human resource consulting firm, to provide market data and analysis when setting the Board's compensation and establishing good governance practices. The Board, through the CGC Committee, annually reviews the adequacy and form of compensation for its directors to ensure that it reflects the commitment, responsibilities and potential liabilities of being on the Board. The CGC Committee also considers the compensation in the context of market demand for experienced and skilled candidates to steward Canadian Oil Sands and its business. Recommendations by the CGC Committee regarding director compensation are taken to the Board for approval.

In 2014, the CGC Committee benchmarked Board compensation against a comparator group composed of the following public issuers:

Figure 7: Director Compensation – Comparator Group

Agrium Inc.	Enerplus Corporation
ARC Resources Ltd.	MEG Energy Corp.
Athabasca Oil Corporation	Pengrowth Energy Corporation
Baytex Energy Corp.	Penn West Petroleum Ltd.
Cameco Corporation	Suncor Energy Inc.
Canadian Natural Resources Limited	Talisman Energy Inc.
Cenovus Energy Inc.	Teck Resources Limited
Crescent Point Energy Corp.	TransAlta Corporation
EnCana Corporation	

The CGC Committee and the Board chose this comparator group because it includes companies in the mining and oil and gas business, companies headquartered in Canada and companies of similar size, scope and complexity as Canadian Oil Sands and therefore would attract individuals with similar skills and experiences as would be required by our Board. The CGC Committee and the Board recognized that this comparator group is smaller than the Mercer Comparator Group used for determining total compensation for executives and other staff, which requires a broader comparator group to better match each employee position at Canadian Oil Sands.

The CGC Committee also considered:

- market trends as they relate to Board compensation in Canada generally and the higher weighting on equity compensation for the Corporation's directors compared to market;
- the target for Management's compensation; and
- emerging issues relating to director compensation.

The CGC Committee and the Board target Board compensation at the median of that paid to directors within the Director Compensation Comparator Group. Actual results for 2014 showed that the Chair of the Board's compensation and the rest of the non-employee directors' compensation was near or slightly below the 50th percentile. Accordingly, the Board kept all Board compensation at 2008 levels for the 2014 period other than increasing amounts paid to committee chairs and members of the CGC and Reserves Committees. The Board and Audit Committee retainers remain the same. Mr. Lowry also had his Board retainer increased to $150,000 from $110,000 but no longer receives any fees to attend any meetings of the Board or any of its committees.

The Board continues to strongly believe that the interests of Board members should be aligned with those of Shareholders and therefore a large component of directors' compensation is in the form of equity. As part of the directors' equity compensation, directors have the option of choosing DSUs under the DSU Plan, which would allow Common Shares to be issued from treasury or Common Shares purchased on the TSX. As part of the DSU Plan, directors holding DSUs earn additional DSUs as dividend equivalents on the DSUs held as if the director held Common Shares. See "DSU Plan" on page 51.

For the period January 1, 2014 to December 31, 2014, the compensation for non-employee members of the Board was as follows:

Figure 8: Board and Committee Fees

Board of Directors(1)(4)	**Fee**
Chair of the Board Retainer(2)	$150,000
Board Retainer	$ 25,000
Board Meeting Fee(3)	$ 1,500
Annual DSUs or Common Share Purchases	
(a) Chair of the Board	$210,500
(b) Other Board members	$130,000
Committees of the Board(1)(4)	**Fee**
Chair of the Audit Committee Retainer(5)	$ 20,000
Chair of the CGC Committee Retainer(5)	$ 15,000(6)
Chair of the Reserves Committee Retainer(5)	$ 15,000(6)
Audit Committee Retainer	$ 7,000
CGC Committee Retainer	$ 5,500(6)
Reserves Committee Retainer	$ 5,500(6)
Committee Meeting Fee(3)	$ 1,500

Notes:

(1) All retainers and meeting fees were payable quarterly.
(2) The Chair of the Board was paid meeting fees for Board and committee meetings that he attended and an annual Board retainer of $110,000 until July 1, 2014. Effective July 1, 2014, the annual Board retainer was increased to $150,000 but Mr. Lowry no longer received any meeting fees. During 2014, Mr. Lowry did not receive any additional committee retainer.
(3) Attendance by phone is treated the same as attendance in person. The members of the Director Search Subcommittee only received meeting fees. They were not paid a retainer.
(4) Members receive reimbursement for reasonable expenses incurred in attending Board or committee meetings.
(5) The committee Chair retainers are inclusive of the committee retainer.
(6) For January 1, 2014 to June 30, 2014 the retainer for the Chair of the CGC Committee was $12,000 and for the Chair of the Reserves Committee was $8,000 and the members of those committees earned $4,000 per year rather than $5,500 prior to July 1, 2014.

See pages 13 to 22 for the aggregate amount of fees paid to each non-employee director for 2014. **As a member of Management, Mr. Kubik does not receive remuneration for his services as a director outside of his compensation as President and Chief Executive Officer.** The non-employee directors were entitled to have the equity purchases made net of income tax deductions, thereby reducing the amount available for the third party to use in purchasing Common Shares. No stock options or restricted stock awards were provided to the directors. The equity purchases were made on a quarterly basis so as to average market fluctuations over the year. See the charts on pages 13 to 22 for the amount of "equity/at risk" compensation for each director.

Directors and NEOs are not allowed to hedge the economic risk of their ownership.

Figure 9: Director Total Compensation in 2014

Name	Fees earned ($)	Common Share-based awards ($)(1)	Option-based awards ($)(1)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)(2)	Total ($)
Ian A. Bourne	75,500	-	Nil	Nil	Nil	130,569	206,069
Gerald W. Grandey	74,250	130,000	Nil	Nil	Nil	-	204,250
Arthur N. Korpach	63,750	130,000	Nil	Nil	Nil	-	193,750
Donald J. Lowry	145,000	-	Nil	Nil	Nil	212,425	357,425
Sarah E. Raiss	50,750	-	Nil	Nil	Nil	130,569	181,319
John K. Read	47,750	130,000	Nil	Nil	Nil	-	177,750
Brant G. Sangster	54,500	130,000	Nil	Nil	Nil	-	184,500
C.E. (Chuck) Shultz	47,750	-	Nil	Nil	Nil	130,569	178,319
Wesley R. Twiss	76,750	-	Nil	Nil	Nil	130,569	207,319
John B. Zaozirny	47,750	130,000	Nil	Nil	Nil	-	177,750
Total	**683,750**	**650,000**	**Nil**	**Nil**	**Nil**	**734,701**	**2,068,451**

Notes:

(1) No options or Equity Plan Awards are granted to the non-employee directors. However directors can elect to take their equity compensation in DSUs (shown in this column as Common Share-based awards) or in cash that is used to then purchase Common Shares on the TSX. See note 2. In 2014, DSUs were issued to Messrs. Grandey, Korpach, Read, Sangster and Zaozirny. See page 51 for information on how the value was calculated.

(2) Third party purchases of Common Shares were made on the TSX for each of Messrs. Bourne, Lowry, Shultz and Twiss and Ms. Raiss with the allotted cash amounts for equity compensation at the per Common Share price as follows: $21.56 on March 14, 2014; $24.61 on June 16, 2014; $21.46 on September 15, 2014; and $9.01 on December 15, 2014. These amounts also include third party commission costs.

Outstanding Option-Based Awards and Common Share-Based Awards

The following table provides information relating to unexercised DSUs for the directors as of December 31, 2014.

Figure 10: Option and Share Based Awards – Directors

Name[4]	Option-based Awards				Common Share-based Awards (DSU Awards under Equity Incentive Plan)			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options ($)	Number of Common Share-Based Awards that have not Vested (#)	Number of Common Share-Based Awards that have Vested but not Distributed[1] (#)	Market or Payout Value of Common Share-Based Awards that have not Vested[2] ($)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed[2],[3] ($)
Gerald W. Grandey	Nil	Nil	Nil	Nil	Nil	27,010	Nil	281,444
Arthur N. Korpach	Nil	Nil	Nil	Nil	Nil	12,631	Nil	131,615
Donald J. Lowry	Nil	Nil	Nil	Nil	Nil	10,488	Nil	109,285
Sarah E. Raiss	Nil	Nil	Nil	Nil	Nil	7,036	Nil	73,315
John K. Read	Nil	Nil	Nil	Nil	Nil	28,810	Nil	300,200
Brant G. Sangster	Nil	Nil	Nil	Nil	Nil	22,331	Nil	232,689
John B. Zaozirny	Nil	Nil	Nil	Nil	Nil	28,810	Nil	300,200

Notes:

(1) DSUs have vested but are not payable until the director resigns or retires from the Board. See summary below for terms.
(2) Based on a Common Share price of $10.42 as at December 31, 2014.
(3) DSUs earn dividends until the DSUs are paid out. See below.
(4) Messrs. Bourne, Shultz and Twiss have never taken their equity component in DSUs and instead have elected to take it in cash, with which a third party has purchased Common Shares for them in the open market.

DSU Plan

The main purpose of the DSU Plan is to promote a greater alignment of the interests of non-employee directors with the interests of Shareholders by linking their annual director compensation to the future value of the Common Shares. The maximum number of Common Shares that may be issued pursuant to the DSU Plan is one million Common Shares. In addition, no more than 5% of the issued and outstanding Common Shares may be issuable, at any time, pursuant to the exercise of the DSUs granted to insiders under the DSU Plan, together with Common Shares issuable to insiders under any other share compensation arrangements of the Corporation, and the number of Common Shares issued to insiders within any one year period pursuant to the exercise of DSUs, together with the number of Common Shares issued to insiders pursuant to all other share compensation arrangements of the Corporation, may not exceed 5% of the issued and outstanding Common Shares.

Pursuant to the DSU Plan, non-employee directors are entitled to elect to participate in the DSU Plan. A DSU is a unit, equivalent in value to a Common Share, credited by means of a bookkeeping entry in the books of the Corporation, to an account in the name of the director. The number of DSUs granted to a director is determined by dividing (i) the amount to be paid to a director by (ii) the volume weighted average of the prices at which Common Shares traded on the TSX on the five trading days immediately preceding the date of grant. A participant’s account will be credited with dividend equivalents in the form of additional DSUs as of each dividend payment date. The number of such additional DSUs paid to participants shall be calculated by dividing:

a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of DSUs recorded in the participant’s account on the record date for the payment of such dividend, by:

b) the volume weighted average of the prices at which Common Shares traded on the TSX on the five trading days immediately following the dividend record date for the payment of the dividend on the Common Shares.

A participant has the right to elect to receive cash or payment in the form of Common Shares in respect of DSUs recorded in such participant's account at the end of the director's tenure as a member of the Board or such later date as the participant may elect prior to the end of such tenure, provided such later date is not later than December 1 of the calendar year following the calendar year in which the tenure ended. Directors who are U.S. taxpayers are subject to shortened election provisions.

In the event the participant elects to receive a cash payment for the DSUs, the participant will receive a cash payment equal to the number of DSUs recorded in the participant's account on the distribution date multiplied by the volume weighted average trading price of the Common Shares on the TSX on the five trading days immediately preceding the distribution date.

In the event the participant elects to receive Common Shares on the distribution date, the Corporation can issue from treasury to the participant the number of Common Shares equal to the number of DSUs in the participant's account or have such Common Shares purchased on the market.

In the event a participant dies prior to the distribution of the DSUs credited to the account of such participant, a cash payment shall be made to the estate on or about 30 days after the Corporation is notified of the death or on a later date elected by the estate provided that such elected date is no later than the last business day of the calendar year following the calendar year in which the participant dies.

The Board of Directors may amend, suspend or discontinue the DSU Plan at any time without Shareholder approval, provided, however, that Shareholder approval will be required for:

a) any increase in the number of Common Shares reserved for issuance under the DSU Plan;

b) any amendment to (i) increase the number of Common Shares issuable to insiders, (ii) permit awards other than DSUs to be made under the DSU Plan, (iii) permit DSUs to be granted to persons other than non-employee directors on a discretionary basis, or (iv) permit any transfer of DSUs other than for estate settlement purposes; or

c) any amendments deleting or reducing the range of amendments that require Shareholders' approval under the DSU Plan.

