

July 23, 2009

CSA Staff Notice 52-320 – Example MD&A Disclosures of the Impact of Changeover to IFRS

The following pages include disclosures from the MD&A of a sample of Canadian reporting issuers. Readers are cautioned that this Newsletter includes example disclosures only and that an issuer's disclosure will vary depending on information available and the issuer's stage in its plan for transition to IFRS. PricewaterhouseCoopers LLP and its affiliated firms have not audited or otherwise attempted to verify the accuracy or compliance of these disclosures with the requirements of the CSA.

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International Financial Reporting Standards

The CICA's Accounting Standards Board announced that Canadian publicly accountable enterprises are required to adopt IFRS, as issued by the IASB, effective January 1, 2011. In June 2008, the Canadian Securities Administrators proposed that Canadian public companies that are SEC registrants, such as TransCanada, retain the option to prepare their financial statements under U.S. GAAP instead of IFRS. In November 2008, the SEC issued for public comment a recommendation that, beginning in 2014, U.S. issuers be required to adopt IFRS using a phased-in approach based on market capitalization.

TransCanada is currently considering the impact a conversion to IFRS or U.S. GAAP would have on its accounting systems and financial statements. TransCanada's conversion project planning includes an analysis of project structure and governance, resources and training, analysis of key GAAP differences and a phased approach to the assessment of current accounting policies and implementation. The current status of the key elements of TransCanada's conversion project is as follows:

Project Structure and Governance

A Steering Committee and an Implementation Committee have been established to provide directional leadership for the conversion project and to assist in developing accounting policy recommendations. These are multi-disciplinary committees and include representatives from Accounting, Information Technology, Treasury, Investor Relations, Human Resources and Operations. Management updates the Audit Committee at least quarterly on the status of the project.

Resources and Training

TransCanada's conversion project team has been assembled and will support the conversion effort through project leadership, training, issue identification, technical research, policy recommendations, work group leadership and implementation support.

TransCanada's IFRS training plan was developed and introduced in 2008. The first stage of the training has been completed and included IFRS project awareness sessions and a comprehensive IFRS immersion course. Later phases of the project will include more directed technical and implementation training relating to new accounting policies, procedures and processes. Throughout the project, IFRS training will be offered on a regular basis to ensure that TransCanada staff remains current with respect to new IFRS developments.

Analysis of Significant GAAP Differences

The project team is currently assessing the differences between Canadian GAAP and IFRS. TransCanada's conversion project is being executed using a risk-based methodology focusing on the significant differences between Canadian GAAP and IFRS. A high-level diagnostic was completed in 2008 outlining the significant differences and rating each option based on its significance to TransCanada. In making this assessment, the technical accounting complexity, availability of policy choices, estimated need for conversion resources and impact on systems were considered. The differences between Canadian and US GAAP have already been identified in the Company's U.S. GAAP reconciliation. The most significant differences under the IFRS and U.S. GAAP conversion options were identified as follows:

IFRS

Converting to IFRS would have a significant impact on TransCanada's rate-regulated operations, property plant and equipment, employee benefits, income taxes, financial statement disclosure and the initial adoption of IFRS in accordance with IFRS 1 "First-Time Adoption of IFRS".

Project work groups are currently conducting a detailed analysis of the significant differences identified to date and assessing the impact they could have on TransCanada's financial reporting, information systems and internal controls over financial reporting. Less significant differences will be assessed starting in 2009. Under existing Canadian GAAP, TransCanada follows specific accounting policies unique to rate-regulated businesses. TransCanada is actively monitoring ongoing discussions and developments at the IASB regarding potential future guidance to clarify the applicability of certain aspects of rate-regulated accounting under IFRS. The IASB is expected to issue a proposed standard for rate-regulated businesses in 2009.

Several IFRS standards are in the process of being amended by the IASB. Amendments to existing standards are expected to continue until the transition date of January 1, 2011. TransCanada actively monitors the IASB's schedule of projects, giving consideration to any proposed changes, where applicable, in its assessment of differences between IFRS and Canadian GAAP.

At the current stage of the project, TransCanada cannot reasonably determine the full impact that adopting IFRS would have on its financial position and future results. In addition, developments with respect to specific rate-regulated accounting guidance under IFRS could have a significant effect on the scope of the project and on TransCanada's financial results.

International Financial Reporting Standards (IFRS)

The AcSB has set January 1, 2011, as the date that IFRS will replace current Canadian GAAP for publicly accountable enterprises, which includes Canadian reporting issuers. Financial reporting under IFRS differs from Canadian GAAP in a number of respects, some of which are significant. IFRS on the date of adoption also is expected to differ from current IFRS due to new IFRS standards and pronouncements that are expected to be issued before the changeover date. We plan to prepare our financial statements in accordance with IFRS for periods commencing as of January 1, 2011.