Notwithstanding those restrictions, if the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of Common Shares or securities of the Corporation through reorganization, merger, recapitalization, reclassification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment may be made by the Board of Directors, in its discretion, in the number or kind of awards as regards previously granted awards to preserve, proportionally, the interests of participants under the DSU Plan.

No DSUs granted pursuant to the DSU Plan may be assigned or transferred by a participant other than for estate settlement purposes.

External Compensation Advisors

For over 10 years, the CGC Committee has directly retained an external national consulting firm to provide independent advice on prevailing practice and compensation data for market comparative purposes for its directors and senior officers' compensation. Since 2009, Mercer (Canada) Limited, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. ("**Marsh & McLennan Companies**"), has provided these services.

In 2014, Mercer provided market comparative data for total compensation and the various comparables based on a broad market survey of oil and gas entities for both directors' and officers' compensation, as well as advice on employee policies, short-term incentive and long-term incentive plan design and compensation.

Decisions regarding compensation, however, are the responsibility of the CGC Committee and may reflect factors and considerations other than the information and recommendations provided by Mercer. Any additional services provided by the senior Mercer representatives who do the work for the CGC Committee and the Board must be pre-authorized by the CGC Committee.

Under regulatory requirements, we disclose not only the amounts directly paid to Mercer in 2013 and 2014 but also to Marsh & McLennan Companies and its affiliates. In 2013 and 2014, we employed Marsh as broker for the director and officer insurance and the fees below accordingly reflect amounts paid in broker services they provided.

The CGC Committee is not required to pre-approve other services that Mercer (outside of the senior Mercer representatives who advise the CGC Committee) or its affiliates provide to the Company at the request of Management.

	2013	2014
Executive and director compensation-related fees	$152,198	$94,591
All other fees	$83,920	$85,720

The majority of the "all other fees" in 2013 and 2014 relate to Marsh & McLennan Companies acting as an insurance broker for us. All amounts are in Canadian dollars and exclude GST and reimbursement for out-of-pocket and ancillary costs.

Because of the policies and procedures that Mercer and the CGC Committee have established, the CGC Committee is confident that the advice it receives from the individual executive compensation consultant is objective and not influenced by Mercer's or its affiliates' relationships with the Corporation. These policies and procedures include:

- the consultant receives no incentive or other compensation based on the fees charged to the Corporation for other services provided by Mercer or any of its affiliates;
- the consultant is not responsible for selling other Mercer or affiliate services to the Corporation;
- Mercer's professional standards prohibit the individual consultant from considering any other relationships Mercer or any of its affiliates may have with the Corporation in rendering his or her advice and recommendations;
- the CGC Committee has the sole authority to retain and terminate the executive compensation consultant;
- the consultant has direct access to the CGC Committee without management intervention;
- the CGC Committee evaluates the quality and objectivity of the services provided by the consultant each year and determines whether to continue to retain the consultant; and
- recognizing that it is necessary for the consultant to interact with Management to gather information, the CGC Committee has adopted protocols of engagement that limit how the consultant may interact with Management.

No services other than the above were provided for the Corporation by Mercer or its affiliates during 2014.

Code of Business Conduct

The Board is required to satisfy itself as to the business and professional integrity of the President and Chief Executive Officer and other officers and those officers' creation of a culture of integrity throughout the organization. The Code sets out our basic principle that all directors, officers and employees act with integrity, honesty and in compliance with applicable laws. The Board monitors compliance with the Code. We have a number of policies, including a corporate risk policy aimed at identifying risks, a disclosure policy and a marketing policy with a view to enhancing the level of internal disclosure control processes and information management systems and processes. If any conflict of interest arises with respect to a transaction, the Board follows a process where the directors and/or officers who are conflicted excuse themselves from the deliberations and approval process, as appropriate.

Annually, all employees including the NEOs and directors are required to review the Code and the other policies, including the policies relating to maintaining confidential information and disclosure of material information and either certify their compliance with such policies or identify any non-compliance by them or anyone else of whom they are aware. We also have a social media policy which continues the discussion of Canadian Oil Sands' facts and strategies as well as our overall business approach.

The Board also has established an internal policy by which employees and contractors are encouraged to report, either anonymously or not (as the person wishes), any fraud, improper or illegal conduct or unethical behaviour. Any breach of the Code requires disclosure to the Audit Committee and the Board. To date, no waivers of the Code have been given and no material breaches have been reported. Since we have a small number of employees, Board members and the Chair of the Board, in particular, have personal contact with most employees, which is a means for the Board to monitor compliance with the Code. Employees are encouraged to have open and frank discussions with the Board or any of its members on any matter of concern.

The Code is applicable to all directors and employees, and can be obtained from our website at http://www.cdnoilsands.com/about-COS/governance/practices, from SEDAR at www.sedar.com or by contacting Investor Relations at 1-403-218-6220 or at 2000 First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9.

Diversity

The Board believes that having diversity on the board and in senior Management leads to better business results. We strongly support initiatives that encourage diversity on a number of facets, including gender and age. Canadian Oil Sands currently has one female board member out of a total of eleven members (representing 9% of the Board) and three (representing 33%) of our officers are women.

The Board considers having diversity of gender, ethnicity, skills and experience when it looks at which individuals should be nominated to stand for election. The goal of the review by the CGC Committee as the nominating committee is to create a Board with a range of experiences, skills, and personal attributes, which include gender and ethnicity that will in effect be larger as a whole than the sum of the individuals. When looking at candidates, the CGC Committee and the Board considered the experience and knowledge needed to oversee and provide guidance and direction for an entity in the oil sands mining industry that also is in a joint venture relationship. These skills, qualities and attributes are key in terms of management of its single producing asset as are the individuals' understanding of the global commodity and geopolitics and regulatory factors that impact our business. Additional human resource experience, as well as capital market and project management skills are vital for a business that is capital intensive and where skilled labour shortages impact outcomes. The diversity of thought and approach brought by gender differences were also factors. Ms. Raiss provides such gender diversity along with her human resources and mergers and acquisitions skills. Accordingly, gender is only one factor considered when choosing Board candidates. In 2014, we adopted a Board Composition Policy that outlines the criteria considered, which includes gender diversity. The Board does not support a fixed percentage for any selection criteria, as the composition of the Board is based on a number of factors established by the selection criteria, not only on gender. It is ultimately the skills, experience, character and behavioural qualities that are most important in determining the value that an individual could bring to the Board or an officer. The Board also encourages the diversity of its employees at a senior level and promotes the development of its female employees. 20% (one) of the NEOs are female and 30% (three) of all officers are female. Similar to the selection criteria for the Board, we do not support a fixed percentage for any selection for officers as we consider a number of factors, not only gender. The Board supported Ms. Curran attaining her ICD.D designation and encouraged her to attain an external public board seat. Ms. Fisekci, Vice President, Investor & Corporate Relations attended Harvard Business School for further training and development under their Advanced Management Program.

Shareholder Communications

Our communications program specifically adopts the principles of providing timely, accurate and efficient disclosure of information to all Shareholders. In addition to the required annual, quarterly and timely reporting of information, we:

- regularly make presentations to industry analysts and investors;
- meet informally upon request with investors and analysts, while adhering to all applicable laws relating to selective disclosure of material information;
- respond in a timely manner to inquiries received from Shareholders, analysts and potential investors; and
- forward Shareholder inquiries or suggestions to the appropriate person or to senior Management. Shareholders may also obtain corporate information, including copies of recent presentations, on our website at www.cdnoilsands.com.

Shareholders and employees can contact the Chair of the Board, the Chair of the CGC Committee or the Audit Committee by writing to any of them at our corporate office.

Send the sealed envelope to: **Canadian Oil Sands Limited** 2000 First Canadian Centre 350 – 7th Avenue S.W. Calgary, AB T2P 3N9	**Please mark it:** *Private and Strictly Confidential* **Attention – Chair of the Board of Directors**
If you want to contact the Chair of either the Audit Committee or the CGC Committee, send your sealed envelope to the same address.	**Attention – Chair of the Audit Committee or Chair of the Corporate Governance and Compensation Committee** These envelopes will be delivered unopened.

APPENDIX III - COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Overview

We discuss below the structure, policies, principles and elements of our executive compensation program, as well as the people and processes involved in executive compensation decisions.

Information about the compensation awarded to the Corporation's NEOs for 2014, being Messrs. Kubik (President and Chief Executive Officer), Dawson (Chief Financial Officer), Hardy (Senior Vice President, Operations) and Hagerman (Executive Vice President) and Ms. Curran (Senior Vice President, General Counsel and Corporate Secretary), can be found in the Summary Compensation Table and related compensation tables beginning on page 72.

Major factors in determining executive compensation are corporate performance together with achievement of individual goals that focus on developing and maintaining a leading role in relations with the other Syncrude Participants, governments and Shareholders, and developing strategic initiatives for the Corporation's interests in the oil sands business.

Canadian Oil Sands competes for both investors and capital with other oil sands, oil and gas and mining entities. The CGC Committee and the Board believe that the compensation components outlined below provide a competitive fixed and variable ("**at risk**") compensation structure with certain performance measures that are clear indicators of Canadian Oil Sands' performance relative to those other entities.

If baseline goals and targets are met, then total compensation is positioned to target the 50th percentile of compensation paid by a comparable issuer group. If the individual executive and Canadian Oil Sands substantially exceed these goals, the plan is designed to pay at the 75th percentile. Where Canadian Oil Sands' performance falls below target, the actual realized compensation is below the 50th percentile. We believe this approach of paying for performance allows us to attract and retain highly qualified staff given the complexity of our business and the ever increasing demand for top talent in the oil and gas industry in Canada as well as globally. As our aging population in Canada progresses towards retirement and business becomes increasingly complex, human capital is becoming an increasingly important asset for corporations to maintain and grow. For 2014, the Board targeted paying the President and Chief Executive Officer and the Chief Financial Officer below the 50th percentile as these individuals were new to their roles and did not have prior experience in such roles.

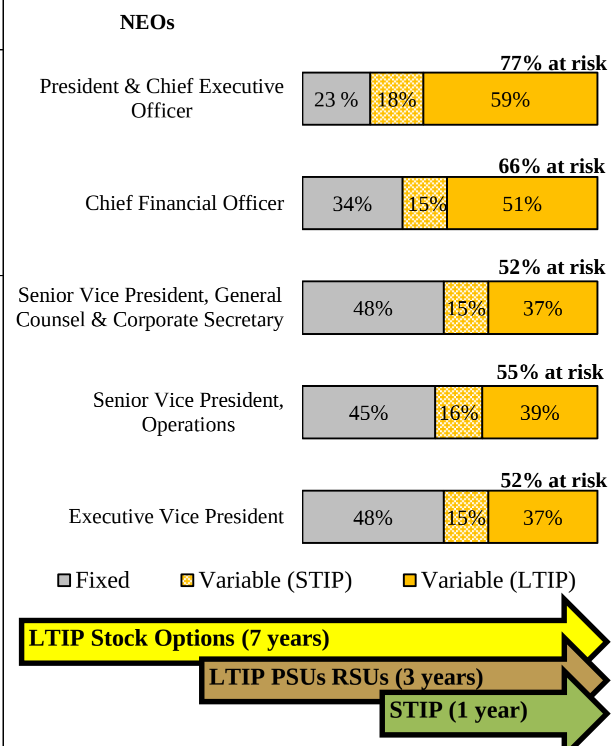
Our long-term incentive plans for NEOs are described starting on page 65. LTIPs include a stock option plan and an Equity Incentive Plan (PSUs and RSUs), which have different terms for vesting and payouts. The LTIP awards are based on targets by position and aimed at incentivizing executives to drive superior longer-term corporate performance. For officers, half of the long-term incentive compensation is in the form of PSUs and half is in stock options issued under the New Option Plan.

The following chart outlines the nature of the various components of the Corporation's compensation program.

Figure 11: Executive Compensation Overview

Nature	Focus	Component	Description
FIXED	Retention	Base Salary	• Set annually in January • Paid over calendar year
	Retention	Savings Plan (in lieu of pension)	• Monthly cash payment that is a percentage of base salary in lieu of any pension plan (no defined benefit or defined contribution) • Fully vested upon payment to the employee's designated savings account
	Retention	Benefits and Perquisites	• Dental and medical plan, including health and wellness accounts, for all employees • Life insurance and disability benefits for all employees • Employer paid short-term disability (up to one year) • Employee paid premiums for long-term disability
VARIABLE (AT RISK)	Performance	Short-term incentives (STIP)	• Annual targets set early in year with bonus, if any, paid in subsequent calendar year
	Performance	Long-term incentives (Stock Options) - Officers and certain Non-officers	• Annual award • One-third vest on each of the first, second and third anniversary of grant • Expire seven years after grant
	Performance	Long-term incentives (PSUs) - Officers	• Awards vest at the end of three years, and, if three year TSR performance relative to a peer group exceeds threshold, pay out • Includes dividends paid
	Retention	Long-term incentives (RSUs) - Non-officers	• Vest at end of three years • Includes dividends paid

2014 Target Compensation Mix



Annual incentive compensation is performance-based over time:

- STIP: paid in following calendar year after assessing corporate and individual performance
- LTIP: PSUs paid out three years later based on three-year relative TSR corporate performance
- LTIP: stock options vest proportionally over three years and expire after seven years

Managing Compensation Risk

The complex nature of our business makes us conservative in our approach to risk management, and we have structured our compensation program accordingly.

During the annual strategy session, the Board considers the Corporation's medium and long-term goals and then either concurrently or subsequently analyzes the risks to achieving those goals. One of the most significant risks to Canadian Oil Sands achieving strong returns for its investors is its concentrated investment in Syncrude and as a result, also the price of oil, the cost and reliability of Syncrude's operations and public policy decisions.

The annual and longer term goals for Canadian Oil Sands are further developed into specific performance objectives for each of the executive officers based on that officer's role. Through this process, each executive officer (including the President and Chief Executive Officer), individually, and the executive officers, as a whole, are made directly responsible for achieving the annual and medium term goals of Canadian Oil Sands. A significant portion of the annual compensation of each executive officer is based on achieving these corporate and individual goals.

Comprehensive and Disciplined Compensation Framework:

- We have a formal, disciplined process for risk oversight that involves the Board and all of the Board committees. The CGC Committee and the Board did not identify any compensation risks that are reasonably likely to have a material adverse effect on Canadian Oil Sands.
- We consider Syncrude's long-term business plan including production profile, operating cost outlook, and capital project timeline as part of our strategic plan. The plan contemplates risks facing Canadian Oil Sands, the Syncrude Joint Venture and the oil sands industry overall so we can be proactive in our planning, risk management and decision-making.
- We embed our corporate objectives into how we assess the performance of our executives and make decisions. The CGC Committee assesses each objective before it is reviewed and approved by the Board and also assesses the potential payout against various scenarios (positive and negative). Objectives may be assigned to the executives with individual or joint accountability.
- We consider the total compensation being targeted for the NEOs against the market data provided by Mercer and also against the potential payouts under various operating and economic scenarios, both positive and negative (e.g. test the compensation program against various performance scenarios for the Corporation, including crude oil prices, production and cost scenarios at Syncrude), including analysis of extreme scenarios to ensure that the total compensation paid by the Corporation remains reasonable in light of the circumstances.
- We award compensation based on performance, not length of service.
- We set criteria for the STIP and LTIP annually after reviewing the medium and long-term strategy.
- We balance the short, medium and long-term compensation through our pay mix which aligns with our strategy and focus on shareholder value.
- A significant portion (60% on average) of NEOs' compensation is variable or at risk because it is not guaranteed (i.e. the STIP and LTIP components).
- We engage an external consultant to assist in our review of the risks of our compensation plan and strive to balance those risks through short, medium and long-term elements, stress testing and total take lookback and clawback elements.
- Our compensation program is designed in a way that does not encourage excessive risk-taking by employees.
- Annually, the Board and the Audit Committee review our enterprise risk management system to develop appropriate risk-adjusted performance expectations and receive quarterly updates from Management.
- The Board, with recommendation from Management, has not hedged crude oil prices, believing that investors choose Canadian Oil Sands as a play on commodity prices. Management may recommend hedging as a form of insurance during large capital expansions or large acquisitions. Accordingly, the CGC Committee has used relative TSR as a measure in both the STIP and LTIP (PSU awards) to reduce the impact that pure commodity price moves might have on increasing or decreasing Management's compensation as Management does not control the price of crude oil, other than through its hedging decisions. Instead, by having Canadian Oil Sands' actual Shareholder returns compared relative to an established TSR Comparator Group, the CGC

Committee and the Board are able to measure whether Management created value for Shareholders investing in Canadian Oil Sands compared to management at other issuers that are also impacted by commodity price swings.

- While the stock option values remain subject to fluctuations in commodity prices, which are beyond Management's control, the counter to the risk of this compensation exceeding the upwards expectations of the CGC Committee and the Board is that the options are granted annually at the prevailing market price and therefore option values track the value that Shareholders receive over time.
- We have policies in place to prohibit NEOs from hedging the economic risk of their stock ownership in the Corporation and require the NEOs to maintain certain ownership levels. In 2014, we included a requirement for our President and Chief Executive Officer to retain an average of two times his base salary for one year after retirement. See "Executive Common Share Ownership Guidelines" on page 71.
- We use absolute and relative measures to assess performance.

Threshold Performance

- We must deliver threshold performance in order for executives to receive a payout under our STIP and PSUs. Otherwise there is a zero payout. All thresholds are approved by the CGC Committee annually.
- Payouts under our PSU plan and a portion of our STIP were based on achieving at least a 25th percentile or higher TSR relative to the TSR of our TSR Comparator Group. The PSUs that matured in February 2015 had a zero payout, as did the TSR Component of the 2014 STIP.

Limits on Incentive Pay

- We use typical and modified payout curves to clearly indicate caps on performance so there is no incentive for executives to take on extreme risk resulting in extreme levels of performance payouts.
- We have a maximum limit of 1.5 times target under the TSR component of our STIP and the PSUs.
- Any material breach of a corporate policy results in no payout of a short-term incentive or PSUs.
- We introduced a clawback policy in 2013 to recover compensation paid where there is a restatement of financial statements and fraud or malfeasance by an officer that caused the restatement. Under the clawback policy, in the event of a restatement of our financial results (other than a restatement caused by a change in applicable accounting rules or interpretations), the CGC Committee will review performance-based compensation. If the CGC Committee determines that:

  a) the amount of any such performance-based compensation actually paid or awarded to an officer (the "**Awarded Compensation**") would have been a lower amount had it been calculated based on such restated financial statements (the "**Actual Compensation**"); and

  b) the officer engaged in fraud or intentional illegal conduct that materially contributed to the need for the restatement;

  then the CGC Committee will seek to recover from the officer for the benefit of the Corporation the after-tax portion of the difference between the Awarded Compensation and the Actual Compensation (such difference, the "**Excess Compensation**"). The full text of the clawback policy is available on our website at www.cdnoilsands.com.

The CGC Committee and the Board exercise discretion in determining performance achieved compared to objectives for the individual component (many of which are not quantitative) earned under the STIP. The CGC Committee and the Board also have the ability to determine, annually, the target total compensation amount and the makeup thereof for each officer. The CGC Committee and the Board may also alter the form of short and long-term incentives.

Target Compensation and Mix

With its 36.74% interest in Syncrude, Canadian Oil Sands is among the largest producers of crude oil in Canada. We operate in a very capital intensive business that competes for investment capital against other oil sands, oil and gas and mining entities in Canada and the U.S.

We compete not only for capital against these other oil sands, oil and gas, and mining entities but also for top executive talent. Having executive talent that understands the capital markets, the upgrading and mining operations at Syncrude and at other oil sands producers, and the marketing of crude oil products is key to the success of Canadian

Oil Sands. Given this perspective, the Board believes it is appropriate to match executive compensation against a comparator group that consists of those entities with whom Canadian Oil Sands competes for investment and human capital. See Figure 13: Mercer Comparator Group – Total Compensation 2014.

The Board also believes that executives should have a significant portion of their compensation tied to the near and long-term returns that Shareholders experience and therefore, on average 60% of the NEOs' target compensation is based on variable pay in the form of short-term and long-term incentives, similar to the prior year. The graphs on page 56 reflect the specific target of fixed and variable (at risk) compensation for each of the five NEOs. The variable (at risk) compensation for Mr. Kubik as the President and Chief Executive Officer was set at 77% of his total compensation and for Mr. Dawson as the Chief Financial Officer at 66% of his total compensation.

The total compensation targets, the actual amount of base salary and the value of long-term incentives are established in the first two months of the year, concurrent with the CGC Committee and the Board receiving the actual financial results and TSR information for the Corporation. The CGC Committee and the Board believe that if baseline goals and targets are met, then the aggregate compensation paid to the Corporation's officers as a whole should target the 50th percentile of compensation paid by a comparable issuer group. If the individual executive and Canadian Oil Sands substantially exceed these goals, the plan is designed to pay at the 75th percentile. If the performance is below these goals, payouts are below the 50th percentile.

The CGC Committee and the Board believe that targeting the 50th percentile with the ability to achieve the 75th percentile through exceptional performance allows us to attract and retain highly qualified staff amidst significant capital program at Syncrude, crude oil pricing cycles and the ever increasing demand for top talent in the oil and gas industry in Canada as well as globally. As our aging population in Canada progresses towards retirement, human capital is becoming an increasingly important asset for corporations to maintain and grow.

As Management's objective is to steward Syncrude towards improved operational reliability and efficient growth, we need to attract and retain senior management with the skills and experience to negotiate with the other Syncrude Joint Venture owners.

Performance Graph

Prior to 2011, the Trust's units were listed and posted for trading on the TSX under the trading symbol "COS.UN". On December 31, 2010, each Trust unit was exchanged for a Common Share on a one for one basis and effective January 6, 2011, the Corporation's Common Shares were listed and started trading on the TSX under the trading symbol "COS".

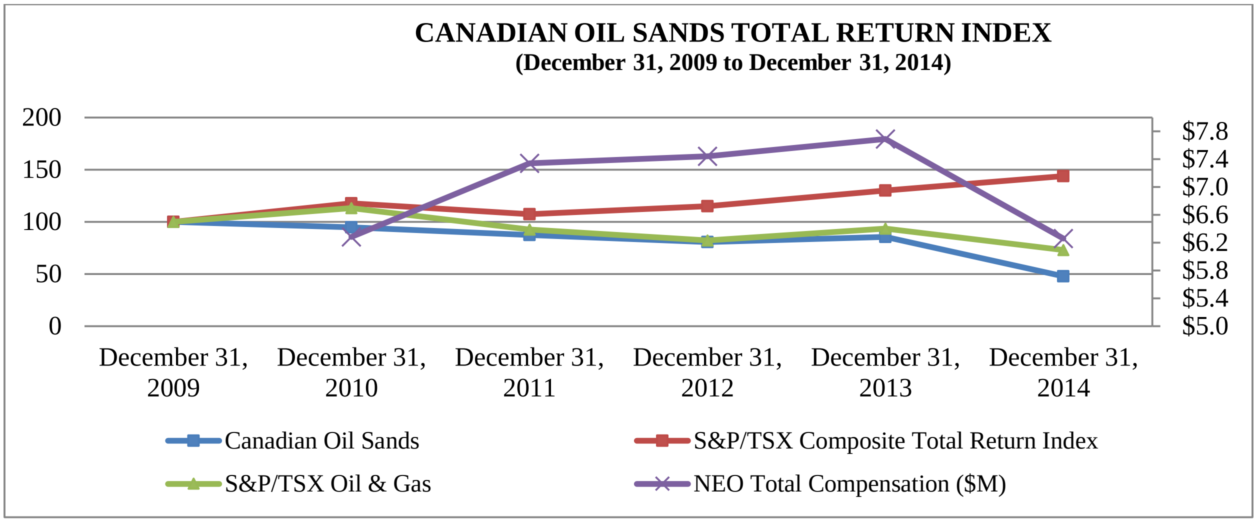
Figure 12: Performance Graph assumes a $100 investment on December 31, 2009, and compares the change in the cumulative total return of our Common Shares (formerly Trust units, which were equal to the Common Shares) over the five-year period ending December 31, 2014, with the cumulative total return of each of the S&P/TSX Composite Total Return Index and the S&P/TSX Oil & Gas Exploration and Production Index (assuming, in each case, reinvestment of all dividends and/or distributions) over the same period. For comparison purposes, NEO total annual compensation over the same five-year period is charted on the secondary vertical (Y) axis, in millions of dollars.