The following information is presented pursuant to the October 2008 recommendations of the Canadian Performance Reporting Board relating to pre-2011 communications about IFRS conversion and to comply with Canadian Securities Administrators Staff Notice 52-320, *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*. This information is provided to allow investors and others to obtain a better understanding of our IFRS changeover plan and the resulting possible effects on, for example, our financial statements and operating performance measures. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. This information also reflects our most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could change these assumptions or expectations.

IFRS Changeover Plan

We have developed a detailed plan for our changeover to IFRS comprised of three related phases:

- Review and Assessment
- Design
- Implementation.

PHASE 1: REVIEW AND ASSESSMENT PHASE

The objective of this phase is to identify the required changes to our accounting policies and practices resulting from the changeover to IFRS to determine the scope of the work effort required for the Design and Implementation phases.

Phase 1 involves:

- a detailed review of all relevant IFRS standards to identify differences with our current accounting policies and practices
- the separate consideration of one-time accounting policy alternatives that must be addressed at the changeover date, and those accounting policy choices that will be applied on an ongoing basis in periods subsequent to the changeover to IFRS
- the prioritization of those differences that could have a more than inconsequential impact on our financial statements, business processes or IT systems
- the identification of internal stakeholders and business areas that may be affected by the changeover.

PHASE 2: DESIGN PHASE

Phase 2 will result in the design and development of detailed solutions to address the differences identified in the first phase of our changeover plan. These solutions will result in certain necessary changes to our internal business processes and financial systems to comply with IFRS accounting and disclosure requirements. Phase 2 activities include:

- the evaluation of accounting policy alternatives
- the investigation, development and documentation of solutions to resolve differences identified in Phase 1, reflecting changes to existing accounting policies and practices, business processes, IT systems and internal controls
- the implementation of a change management strategy to address the information and training needs of internal and external stakeholders.

PHASE 3: IMPLEMENTATION PHASE

In the third and final phase of our changeover plan, we will implement the changes to affected accounting policies and practices, business processes, systems and internal controls. These changes will be tested prior to the formal reporting requirements under IFRS to ensure all significant differences are appropriately addressed in time for the changeover.

Progress towards Completion of our IFRS Changeover Plan

We have completed Phase 1 of our changeover plan and have identified the differences between Canadian GAAP and IFRS that impact our financial statements. Our detailed analysis has identified a number of accounting differences and policy alternatives under IFRS as compared to Canadian GAAP. We also have determined, however, that our accounting policies are largely aligned with IFRS requirements in many key areas.

Phase 2 work has commenced and we have begun assessing the impact and designing solutions to address the differences, focussing initially on those differences that may require changes to our financial systems or that are more complex or time-consuming to resolve.

Appropriate resources have been secured to complete the changeover on a timely basis according to our plan milestones. We have also ensured training needs are met and will continue to be addressed throughout the changeover period.

We have detailed project plans and progress reporting in place to support and communicate the changeover. The following table is a summary of our progress towards completion of selected key activities of our IFRS changeover plan as of December 31, 2008. At this time, we cannot quantify the impact that the future adoption of IFRS will have on our financial statements and operating performance measures; however, such impact may be material. Additional information will be provided as we move towards the changeover date.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. In February 2008, as part of its strategic plan, the AcSB confirmed that Canadian publicly accountable entities will be required to report under International Financial Reporting Standards (“IFRS”), which will replace Canadian GAAP for years beginning on or after January 1, 2011. An omnibus exposure draft was issued by the AcSB in the second quarter of 2008, which incorporates IFRS into the CICA Handbook and prescribes the transitional provisions for adopting IFRS.

The Company commenced its IFRS transition project in 2008, which includes four key phases:

- **Project awareness and engagement** – This phase includes identifying and engaging the appropriate members for the core IFRS transition team, steering committee and other representatives as required. In addition, this phase includes communicating the key project requirements and objectives to the areas of the organization that will be impacted by IFRS conversion, including the Company’s senior executive management team, Board of Directors and Audit Committee.
- **Diagnostic** – This phase includes an assessment of the differences between current Canadian GAAP and IFRS, focussing on the areas which will have the most significant impact to Husky. A preliminary conversion roadmap has been prepared as part of this phase.
- **Design, planning and solution development** – This phase focuses on determining the specific impacts to the Company based on the application of the IFRS requirements. This includes the design and development of detailed solutions and work plans by each key area to address implementation requirements. In addition, impact analysis will be performed on all areas of the business, including tax and information technology systems. Accounting policies will be finalized, first-time adoption exemptions will be considered, draft financial statements and disclosures will be prepared and a detailed implementation plan and timeline will be developed. This phase also includes the development of a training plan.
- **Implementation** – This phase includes implementing the required changes necessary for IFRS compliance. The focus of this phase is the finalization of IFRS conversion impacts, approval and implementation of accounting and tax policies, implementation and testing of new processes, systems and controls, execution of customized training programs and preparation of opening IFRS balances.