Overall, NEO compensation in any single year compared to the indices shows relative alignment between Shareholder returns and NEO compensation. Actual NEO compensation received in any year depends on both corporate and individual performance through the STIP. Portions of both the STIP and the LTIP use relative rather than absolute measures of TSR. In determining compensation, the CGC Committee and the Board use the Mercer Comparator Group (see page 61), as it reflects the competitive marketplace for executive talent. Base salaries and LTIP grants are a significant component of total compensation. We aim to meet the 50th percentile of total compensation paid for equivalent positions in the Mercer Comparator Group. When compensation for the equivalent positions in the Mercer Comparator Group increases, a similar increase should be expected for the NEOs as performance warrants to remain competitive for top talent. Because the LTIP focuses on alignment with increases in Shareholder value, the performance of the Corporation and NEO compensation over the long-term should be aligned as the LTIP grants are realized.

Since 2012, the actual STIP payout to the NEOs relative to 2011 was reduced to reflect lower relative TSR performance of Canadian Oil Sands compared to its peers, as well as production and operating cost targets not being met. In 2014, the total STIP amounts actually paid were lower than in either of the prior two years and, other than a small amount for operating costs, there were no payouts for the corporate components of the STIP.

The total NEO compensation in 2014 also significantly decreased from 2013 as the actual compensation for the President and Chief Executive Officer and the Chief Financial Officer were significantly below the 50th percentile. Of note is the fact that total NEO compensation in 2014 is lower than any of the prior four years.

Figure 12: Performance Graph



	2009	2010	2011	2012	2013	2014
Canadian Oil Sands	100	95	87	80	85	48
S&P/TSX Composite Total Return Index	100	118	107	115	130	144
S&P/TSX Oil & Gas	100	113	93	82	94	73
NEO Total Compensation ($M)(1)		$6.28	$7.34	$7.44	$7.69	$6.26

Note:

(1) Based on applicable NEO total compensation for each of the relevant years. Includes base salary, actual short-term incentives and savings, and target long-term incentive grant values.

Mercer Comparator Group

The comparator group used to determine the total compensation amount for each of the NEOs during 2014 consisted of all the large and medium sized organizations with revenues generally exceeding $1.5 billion and that generally operate in Canada in the areas of energy or mining that participated in Mercer's Total Compensation Survey for the Energy Sector (the "**Mercer Comparator Group**"). No U.S. companies were included in the Mercer Comparator Group. The 46 organizations in the Mercer Comparator Group, including the Corporation, are listed below. Canadian Oil Sands falls above the median of the group in terms of revenue and below the median for market capitalization.

The CGC Committee and the Board believe that the Mercer Comparator Group provides a robust sample reflective of the competitive marketplace for our executive talent with a similar scope of responsibilities.

Figure 13: Mercer Comparator Group – Total Compensation 2014

Agrium Inc.
Alberta Electric System Operator
ATCO Group
Baker Hughes Canada Company
BP Canada Energy Group ULC
Calfrac Well Services Ltd.
Cameco Corporation
Canadian Natural Resources Ltd.
Cenovus Energy Inc.
Canadian Oil Sands Limited
Chevron Canada Resources
ConocoPhillips Canada
Crescent Point Energy Corp.
Devon Canada Corporation
Direct Energy Marketing Ltd.
Emera Energy Inc.
Enbridge Inc.
EnCana Corporation
ENMAX Corporation
Ensign Energy Services Inc.
EPCOR Utilities Inc.
ExxonMobil Canada
Federated Co-operative Ltd.
Harvest Operations Corp.
Husky Energy Inc.
Imperial Oil Ltd.
Keyera Corp.
Nexen Inc.
NOVA Chemicals Corporation
Ontario Power Generation
Pembina Pipeline Corporation
Penn West Exploration
Precision Drilling Corporation
SaskPower
Shell Canada Limited
Spectra Energy Transmission
Suncor Energy Inc.
Syncrude Canada Ltd.
Talisman Energy Inc.
Teck Resources Limited
Toronto Hydro Corporation
TransAlta Corporation
TransCanada Corporation
Trican Well Service Ltd.
URS Flint
Worley Parson Canada Services Ltd.

	Revenue (in millions)(1)	Equity Market Capitalization (in millions)(2)
25th percentile	$2,209	$4,269
Median	$3,369	$12,232
75th percentile	$9,757	$26,179
Canadian Oil Sands	$3,703(3)	$9,672
Canadian Oil Sands percentile rank	52nd percentile	44th percentile

Notes:

(1) Based on 2012 annual revenues.
(2) As at September 30, 2013.
(3) Represents sales revenues after royalties.

Annual Base Salary

Base salaries:

- are reviewed annually to ensure that they properly reflect and balance market conditions that are relevant to their role, the levels of responsibilities and accountability of each individual, their unique experience, skills and capability and the level of sustained performance in light of the fiscal resources available to Canadian Oil Sands (in 2015, all the base salaries of the NEOs (other than Mr. Dawson) were frozen in light of the low crude oil market conditions);
- consider Canadian Oil Sands' role in dealing with the environmental, regulatory and capital issues facing oil sands companies, and in dealing with the other Syncrude Participants;
- take into account internal pay equity among the NEOs;
- consider the experience level of the person in the role;
- target total compensation (annual base salary, STIP and LTIPs) at or near the 50th percentile of total compensation paid by the Mercer Comparator Group for all of the NEOs with the exception in 2014 that Messrs. Kubik and Dawson's total compensation was targeted below the 50th percentile, as both individuals were new to their roles as President and Chief Executive Officer and Chief Financial Officer, respectively; and
- reflect benchmark compensation compiled by an external national consultant (Mercer) for the NEOs.

Executive Salary Levels 2013 - 2014

Executive	2013 Salary	2014 Salary	Percentage Change
Ryan M. Kubik	$398,000	$650,000	63.3%
Robert P. Dawson	$293,000	$325,000	10.9%
Trudy M. Curran	$381,000	$394,000	3.4%
Darren K. Hardy	$296,000	$325,000	9.8%
Allen R. Hagerman	$233,000	$297,000	27.5%(1)

Note:

(1) Mr. Hagerman moved from 65% to 80% full-time such that this increase year to year reflects that increased time as Mr. Hagerman transitioned his role to Mr. Hardy in the oversight of marketing and the transition of Crown royalty and pipeline issues to other officers. Messrs. Kubik and Dawson both received significant promotions effective January 2014 compared to 2013 and the increase reflects this promotion. Mr. Hardy assumed the broader oversight role over marketing in mid-2014 as Mr. Hagerman was retiring at the end of 2014.

Annual Target Bonus or Short-Term Incentive Plan

The STIP is designed to support Canadian Oil Sands' business strategies and performance targets for a given year and involves a combination of corporate, operational and individual goals. The CGC Committee and the Board determine the target cash award for the STIP using market data from the Mercer Comparator Group.

a) Corporate component: TSR is used to measure the attractiveness of investor returns generated by the Corporation relative to peer entities with which the Board feels the Corporation competes for capital. See Figure 18: TSR Comparator Group - 2014 PSU Awards;

b) Operational component: includes targets for production and operating costs (excluding energy) – two measures that most significantly impact Shareholder returns. The CGC Committee and the Board feel that Management, through their roles on the Syncrude management committee and the various board committees and subcommittees of the Syncrude owner group, should exert influence on the operational and development decisions of the Syncrude Participants and management of Syncrude Canada Ltd. in these areas. Matters such as budget approvals and certain capital projects require, as a minimum, affirmative votes by three owners holding 51% of the working interest of the Syncrude Joint Venture and, while Canadian Oil Sands cannot carry the votes, its views have substantial weight at the Syncrude Joint Venture meetings. The CGC Committee and the Board felt that the production levels and operating costs at Syncrude directly impact both short and long-term Shareholder returns and therefore are key to achieving long-term success for Canadian Oil Sands and its Shareholders; and

c) Individual component: the CGC Committee and the Board consider qualitative individual performance factors in determining the bonus in the individual component for the NEOs, as described in more detail below.

The STIP in 2014 for NEOs consisted of the following components:

a) Corporate (relative TSR): 25%;
b) Operational:
   - Production: 22.5%;
   - Operating costs (excluding energy): 22.5%; and
c) Individual: 30%.

For 2014, the percentage weighting for production and operating costs was increased from the prior year and the personal component decreased, reflecting the Board's focus for management to improve production and reduce operating costs.

Figure 14: 2014 STIP Targets and Results

2014 Component	%	Target	Results
TSR	25% (range 0 – 37.5%)	No payout will be made if relative TSR percentile rank is below the 25th percentile and 1.5 times target will be paid if the percentile rank is at or above the 75th percentile.	Below Threshold TSR **No payout**
Production (gross Syncrude)	22.5% (range 0 – 45%)	100-110 mmbbls 105 mmbbls = 1.0 times target	Production of 94.2 mmbbls Below threshold **No payout**
Operating Expenses (excluding energy)	22.5% (range 0 – 45%)	$1,423 million = 1.0 times target	Operating expenses of $1,479 million **Payout at 0.21 times target**
Individual Performance (NEOs)	30% (range 0 – 60%)	Individual Objectives See details below.	**Average payout at 1.06 times target**

As part of the stress testing conducted by the CGC Committee and the Board, the minimum and maximum STIP amounts payable to each NEO were considered. These potential minimum and maximum amounts as well as the actual amounts earned and paid to each NEO for their 2014 performance were as follows:

Figure 15: Potential and Actual 2014 STIP Payouts

NEO	TSR		Production		Operating Costs (excluding energy)		Individual	
	Potential	Actual	Potential	Actual	Potential	Actual	Potential	Actual
Ryan M. Kubik	$0 – $219,375	$0	$0 – $263,250	$0	$0 – $263,250	$27,640	$0 – $351,000	$175,500
Robert P. Dawson	$0 – $60,938	$0	$0 – $73,125	$0	$0 – $73,125	$7,677	$0 – $97,500	$60,938
Trudy M. Curran	$0 – $59,100	$0	$0 – $70,920	$0	$0 – $70,920	$7,450	$0 – $94,560	$47,280
Darren K. Hardy	$0 – $48,750	$0	$0 – $58,500	$0	$0 – $58,500	$6,145	$0 – $78,000	$48,750
Allen R. Hagerman	$0 – $44,550	$0	$0 – $53,460	$0	$0 – $53,460	$5,610	$0 – $71,280	$35,640

Our results across all three STIP corporate performance measures in 2014 resulted in no payouts for corporate performance other than a very small amount for operating costs.

In early 2014, the CGC Committee and the Board established shared objectives for the NEOs, some of which were assigned to specific officers as having primary responsibility with others having secondary responsibility. All the objectives contained predefined measures of success. The CGC Committee and the Board considered qualitative individual performance factors in determining the actual bonus for the individual component for the NEOs, noting that the NEOs:

- successfully stewarded Syncrude to complete the Mildred Lake Mine Replacements below budget and ahead of schedule and progressed construction of the tailings centrifuge project; continued to oversee scope and costing for Syncrude projects; and worked to improve coordination of industry knowledge on issues related to tailings management;
- undertook continued significant analysis and strategic planning in light of the crude oil market issues and transportation constraints in North America, ongoing cost pressures at Syncrude and in the oil sands industry generally, to best position Canadian Oil Sands over the next several years in an environment of low crude oil prices and manage pipeline contracts;
- provided outstanding financial reporting and disclosure with a clean audit report and compliance with regulatory standards;
- continued to spend significant amounts of time speaking to government, investors and the public regarding the environmental performance and the economic contribution of the oil sands in general and the Syncrude Project specifically; and
- showed strong leadership with the management team and staff continually working to strengthen and cross train the team at Canadian Oil Sands during a year of significant transition within the leadership team.

The Board awarded Mr. Kubik, 1.0 times, Mr. Dawson, 1.25 times, Mr. Hardy, 1.25 times, Mr. Hagerman, 1.0 times and Ms. Curran, 1.0 times target on the individual component.

Savings Plan/Benefits

As we have a small number of employees, the compensation structure is modelled to be consistent across the organization and to foster a sense of teamwork. We do not have a pension plan (defined benefit, defined contribution or otherwise) or any pension obligations for employees and instead provide contributions to an employee savings plan. We also provide dental and health services coverage, health and wellness spending accounts and life and disability insurance coverage for all employees.

For the NEOs, the combined value of the employee savings plan, dental and health services coverage, health and wellness spending accounts and insurance is between 19% and 26% of the individual NEO's base salary. In 2014, the amount allocated to Mr. Kubik as President and Chief Executive Officer was 19% compared to the 29% that Mr. Coutu had been allocated when he held this role.

Long-Term Incentive Plans

Figure 16: LTIP Summary

Provision	Transition Option Plan	New Option Plan	Equity Incentive Plan
Grant Price/ Exercise Price	Exercise Price is weighted average trading price on day prior to grant less any distributions/dividends that exceed Threshold Amount. See "Figure 17: Distribution Thresholds Under Transition Option Plan" on page 69.	Exercise Price is five-day weighted average trading price immediately prior to date of grant. No dividend threshold reduction.	Value based on five-day weighted average price including assumed dividend reinvestment for period from date of grant to date of vesting.
Vesting	One third each year for three years following date of grant.	One third each year for three years following date of grant.	Cliff vest three years after grant.
Term	Seven years. If an option is due to expire on a date that falls within, or within two business days after the end of, a blackout period under the Transition Option Plan, the expiration date of such option shall be the 10th business day following the expiration of the blackout period.	Seven years. If an option is due to expire on a date that falls within, or within two business days after the end of, a blackout period under the New Option Plan, the expiration date of such option shall be the 10th business day following the expiration of the blackout period.	Three years.
Death	All outstanding unvested options immediately vest and the vested options are exercisable up to the earlier of the expiry date for those options and two years from the date of death.	All outstanding unvested options immediately vest and the vested options are exercisable up to the earlier of the expiry date for those options and two years from the date of death.	The issue date for all Common Shares awarded under any outstanding Unit Award will be the date of death and all Units (Performance Units and/or Restricted Share Units) will vest immediately. The payout multiplier and adjustment ratio, as applicable, will be determined as of the issue date.
Long-Term Disability	All outstanding unvested options immediately terminate (other than those that would have vested within one year of the date of the long-term disability, which will be deemed to be vested upon disability) and the vested options are exercisable up to the earlier of the expiry date for those options and one year from the date of long-term disability.	All outstanding unvested options continue to vest and the vested options are exercisable up to the expiry date for those options.	The issue date for all Common Shares awarded under any outstanding Unit Award will be the third anniversary of the date of the grant and on the issue date the participant will be entitled to the number of Common Shares prorated for the number of days the participant was an employee as it relates to the total number of days comprising the vesting period. The payout multiplier and adjustment ratio, as applicable, will be determined as of the issue date.
Retirement	All outstanding unvested options continue to vest and the vested options are exercisable up to the earlier of the expiry date for those options and three years from the date of early retirement (Early Retirement). All outstanding unvested options continue to vest and the vested options are exercisable up to the expiry date for those options (Normal Retirement).	All outstanding unvested options continue to vest and the vested options are exercisable up to the earlier of the expiry date for those options and three years from the date of early retirement (Early Retirement). All outstanding unvested options continue to vest and the vested options are exercisable up to the expiry date for those options (Normal Retirement).	The issue date for all Common Shares awarded under any outstanding Unit Award will be the third anniversary of the date of the grant and on the issue date the participant will be entitled to the number of Common Shares prorated for the number of days the participant was an employee as it relates to the total number of days comprising the vesting period. The payout multiplier and adjustment ratio, as applicable, will be determined as of the issue date (Early Retirement). All outstanding Unit Awards continue to vest and the issue date for all Common Shares awarded under any outstanding Unit Award will be the third anniversary of the date of the grant. The payout multiplier and adjustment ratio, as applicable, will be determined as of the issue date (Normal Retirement).

Provision	Transition Option Plan	New Option Plan	Equity Incentive Plan
Termination/ Resignation/ Cessation	All outstanding unvested options immediately terminate and all vested options are exercisable up to the earlier of the expiry date for those options and 90 days from the date of termination (Termination for Cause). All outstanding unvested options immediately terminate and all vested options are exercisable up to the earlier of the expiry date for those options and 90 days from the date of termination (Resignation/Cessation without Cause). All outstanding unvested options immediately terminate (unless the Board provides for an extended vesting of the options in the case of termination without cause) and all vested options are exercisable up to the earlier of the expiry date for those options and 90 days from the date of termination (Termination without Consent). All outstanding unvested options immediately terminate (unless the Board provides for an extended vesting of the options in the case of termination without cause) and all vested options are exercisable up to the earlier of the expiry date for those options and 90 days from the date of termination (Resignation/Cessation without Consent).	All options (whether exercisable or not at the termination date) immediately expire (Termination for Cause). Unless otherwise determined by the Board, all outstanding unvested options continue to vest and the vested options are exercisable up to the earlier of the expiry date for those options and 90 days after termination (Termination without Cause). All outstanding unvested options immediately terminate (unless the Board provides for an extended vesting of the options) and all vested options are exercisable up to the earlier of the expiry date for those options and 90 days from the date of resignation (Resignation/Cessation with Consent).	All outstanding Unit Award Agreements immediately terminate and all rights to receive Units are forfeited (and no Common Shares or compensation in lieu thereof) (Termination for Cause). The issue date for all Common Shares awarded under any outstanding Unit Award will be the date the termination notice is given, (unless otherwise determined by the Board) and on the issue date the participant will be entitled to the number of Common Shares prorated for the number of days the participant was an employee as it relates to the total number of days comprising the vesting period. The payout multiplier and adjustment ratio, as applicable, will be determined as of the issue date (Termination without Cause). All outstanding Unit Awards immediately terminate and all rights to receive Common Shares are forfeited (Voluntary Resignation).
Change of Control	All outstanding options vest immediately and are exercisable up to the earlier of the expiry date for those options and 90 days from the date of the change of control.	If before the expiry of an option, a Change of Control occurs and the participant ceases to be an employee by reason of termination: (a) by the Corporation or by the entity that has entered into an agreement with the Corporation to effect the Change of Control at any time after such agreement is entered into or for a period ending two years after the date of change of control and such termination was for any reason other than for cause; or (b) by the participant within 60 days after an act of constructive dismissal, provided such act of constructive dismissal occurs during the two year period after the date of Change of Control, the options (or replacement options issued pursuant to the change of control transaction) vest and are exercisable within 120 days of termination.	Upon a Change of Control and the participant ceasing to be an employee by reason of termination: (a) by the Corporation or by the entity that has entered into an agreement with the Corporation to effect the Change of Control at any time after such agreement is entered into or for a period ending two years after the date of change of control and such termination was for any reason other than for cause; or (b) by the participant within 30 days after an act of constructive dismissal, provided such act of constructive dismissal occurs during the two year period after the date of Change of Control, the issue date for the Common Shares awarded to such participant under any outstanding Unit Award (or any replacement awards) will be the date of termination and all Unit Awards (or replacement awards) will vest. The payout multiplier and adjustment ratio, as applicable, will be determined as of the issue date. In the event of change of control, all outstanding Unit Awards will be replaced with similar awards resulting from the transaction on substantially the same terms and conditions as the Equity Incentive Plan, unless replacement is not possible or practical, as determined by the Board of Directors, in its sole discretion.
Date for re-approval by Shareholders of Unallocated Options	N/A. There will be no further grants under this plan.	April 30, 2016.	N/A

Provision	Transition Option Plan	New Option Plan	Equity Incentive Plan
Maximum Number of Common Shares Issuable to One Person	Restricts the aggregate number of Common Shares reserved for issuance to any one optionee, together with all other share compensation arrangements, to 5% of the issued and outstanding Common Shares	No limit except as below.	No limit except as below.
Insider Participation Limits	No more than 5% of the issued and outstanding Common Shares may be reserved at any time for insiders under the combination of the Transition Option Plan and all other share compensation arrangements.	No more than 5% of the issued and outstanding Common Shares may be issuable, at any time, pursuant to the exercise of options granted to insiders under the New Option Plan, together with Common Shares issuable to insiders under any other share compensation arrangements; and Restricts the number of Common Shares issued to insiders within any one year period pursuant to the exercise of stock options, together with the number of Common Shares issued to insiders pursuant to all of the other share compensation arrangements, to 5% of the issued and outstanding Common Shares.	No more than 5% of the issued and outstanding Common Shares may be issuable, at any time, pursuant to the settlement of the Unit Awards granted to insiders under the Equity Incentive Plan, together with Common Shares issuable to insiders under any other share compensation arrangements; and Restricts the number of Common Shares issued to insiders within any one year period pursuant to the settlement of Unit Awards, together with the number of Common Shares issued to insiders pursuant to all other share compensation arrangements, to 5% of the issued and outstanding Common Shares.
Amendment	Subject to regulatory approval, the Board may from time to time add to, delete from, alter or otherwise amend the provisions of the Transition Option Plan or any options or rights and entitlements granted thereunder as it sees fit provided that: (i) no amendment may change the manner of determining the exercise price or, without the consent of the optionee, materially and adversely impair, alter or amend any option or right previously granted to the optionee; (ii) subject to the adjustment provisions relating to consolidations or stock splits, no amendment may change an exercise price without the prior approval of a majority of Shareholders present in person or by proxy at a meeting of Shareholders called for that purpose; and (iii) the Transition Option Plan may not be terminated in a manner that would derogate from the rights of the optionees prior to the date of termination. As the Transition Option Plan contains a general amendment provision, prior Shareholder approval is required for all amendments to the Transition Option Plan or any options or rights or entitlements granted thereunder.	The Board of Directors may suspend or discontinue the New Option Plan or amend the terms of the New Option Plan or any option at any time without Shareholder approval, provided, however, that Shareholder approval will be required for: (i) any increase in the number of Common Shares reserved for issuance under the New Option Plan; (ii) any reduction in the exercise price of an option (including a cancellation or termination of an option of a participant prior to its expiry for the purpose of reissuing options to the same participant with a lower exercise price); (iii) any extension of the term of any options beyond their original expiry date; (iv) any increase of the limits on the total number of Common Shares issuable to any one person or to insiders; (v) any amendment to permit (i) the participation of any non-employee director in the New Option Plan on a discretionary basis, (ii) the transfer or assignment of any option other than to a permitted assign (as such term is defined in National Instrument 45-106 Prospectus and Registration Exemptions) or for estate settlement purposes, or (iii) awards, other than options, to be made under the New Option Plan; and (vi) any change to the amendment provisions of the New Option Plan respecting matters requiring Shareholder approval other than the addition of matters requiring Shareholder approval.	The Board of Directors may, without notice or Shareholder approval, at any time or from time to time, suspend or terminate the Equity Incentive Plan or amend the terms of the Equity Incentive Plan or any Unit Award, provided, however, that the approval of the TSX and Shareholder approval will be required for: (i) any increase in the number of Common Shares reserved for issuance under the Equity Incentive Plan; (ii) any increase in the number of Common Shares issuable to insiders; and (iii) any extension of the term of any Unit Awards beyond their original expiry date.
Assignability	No options may be assigned or transferred other than in respect of death to the legal representative of the optionee's estate.	No options may be assigned or transferred other than to a Permitted Assign (as defined in the New Option Plan) or for estate settlement purposes.	No Unit Awards may be assigned or transferred other than to a Permitted Assign (as defined in the Equity Incentive Plan) or for estate settlement purposes.