Corporate governance over the project has been established and a steering committee and project team have been formed. This committee is comprised of members of senior executive management and is responsible for final approval of project recommendations and deliverables to the Audit Committee and Board. Due to the scope of the IFRS project, the Company ensured that the appropriate stakeholders have been engaged by establishing a project advisory committee, which includes representatives from each area of the organization that will be significantly impacted. Husky has also engaged an external advisor to assist with the IFRS conversion process.

The Company has completed the diagnostic assessment phase by performing comparisons of the differences between Canadian GAAP and IFRS. The Company has determined that the most significant impact of IFRS conversion is to property, plant and equipment. IFRS does not prescribe specific oil and gas accounting guidance other than for costs associated with the exploration and evaluation phase. The Company currently follows full cost accounting as prescribed in Accounting Guideline ("AcG") 16, "Oil and Gas Accounting - Full Cost." Conversion to IFRS may have a significant impact on how the Company accounts for costs pertaining to oil and gas activities, in particular those related to the pre-exploration and development phases. In addition, the level at which impairment tests are performed and the impairment testing methodology will differ under IFRS. IFRS conversion will also result in other impacts, some of which may be significant in nature. These impacts continue to be assessed by the Company. At this time, the impact on the Company's financial position and results of operations is not reasonably determinable or estimable for any of the IFRS conversion impacts identified.

The Company is currently completing the design, planning and solution development phase. Project team members have been working in conjunction with representatives from the various operational areas to evaluate the specific impacts of IFRS conversion to Husky and to develop recommendations and accounting policies. Communication, training and education are a critical aspect of the Company's IFRS conversion project therefore training and education sessions will continue throughout each phase of the project.

In September 2008, the International Accounting Standards Board ("IASB") issued an exposure draft which proposes additional exemptions for entities adopting IFRS for the first-time. One of these proposed exemptions relates to companies using the full cost method of accounting. If the exposure draft is finalized, this exemption will allow entities to allocate their oil and gas asset balance as determined under full cost accounting to the IFRS categories of exploration and evaluation assets and development and producing properties. This exemption would relieve entities from significant adjustments resulting from retrospective adoption of IFRS. The Company intends to utilize this exemption if it is approved and finalized as part of IFRS. Husky is also evaluating other first-time adoption exemptions available upon initial transition which give relief from retrospective application of IFRS.

In addition, the Company is monitoring the IASB's active projects and all changes to IFRS prior to January 1, 2011 will be incorporated as required.

Recent Accounting Changes and Effective Dates

Refer to Note 3 to the consolidated financial statements for information pertaining to accounting changes effective in 2008, and Notes 2 and 33 to the consolidated financial statements for information on issued accounting pronouncements that will be effective in future years.

Of particular note is the area of International Financial Reporting Standards (IFRSs). In April 2008, the CICA published the exposure draft, "Adopting IFRSs in Canada". The exposure draft proposes to incorporate the IFRSs into the CICA Accounting Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRSs. The exposure draft makes possible the early adoption of IFRSs by Canadian entities.

In June 2008, the Canadian Securities Administrators (CSA) published a staff notice which stated that it is prepared to recommend exemptive relief on a case-by-case basis to permit a domestic Canadian issuer to prepare its financial statements in accordance with IFRSs for a financial period beginning before January 1, 2011. The US Securities and Exchange Commission (SEC) issued a final rule in January 2008 that would allow some foreign private issuers to use IFRSs, without reconciliation to US GAAP, effective for certain 2007 financial statements. In November 2008, the SEC issued a proposed roadmap for the potential mandatory adoption of IFRSs by

issuers in the US and a proposed rule that would allow the optional use of IFRSs by certain qualifying domestic issuers. Provided it is appropriate to do so, we anticipate adopting IFRSs earlier than the CICA's mandatory adoption deadline of January 1, 2011.

The company has commenced the process to transition from current Canadian GAAP to IFRSs. We have established a project team that is led by finance management, and will include representatives from various areas of the organization as necessary to plan for and achieve a smooth transition to IFRSs. Regular progress reporting to the audit committee of the Board of Directors on the status of the IFRSs implementation project has been instituted.