Provision	Transition Option Plan	New Option Plan	Equity Incentive Plan
Effect of Certain Changes	If the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of Common Shares through reorganization, merger, recapitalization, reclassification, stock dividend, subdivision or consolidation, the Board of Directors, in its discretion, may make an appropriate and proportionate adjustment to previously granted and unexercised options as to the number or kind of options and the exercise price per option to prevent dilution or enlargement of the rights granted to participants under the Transition Option Plan.	If the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of Common Shares through reorganization, merger, recapitalization, reclassification, stock dividend, subdivision or consolidation, the Board of Directors, in its discretion may make an appropriate and proportionate adjustment to previously granted and unexercised options as to the number or kind of options and the exercise price per option to prevent dilution or enlargement of the rights granted to participants under the New Option Plan. In circumstances where the Board of Directors determines that such adjustment in the number or kind of options and the exercise price per option would not preserve proportionately the rights and obligations of optionees, the Board of Directors may also permit the immediate exercise of options that are not otherwise exercisable.	If the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of Common Shares through reorganization, merger, recapitalization, reclassification, stock dividend, subdivision or consolidation, the Board of Directors, in its discretion, may make an appropriate and proportionate adjustment previously granted and unexercised awards as to the number or kind of awards to prevent dilution or enlargement of the rights granted to participants under the Equity Incentive Plan.
Eligibility	Officers, employees and consultants of Canadian Oil Sands who are residents in Alberta or Ontario.	Officers and employees of Canadian Oil Sands.	Officers and employees of Canadian Oil Sands.
Total Number of Issued and Outstanding as at March 16, 2015	844,851 issued and outstanding (being 0.2% of the issued and outstanding Common Shares)	4,525,052 issued and outstanding (being 0.9% of the issued and outstanding Common Shares)	1,194,606 issued of which 518,009 still issued and outstanding (being 0.1% of the issued and outstanding Common Shares)
Total Number of Issuable as at March 16, 2015	Zero (as no more to be granted post Conversion) (being 0% of the issued and outstanding Common Shares)	5,156,729 (being 1.1% of the issued and outstanding Common Shares)	4,828,214 (being 1.0% of the issued and outstanding Common Shares). **Note: authorized to issue a maximum of 6 million Common Shares under the Equity Incentive Plan**

The holder of options under the New Option Plan may elect to take Common Shares or may elect a cashless exercise where they receive the difference between the market value of the Common Shares on the date of exercise and the exercise price. The RSUs and PSUs may also be settled in cash or in Common Shares. Through the administrative powers provided to the CGC Committee and the Board under the Transition Option Plan, arrangements have been made with investment dealers where the holder of options under the Transition Option Plan and the New Option Plan can exercise options and have funds advanced such that the holder receives the cash difference between the exercise price and the market value of the Common Shares on the date of exercise with the Common Shares.

Under the LTIPs, certain employees, including the NEOs, are provided an annual grant of Options and PSUs based on the individual's performance and on market competitiveness in relation to the Mercer Comparator Group, as determined from time to time by the Board.

For 2014, Mr. Kubik's base salary as President and Chief Executive Officer was set at $650,000 and his STIP was set at 90% of his base salary. The Board increased Mr. Kubik's LTIP to 300% of his base salary (compared to Mr. Kubik's predecessor who had 275% at risk) to further emphasize his alignment to Shareholder value. In 2015, Mr. Kubik's total compensation (base, STIP target, LTIP target and other perquisites) was frozen (0% increase).

As new grants reflect "at risk" compensation for the upcoming year, the Board does not take into account previous LTIP grants when considering new grants, nor does it consider compensating for the impact of previously granted options whose value has dramatically declined or increased as a result of current financial conditions.

In 2014, the LTIP award for the senior officers was composed of two equal parts: (i) options under the New Option Plan, and (ii) PSUs under the Equity Incentive Plan. The Board feels that allowing management to have half of its LTIP as PSUs drives management to a three year (medium term) goal of outperforming the TSR Comparator Group so that capital investors choose the Corporation over other investment vehicles. This aids in providing a source of capital funding. The options, with a seven-year term, motivate Management to look for long-term growth in per share value. In this manner, both relative and absolute growth over a defined period is more likely to be achieved for Shareholders.

Summary of Option Plans

As at December 31, 2014, there were 1,085,291 options issued and outstanding under the Transition Option Plan (there will be no further grants under this plan) and 2,767,112 options issued and outstanding under the New Option Plan. Following the Conversion, all option grants are under the New Option Plan. See Figure 16: LTIP Summary on page 65.

New Option Plan

The New Option Plan was approved by the Shareholders at the 2010 annual meeting. Its purpose is to assist in attracting, retaining and motivating officers and employees by granting them options that allow them to participate in the long-term success of the Corporation and to promote a greater alignment with the interests of Shareholders.

In particular, grants under the New Option Plan:

a) vest over three years, with one-third vesting at the end of each of the first three years;

b) have an exercise price that is set at the market value of the Common Shares at the time of grant; and

c) expire after seven years.

During the period from January 1, to December 31, 2014, we issued 1,098,536 options under the New Option Plan.

Transition Option Plan (grants made pre-2011)

Under the Transition Option Plan:

- options granted prior to 2011 under the 2005 Option Plan were converted on a one-for-one basis into options under the Transition Option Plan on December 31, 2010 as part of the Conversion;
- the options are subject to a three-year vesting period with one-third vesting on each of the first three anniversary dates. All options have fully vested under this plan;
- the exercise price of options is the “weighted average trading price” of the Trust’s units/Corporation’s Common Shares on the TSX for the trading day immediately prior to the date of grant, adjusted for the amount if dividends/distributions exceed a set threshold (the “**Distribution Threshold**”), (being the lesser of the amount of the dividends/distributions in excess of the threshold in the year and the decline, if any, in the trading price of the Common Shares since the date of the option grant).

The Distribution Thresholds for the options existing under the Transition Option Plan are:

Figure 17: Distribution Thresholds Under Transition Option Plan

Year Option Granted	Distribution Threshold per year per Common Share for such grant
2008	$3.00
2009	$0.60
2010	$1.40

- there was no re-pricing of the options; and
- 1,649,756 options were converted on Conversion and 844,851 are still outstanding under the Transition Option Plan as of March 16, 2015. All of the current options under the Transition Option Plan are out of the money.

Equity Incentive Plan

Performance units under the former unit incentive plan were converted on a one-for-one basis with the same terms and conditions, into PSUs under the Equity Incentive Plan on December 31, 2010 as part of the Conversion. They are:

- earned on the third anniversary of the date of grant (i.e. cliff vest) and, upon earning, entitle the holder to receive an amount either in the form of Common Shares (purchased on the TSX or issued from treasury at the Corporation's option) or in cash equal to the aggregate current market value (based on the weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the date of the Common Shares being earned) of the number of Common Shares subject to the PSU Award;
- earned dependent on the TSR generated by Canadian Oil Sands relative to comparable public Canadian issuers;
- determined by the Board based on the composition of the Peer Comparison Group, established from time to time by the CGC Committee and the Board; and
- adjusted for cumulative cash or number of Common Shares to be paid pursuant to the PSUs on each date that dividends are paid. To the extent that the underlying Common Shares are earned, such Common Shares attract dividends, which are in essence reinvested in additional Common Shares, as dividends are paid throughout the performance period.

For 2014, PSUs were granted with payout ranges at maturity at target if the Corporation's relative TSR performance, for the three-year period from the date of grant to the date of vesting, is at the 50th percentile and 1.5 times the target if the percentile rank is equal to or greater than the 75th percentile. Performance at the 25th percentile results in a 0.5 times target payout and below the 25th percentile results in a zero payout. Payout for performance between the 25th and 75th percentiles is interpolated on a linear basis.

For 2014, the following 18 companies comprised our TSR Comparator Group for PSU Awards. The CGC Committee and the Board feel these entities are peer companies against whom the Corporation competes for capital and are primarily resource-based capital intensive entities.

Figure 18: TSR Comparator Group - 2014 PSU Awards

Agrium Inc.	Enerplus Corporation
ARC Resources Ltd.	Husky Energy Inc.
Athabasca Oil Sands Corporation	Imperial Oil Ltd.
Baytex Energy Corp.	MEG Energy Corp.
Cameco Corporation	Penn West Petroleum Ltd.
Canadian Natural Resources Limited	Pengrowth Petroleum Ltd.
Cenovus Energy Inc.	Suncor Energy Inc.
Crescent Point Energy Corp.	Talisman Energy Inc.
EnCana Corporation	Teck Resources Limited

For non-officers, we also issue RSUs that have the same terms as the PSUs except that there is no performance factor and, accordingly, no performance multiplier (e.g. the RSUs vest at the end of three years following the grant).

Securities Authorized for Issuance Under Equity Compensation Plans

Figure 19: Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights as at December 31, 2014 (a)	Weighted-average exercise price of outstanding options, warrants and rights as at December 31, 2014 (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at December 31, 2014[4][5] (c)
Equity compensation plans approved by securityholders			
(a) Options[1]	3,852,403	$23.44	6,914,590
(b) Equity Incentive Plan[2]	351,090	Nil	5,092,538
(c) DSU Plan[3]	137,116	Nil	862,884
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,340,609	N/A	12,870,012

Notes:

(1) As at December 31, 2014, there were 1,085,291 options issued and outstanding under the Transition Option Plan and 2,767,112 issued and outstanding under the New Option Plan. All future option grants will be under the New Option Plan. See "New Option Plan" on page 69.

(2) As at December 31, 2014, there were 314,094 PSUs issued and outstanding and 36,996 RSUs issued under the Equity Incentive Plan. See "Equity Incentive Plan" on page 70.

(3) As at December 31, 2014 there were 137,116 DSUs issued and outstanding under the DSU Plan. See "DSU Plan" on page 51.

(4) Shareholders reapproved the New Option Plan having a floating 2% of the issued and outstanding Common Shares available for issuance under that plan at the 2013 Annual and Special Meeting of Shareholders. The Shareholders also approved at the 2010 annual and special meeting of Shareholders the 1,649,756 options issued and outstanding under the Transition Option Plan. Shareholders also approved an Equity Incentive Plan and DSU Plan under which up to 6,000,000 Common Shares and 1,000,000 Common Shares, respectively, could be issued. As at December 31, 2014, 862,906 PSUs had been issued and 38,323 RSUs had been issued (both net of cancelled awards) which allows for 5,092,538 additional Common Shares (taking into account earned dividend equivalents on the issued RSUs) that may be issued under the Equity Incentive Plan. As there were 484,610,399 Common Shares issued and outstanding at December 31, 2014, there were 9,692,208 options available to be issued under the New Option Plan of which 2,777,618 had been issued (6,914,590 options available to be issued, net of options cancelled). A further 862,884 Common Shares may be issued under the DSU Plan, based on 137,116 DSUs issued and outstanding at December 31, 2014.

(5) The total options, PSUs, RSUs and DSUs issued and outstanding at December 31, 2014 were less than 0.9% of the total number of Common Shares issued and outstanding.

Executive Common Share Ownership Guidelines

With a view to further aligning Management's interests with those of Shareholders, NEOs are required to acquire and continue to hold until they are no longer employed by Canadian Oil Sands the level of Common Shares outlined below. NEOs must reach the minimum required level of Common Share ownership within five years of their date of hire, or promotion, as applicable. Ownership requirements also apply to other executives as well as persons becoming executives, and they are required to reach the required level within five years of the date of their appointment. In calculating ownership, the aggregate value of Common Shares owned (but not the value of any exercisable and vested stock options or PSUs) is used.

Effective January 1, 2014, Mr. Kubik is to hold four times his base salary in Common Shares and must continue to hold a portion of shares obtained (on an after tax basis) from vesting/exercise of equity awards until these guidelines are met. Mr. Kubik met these ownership requirements immediately upon his appointment as President and Chief Executive Officer.

As with directors, NEOs can utilize the greater of the current market price or the original purchase price for the Common Shares when determining the ownership level. We have policies in place to prohibit directors and employees, including NEOs, from hedging the economic risk of their ownership (e.g. no equity swaps, collars or prepaid variable forward contracts).

We calculated the target value of share ownership by using the 2014 base salary and the multiplier for the position of the NEO. The share value is based on $10.42, the closing price of Common Shares on the TSX on December 31, 2014, being the last trading day in 2014.

Figure 20: Executive Share Ownership

Name	2014 Base Salary ($)	Multiple of Base Salary	Target Value of Share Ownership ($)	Number of Common Shares Held on March 16, 2015	Value of Common Shares Held ($)(1)	Meets Share Ownership Target
Ryan M. Kubik	650,000	4x	2,600,000	189,616	1,975,799	Yes(2)
Robert P. Dawson	325,000	2x	650,000	14,802	154,237	Yes(3)
Trudy M. Curran	394,000	1.5x	591,000	77,507	807,623	Yes(2)
Darren K. Hardy	325,000	1.5x	487,500	16,558	172,534	Yes(4)
Allen R. Hagerman(5)	297,000	1.5x	445,500	N/A	N/A	N/A

Notes:

(1) Based on the greater of the closing price for the Common Shares on TSX on December 31, 2014 and the NEO's actual purchase cost for the Common Shares. Mr. Kubik and Ms. Curran each have an original purchase cost base in excess of $10.42 per Common Share.
(2) Value paid on date of acquisition higher than current market value.
(3) Mr. Dawson has five years from 2014 to meet this. He has met his set target of equal value in his role of Vice President, Finance.
(4) Mr. Hardy has five years from 2014 to meet this. He has met his target of equal value for his role in 2010.
(5) Mr. Hagerman retired on December 31, 2014 and as such no longer is required to hold any Common Shares nor to report any holding of his shareholdings. As at December 31, 2014, he held Common Shares in excess of the ownership requirement at the time.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the total compensation paid or payable in respect of each of the last three financial years to the President and Chief Executive Officer and Chief Financial Officer of the Corporation and to each of the Corporation's other three most highly compensated executive officers (the Named Executive Officers or NEOs) during the financial year ended December 31, 2014:

Figure 21: Summary Compensation Table – NEOs

Name and principal position	Year	Salary ($)	Common Share-based awards ($) (1)	Option-based awards ($)(2) (5)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)(4)	Total compensation ($)
					Annual incentive plans(3)	Long-term incentive plans			
RYAN M. KUBIK	2014	650,000	975,000	975,000	203,140	Nil	Nil	97,500	2,900,640
President and Chief	2013	398,000	398,000	398,000	134,175	Nil	Nil	87,560	1,415,735
Executive Officer	2012	370,000	370,000	370,000	167,900	Nil	Nil	81,400	1,359,300
ROBERT P. DAWSON	2014	325,000	284,375	284,375	68,615	Nil	Nil	32,500	994,865
Chief Financial Officer	2013	293,000	146,500	146,500	73,895	Nil	Nil	29,300	689,195
	2012	285,000	114,000	114,000	103,565	Nil	Nil	28,500	645,065
TRUDY M. CURRAN	2014	394,000	197,000	197,000	54,730	Nil	Nil	86,680	929,410
Senior Vice President,	2013	381,000	190,500	190,500	96,090	Nil	Nil	83,820	941,910
General Counsel and	2012	365,000	182,500	182,500	122,925	Nil	Nil	80,300	933,225
Corporate Secretary									
DARREN K. HARDY	2014	325,000	162,500	162,500	54,895	Nil	Nil	32,500	737,395
Senior Vice President,	2013	296,000	148,000	148,000	79,830	Nil	Nil	29,600	701,430
Operations	2012	276,000	110,400	110,400	95,365	Nil	Nil	27,600	619,765
ALLEN R. HAGERMAN(6)	2014	297,000	148,500	148,500	41,250	Nil	Nil	65,340	700,590
Executive Vice President	2013	233,000	116,500	116,500	91,385	Nil	Nil	51,260	608,645
	2012	226,000	90,400	90,400	76,115	Nil	Nil	49,720	532,635

Notes:

(1) Common Share-based awards are composed of PSUs. For officers, half of the long-term incentive compensation is in the form of PSUs and half is in stock options issued under the New Option Plan. See "Long-Term Incentive Plan – Equity Incentive Plan" on page 70. Please see the description below on the valuation methodology used.
(2) Stock options granted under the New Option Plan. See "Long-Term Incentive Plan – Summary of Option Plans" on page 69.

(3) Bonuses for each year were in respect of performance for that year and are paid in the following year. See "Annual Target Bonus or Short-Term Incentive Plan" on page 62. No special bonuses were paid to any NEO in 2012, 2013 or 2014.
(4) The Corporation makes monthly contributions to savings accounts for all employees administered by an independent service provider for each employee. Contributions are made by the Corporation to RRSP, non-RRSP, spousal RRSP and/or tax-free savings accounts for employees in lieu of any retirement or pension program for employees. See "Savings Plan/Benefits" on page 64. Perquisites and other individual benefits received in the aggregate did not exceed $50,000 or 10% of the total annual salary for any of the Named Executive Officers in the applicable fiscal year.
(5) Grants of options under the New Option Plan are based on a Black-Scholes valuation using the following factors/assumptions for the 2014 options: historical volatility of the underlying stock (26.9%), market price of the underlying stock, exercise price of the option ($9.35), historical and/or expected dividend yield of the underlying stock (7%), expected life of the option (5 years), risk-free interest rate (1.6%). See discussion below.
(6) For each of three years, Mr. Hagerman worked part-time but the percentage of time worked in 2012, 2013 and 2014 was effectively 65%, 65% and 80%, respectively.

As part of the analysis and independent advice provided by Mercer as external consultants to the CGC Committee, Mercer provided a calculation of the value of each of the PSU Awards and of the stock options under the New Option Plan, using a Black-Scholes pricing model for options, and measured the annualized expected value of long-term incentive awards at the time of option grant using the following factors/assumptions: historical volatility of the underlying stock, market price of the underlying stock, exercise price of the option, historical and/or expected dividend yield of the underlying stock, expected life of the option, risk-free interest rate, turnover and, in the case of PSUs, payout range of performance-based plans.

The methodology used is the same methodology generally used by Mercer in advising other clients in the oil and gas industry on long-term incentive values. Therefore, the CGC Committee feels that this methodology is objective and allows comparability to the long-term compensation paid by the Mercer Comparator Group when the CGC Committee is considering the relative placement of total compensation for NEOs against their counterparts within the Mercer Comparator Group. The value derived using this Black-Scholes model has historically been closely aligned with the fair market valuation used in relation to the initial recording of the value of these long-term incentives in the financial statements at the time of the relevant grants.

Outstanding Option-Based Awards and Common Share-Based Awards

The following table provides information relating to unexercised stock options and unvested PSU Awards for the Named Executive Officers as of December 31, 2014. **As at December 31, 2014, ALL of the outstanding Option-Based Awards of the NEOs were out of the money.**

Figure 22: Option and Share Based Awards – NEOs

	Option-based Awards				Common Share-based Awards (PSU Awards under Equity Incentive Plan)		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price[1] ($)**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options[2] ($)**	**Number of Common Share-Based Awards that have not Vested[3] (#)**	**Market or Payout Value of Common Share-Based Awards that have not Vested[4] ($)**	**Market or Payout Value of Vested Share-based Awards not Paid Out or Distributed ($)**
Ryan M. Kubik	32,355	38.49/37.74	03-Feb-2015	-	82,716	861,901	-
	44,304	19.15/14.75	02-Feb-2016	-			
	43,440	28.19/27.74	01-Feb-2017	-			
	37,865	26.78/26.78	01-Feb-2018	-			
	65,026	24.46/24.46	06-Feb-2019	-			
	144,203	20.70/20.70	04-Feb-2020	-			
	482,673	20.01/20.01	03-Feb-2021	-			
Robert P. Dawson	10,295	38.49/37.74	03-Feb-2015	-	25,816	269,003	-
	12,340	28.19/27.74	01-Feb-2017	-			
	16,369	26.78/26.78	01-Feb-2018	-			
	20,035	24.46/24.46	06-Feb-2019	-			
	53,080	20.70/20.70	04-Feb-2020	-			
	140,780	20.01/20.01	03-Feb-2021	-			

Name	Option-based Awards				Common Share-based Awards (PSU Awards under Equity Incentive Plan)		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price(1) ($)	Option Expiration Date	Value of Unexercised In-The-Money Options(2) ($)	Number of Common Share-Based Awards that have not Vested(3) (#)	Market or Payout Value of Common Share-Based Awards that have not Vested(4) ($)	Market or Payout Value of Vested Share-based Awards not Paid Out or Distributed ($)
Trudy M. Curran	28,335	38.49/37.74	03-Feb-2015	-	26,334	274,400	-
	30,230	28.19/27.74	01-Feb-2017	-			
	26,339	26.78/26.78	01-Feb-2018	-			
	32,074	24.46/24.46	06-Feb-2019	-			
	69,022	20.70/20.70	04-Feb-2020	-			
	97,525	20.01/20.01	03-Feb-2021	-			
Darren K. Hardy	8,290	37.81/37.81	29-Sep-2015	-	19,648	204,732	-
	11,215	19.15/14.75	02-Feb-2016	-			
	12,340	28.19/27.74	01-Feb-2017	-			
	11,607	26.78/26.78	01-Feb-2018	-			
	19,402	24.46/24.46	06-Feb-2019	-			
	53,623	20.70/20.70	04-Feb-2020	-			
	80,446	20.01/20.01	03-Feb-2021	-			
Allen R. Hagerman	15,130	43.41/43.26	27-Mar-2015	-	16,638	173,368	-
	20,810	19.15/14.75	02-Feb-2016	-			
	15,035	28.19/27.74	01-Feb-2017	-			
	13,095	26.78/26.78	01-Feb-2018	-			
	15,888	24.46/24.46	06-Feb-2019	-			
	42,210	20.70/20.70	04-Feb-2020	-			
	73,515	20.01/20.01	03-Feb-2021	-			

Notes:

(1) The Transition Option Plan includes a reduction of the original exercise price to the extent that distributions/dividends paid in a 12 month period exceed the Distribution Threshold amount relevant to each option grant. Accordingly, the table shows the reduced exercise price, having given effect to the distributions/dividends paid that exceeded the relevant Distribution Threshold as of December 31, 2014. The Distribution Threshold for options granted in 2008, $3.00; in 2009, $0.60 and in 2010, $1.40 per Common Share for each 12 month period. See "Long-Term Incentive Plans – Summary of Option Plans – Transition Option Plan" on page 69. There is no reduction in exercise price for options granted under the New Option Plan.

(2) Based on the closing price for Common Shares as at December 31, 2014, which was $10.42 per Common Share.

(3) PSU Awards have a three-year cliff vesting.

(4) PSU Awards carry the right to the cash value of a whole Common Share plus dividends on those Common Shares if Canadian Oil Sands meets certain performance criteria. The actual value on the vesting date ranges from zero to 200% of the target amount shown for grants preceding 2013, and zero to 150% for grants made in 2013 and subsequently. The amounts shown in this column assume that each particular PSU Award grant reaches target and does not adjust the value shown for the dividend amounts that would be paid on the Common Shares. See "Long-Term Incentive Plans – Equity Incentive Plan" on page 70. In computing the amount, we have used the closing price of the Common Shares on December 31, 2014, which was $10.42 per Common Share.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table provides the value, if any, of options that vested during 2014, which options relate to grants made in 2011, 2012 and 2013. The table provides the theoretical value on the date that the options vested. Also shown in the table is the actual value realized in 2014 upon maturity of PSU Awards granted in 2011 and STIP payments earned related to 2014.

Figure 23: Incentive Plan Awards Vested in 2014 – NEOs

Name	Option-based awards – Value vested during the year (as at vesting date)(1) ($)	Common Share-based awards – Value vested during the year(2) ($)	Non-equity incentive plan compensation – Value earned during the year(3) ($)
Ryan M. Kubik	-	247,470	203,140
Robert P. Dawson	-	107,000	68,615
Trudy M. Curran	-	172,143	54,730

Name	Option-based awards – Value vested during the year (as at vesting date)(1) ($)	Common Share-based awards – Value vested during the year(2) ($)	Non-equity incentive plan compensation – Value earned during the year(3) ($)
Darren K. Hardy	-	75,874	54,895
Allen R. Hagerman	-	85,589	41,250

Notes:

(1) The value vested during the year on the date of vesting includes the amounts that the original exercise price have decreased by dividends actually paid in excess of the Distribution Threshold for the options granted under the Transition Option Plan as of December 31, 2014. See “Long-Term Incentive Plans – Summary of Option Plans - Transition Option Plan” on page 69.

(2) PSU Awards have a three year cliff vesting. The PSU Awards issued in 2011 to the NEOs that vested in February 2014 slightly exceeded target performance criteria and resulted in payout of 1.09 times target. See “Long-Term Incentive Plans – Equity Incentive Plan” on page 70. In 2015, all PSUs issued to the NEOs in 2012 were below the 25th percentile threshold and so no PSUs were earned resulting in zero payouts. All remaining options granted in February 2009 that expired in February 2015 also expired out of the money.

(3) We do not have any non-equity incentive plans other than the STIP.

While Canadian Oil Sands targets a dollar amount for the value NEOs receive from LTIP awards, actual corporate performance may, like STIP awards, be above or below the target value awarded. The table below shows the target value amount of LTIP grants to the NEOs and the actual realized/realizable value as at December 31, 2014 using the closing price of Common Shares on that date. As shown in Figure 24: Expected Realization Versus Actual Realization for LTIP, the actual realizable value is lower than the original targeted value.

Figure 24: Expected Realization Versus Actual Realization for LTIP

	Option-based Awards					Common Share-based Awards (PSU Awards under Equity Incentive Plan)		
Officer	Grant Date	Number of Vested Unexercised Options at December 31, 2014 (#)	Realizable Value on December 31, 2014 ($)	Grant Date Target Value ($)	Realizable value above (below) target value ($)	Number of Awards vested during the year (#)	Value realized during the year ($)	Realized value below target value ($)
Ryan M. Kubik	04-Feb-2008	32,355	-	132,656	(132,656)	9,501	247,470	(6,980)
	03-Feb-2009	44,304	-	175,000	(175,000)			
	02-Feb-2010	43,440	-	245,000	(245,000)			
	01-Feb-2011	37,865	-	254,450	(254,450)			
	06-Feb-2012	43,350	-	246,666	(246,666)			
	06-Feb-2013	48,067	-	132,666	(132,666)			
Robert P. Dawson	04-Feb-2008	10,295	-	42,210	(42,210)	4,108	107,000	(3,000)
	02-Feb-2010	12,340	-	69,600	(69,600)			
	01-Feb-2011	16,369	-	110,000	(110,000)			
	06-Feb-2012	13,356	-	76,000	(76,000)			
	06-Feb-2013	17,693	-	48,833	(48,833)			
Trudy M. Curran	04-Feb-2008	28,335	-	116,175	(116,175)	6,609	172,143	(4,857)
	02-Feb-2010	30,230	-	170,500	(170,500)			
	01-Feb-2011	26,339	-	177,000	(177,000)			
	06-Feb-2012	21,382	-	121,666	(121,666)			
	06-Feb-2013	23,007	-	63,500	(63,500)			
Darren K. Hardy	30-Sep-2008	8,290	-	36,145	(36,145)	2,913	75,874	(2,126)
	03-Feb-2009	11,215	-	44,300	(44,300)			
	02-Feb-2010	12,340	-	69,600	(69,600)			
	01-Feb-2011	11,607	-	78,000	(78,000)			
	06-Feb-2012	12,934	-	73,600	(73,600)			
	06-Feb-2013	17,874	-	49,333	(49,333)			
Allen R. Hagerman	28-Mar-2008	15,130	-	69,000	(69,000)	3,286	85,589	(2,411)
	03-Feb-2009	20,810	-	82,200	(82,200)			
	02-Feb-2010	15,035	-	84,800	(84,800)			
	01-Feb-2011	13,095	-	88,000	(88,000)			
	06-Feb-2012	10,592	-	30,133	(30,133)			
	06-Feb-2013	14,070	-	38,833	(38,833)			

In 2014, no NEO realized any gains on any options exercised in 2014 except Mr. Dawson who earned less than $4,000 on his option exercise. In 2014, the grant rate for option grants as a percentage of shares outstanding was about 0.2%.

Termination and Change of Control Benefits

The Corporation has entered into employment (or change of control) agreements with each of the NEOs. No other officers or employees have employment (or change of control) agreements. With Mr. Hagerman's retirement on December 31, 2014, his agreement has terminated.

Under the employment agreement of Ms. Curran, if a "change of control" occurs and there is a "constructive dismissal" within 365 days of the change of control, she will have the right to terminate her employment with the Corporation at any time within 180 days of the constructive dismissal by giving 30 days' written notice to the Corporation. In such case, she will be entitled to a severance payment and outplacement services. If the Corporation terminates the employment agreement at any time within 365 days following a change of control other than for cause, it will become obligated to pay a cash amount equal to two times her annual base salary, annual target bonus and value of benefits and perquisites and to provide for the costs of professional outplacement services up to a combined maximum cost of $25,000 for a maximum of six months following termination of employment.

Under the change of control agreement of each of Messrs. Dawson and Hardy, if a "change of control" occurs and there is a "constructive dismissal" within 365 days of the change of control, he will have the right to terminate his employment with the Corporation at any time within 90 days of the constructive dismissal, by giving 30 days' written notice to the Corporation. In the event Mr. Dawson or Mr. Hardy, as applicable, resign as a result of a "constructive dismissal" within 365 days following a "change of control" or the Corporation terminates his employment without cause at any time within 365 days following a change of control other than for cause, the Corporation will become obligated to pay a cash amount equal to two times his annual base salary, annual target bonus and the value of his loss in benefits and perquisites for a period of 24 months following his termination date.

When Mr. Kubik was appointed President and Chief Executive Officer on January 1, 2014, his prior employment agreement, which contained the same provisions as in the agreement with Ms. Curran, was terminated and a new employment agreement entered into. The new agreement with Mr. Kubik includes a non-compete and non-solicitation clause and does not provide for payment of outplacement counselling services. Mr. Kubik is also required to hold an average of two times his annual salary in Common Shares for one year following his retirement. Otherwise the terms are generally consistent with his prior agreement.

A trigger of the "change of control" provisions under the employment agreements for each of Mr. Kubik and Ms. Curran also triggers an immediate vesting of all issued and outstanding options held by him or her, as applicable, as well as a vesting of the performance awards based on a truncated performance period. Mr. Kubik's agreement provides for a full vesting without any truncation or pro rating.

Each of the employment agreements for Messrs. Kubik, Dawson and Hardy and Ms. Curran generally define a "change of control" to include: (a) the sale to a Person not affiliated with the Corporation, or their subsidiaries, of assets having a value greater than 50% of the fair market value of the consolidated assets of such parties prior to such sale; and (b) any change in the holding of Common Shares or securities of the Corporation by a Person not affiliated with the Corporation as a result of which such Person, jointly or in concert with others, is in a position to exercise effective control of the Corporation. A Person or group of Persons holding more than 30% of the outstanding Common Shares, or Common Shares of other securities that would entitle such Person(s) to cast at least 30% of the votes attaching to all Common Shares of Canadian Oil Sands that may be cast for the election of directors of the Corporation are deemed to be in a position to exercise effective control of the Corporation (unless such Person(s) holds such Common Shares or other securities in the ordinary course of business as an investment manager and is not using such holding to exercise effective control).

The agreements for Messrs. Kubik, Dawson and Hardy and Ms. Curran also define "constructive dismissal" to include: a material decrease in the title, position, responsibilities, powers or reporting relationships of the executive; a reduction in the annual base compensation salary; or any material reduction in the value of the employment benefits (other than the annual target bonus). See page 66 for summaries of the impact of a change of control under the long-term incentive plans generally. Mr. Hagerman had terms equivalent to Ms. Curran's employment agreement.

The Board of Directors believes that the termination provisions are reasonable and are limited for the amounts payable to avoid "payment for failure". Unvested deferred compensation is forfeited on termination for cause and restricted in other termination events. See pages 65 to 68 for the limitations on LTIP payments. STIP amounts are prorated and only paid for the period worked if there is a termination for cause with payment occurring after the determination of actual results (e.g. after the end of the fiscal year).

Estimated Termination Payments and Benefits

The following table sets forth estimates of the amounts payable by the Corporation to each of the Named Executive Officers upon the specified termination events, assuming that each such event took place on the last business day of fiscal year 2014. For the purposes of the table, we have assumed that the earning of the actual awards under the 2014 short-term incentive program was known on the last business day of the fiscal year 2014.

Figure 25: Estimated Termination Payments and Benefits – NEOs as at December 31, 2014

	Base Salary ($)	Short-term Incentive ($)	Options ($)	Performance Common Share Awards[4] ($)	Benefits and Perquisites ($)	Total ($)
Ryan M. Kubik						
Involuntary Termination/Termination Without Cause	1,300,000	406,280	-	128,541	247,000	2,081,821
Termination Following Change of Control[1]	1,300,000	1,373,140	-	128,541	247,000	3,048,681
Death	-	203,140	-	128,541	-	331,681
Long-term Disability[2]	1,300,000	1,373,140	-	80,981	247,000	3,001,121
Early Retirement[3]	-	-	-	-	-	-
Robert P. Dawson						
Involuntary Termination/Termination Without Cause	207,837	68,615	-	37,850	45,724	360,026
Termination Following Change of Control[1]	650,000	325,000	-	47,313	143,000	1,165,313
Death	-	68,615	-	47,313	-	115,928
Long-term Disability[2]	-	68,615	-	30,112	-	98,727
Early Retirement[3]	-	-	-	-	-	-
Trudy M. Curran						
Involuntary Termination/Termination Without Cause	403,895	54,730	-	57,813	130,013	646,451
Termination Following Change of Control[1]	788,000	109,460	-	61,521	229,880	1,188,861
Death	-	54,730	-	61,521	-	116,251
Long-term Disability[2]	-	54,730	-	38,758	-	93,488
Early Retirement[3]	-	-	-	-	-	-
Darren K. Hardy						
Involuntary Termination/Termination Without Cause	171,478	54,895	-	36,928	37,725	301,026
Termination Following Change of Control[1]	650,000	260,000	-	47,796	143,000	1,100,796
Death	-	54,895	-	47,796	-	102,691
Long-term Disability[2]	-	54,895	-	23,702	-	78,597
Early Retirement[3]	-	-	-	-	-	-
Allen R. Hagerman						
Involuntary Termination/Termination Without Cause	286,897	41,250	-	34,324	99,593	462,064
Termination Following Change of Control[1]	594,000	82,500	-	37,623	179,440	893,563
Death	-	41,250	-	34,324	-	75,574
Long-term Disability[2]	-	41,250	-	29,807	-	71,057
Normal Retirement[3]	-	41,250	-	37,623	-	78,873

Notes:

(1) For the purposes of the calculation, we assumed that for Messrs. Kubik, Dawson, Hardy and Hagerman and Ms. Curran there was a change of control *and* they were constructively dismissed such that the double trigger under their employment (change of control) agreements came into effect. If the second requirement (the constructive dismissal) did not occur, then they would only have been entitled to the immediate vesting and truncation of the PSU Awards (for Mr. Hagerman and Ms. Curran only) and the vesting of all outstanding options and no other payments would be made to such individuals.

(2) Individuals classified as being under long-term disability are responsible for their own coverage rather than Canadian Oil Sands paying for coverage. If the individual was under short-term disability and returned to work within the year, then under the provisions of the short-term disability policy, the individual would receive their normal base salary payment for the year and be treated as if such disability did not exist but would not be entitled to any STIP awards during the period while disabled.

(3) Options under the New Option Plan and the Transition Option Plan as well as PSU Awards under the Equity Incentive Plan allow for Early Retirement and Normal Retirement. Only Mr. Hagerman qualified for Normal Retirement and took Normal Retirement starting January 1, 2015. No other NEOs that have existing employment (or change of control) agreements met the criteria for either Early or Normal Retirement at December 31, 2014. For the purpose of the calculation, we have assumed that the employees qualifying for Early Retirement would be entitled to the 2014 short-term incentive payment.

(4) A summary of the LTIP provisions is in Figure 16: LTIP Summary beginning on page 65. For the purposes of the calculation, we assumed the payout value as computed at December 31, 2014 is representative of the actual payout value upon maturity that would be made for PSU Awards under the Equity Incentive Plan for each of the long-term disability, termination without cause and Normal Retirement.

Any questions and requests for assistance may be directed to the
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