The implementation project consists of three primary phases, which in certain cases will be in process concurrently as IFRSs are applied to specific areas from start to finish:

- Scoping and diagnostic phase – This phase involves performing a high-level impact assessment to identify key areas that may be impacted by the transition to IFRSs. As a result of these procedures, the potentially affected areas are ranked as high, medium or low priority.
- Impact analysis, evaluation and design phase – In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority, with project teams established as deemed necessary. This phase involves specification of changes required to existing

accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRSs and development of draft IFRSs financial statement content.

- Implementation and review phase – This phase includes execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs for the company's finance and other staff, as necessary. It will culminate in the collection of financial information necessary to compile IFRSs-compliant financial statements, embedding IFRSs in business processes, elimination of any unnecessary data collection processes and audit committee approval of IFRSs financial statements. Implementation also involves delivery of further training to staff as revised systems begin to take effect.

The company completed the scoping and diagnostic phase in June 2008, and is now in the impact analysis, evaluation and design phase. Our analysis of IFRSs and comparison with currently applied accounting principles have identified a number of differences. Many of the differences identified are not expected to have a material impact on the reported results and financial position. However, there may be significant changes following from the IFRSs accounting principles and provisions for first-time adoption of IFRSs on certain areas. The company has not yet determined the full accounting effects of adopting IFRSs. However, we do not expect the adoption of IFRSs to impact the underlying cash flows or profitability trends of our operating performance.

Most adjustments required on transition to IFRSs will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time. Transitional adjustments relating to those standards where comparative figures are not required to be restated will only be made as of the first day of the year of adoption.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRSs. The company is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in our circumstances.

Set out below are the key areas where changes in accounting policies are expected that may impact the company's consolidated financial statements. The list and comments should not be regarded as a complete list of

changes that will result from transition to IFRSs. It is intended to highlight those areas we believe to be most significant; however, analysis of changes is still in process and not all decisions have been made where choices of accounting policies are available. We note that the standard-setting bodies that promulgate Canadian GAAP and IFRSs have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRSs and their impact on the company's consolidated financial statements in future years. The future impacts of IFRSs will also depend on the particular circumstances prevailing in those years. The differences described below are those existing based on Canadian GAAP and IFRSs at year-end. At this stage, the company is not able to reliably quantify the impacts expected on our consolidated financial statements for these differences.

Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. International Accounting Standard (IAS) 36, "Impairment of Assets", uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in more writedowns where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

However, the extent of any new writedowns may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses.

Employee Benefits

IAS 19, "Employee Benefits", requires the past service cost element of defined benefit plans to be expensed on an accelerated basis, with vested past service costs expensed immediately and unvested past service costs recognized on a straight-line basis until the benefits become vested. Under Canadian GAAP, past service costs are generally amortized on a straight-line basis over the average remaining service period of active employees expected under the plan. In addition, actuarial gains and losses are permitted under IAS 19 to be recognized directly in equity rather than through profit or loss. IFRS 1, "First-Time Adoption of International Financial Reporting

Standards”, also provides an option to recognize all cumulative actuarial gains and losses existing at the date of transition immediately in retained earnings.

Share-Based Payments

IFRS 2, “Share-Based Payments”, requires that cash-settled share-based payments to employees be measured (both initially and at each reporting date) based on fair values of the awards. Canadian GAAP on the other hand requires that such payments be measured based on intrinsic values of the awards. This difference is expected to impact the accounting measurement of some of our cash-settled employee incentive plans, such as our performance unit incentive plan.

Provisions (Including Asset Retirement Obligations)

IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation. “Probable” in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is “likely”, which is a higher threshold than “probable”. Therefore, it is possible that there

may be some contingent liabilities which would meet the recognition criteria under IFRSs that were not recognized under Canadian GAAP.

Other differences between IFRSs and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRSs uses the mid-point of the range, whereas Canadian GAAP uses the low end of the range), and the requirement under IFRSs for provisions to be discounted where material.

Income Taxes

IAS 12, “Income Taxes”, currently requires income tax to be charged (or credited) directly to equity (OCI) if the tax relates to items that are credited (or charged), in the same or a different period, directly to equity. Under Canadian GAAP, only the income tax relating to items credited (or charged) directly to equity in the same period is charged (or credited) directly to equity. This change may result in some income tax effects being recognized directly in equity rather than through net income or loss. This GAAP difference is currently being addressed as part of the International Accounting Standards Board’s project on Income Tax.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that significantly affects financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period.

In February 2008, the AcSB confirmed that IFRS will be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011. Our first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative period of 2010. Starting in the first quarter of 2011, we will provide unaudited consolidated interim financial information in accordance with IFRS including comparative figures for 2010.

The table below illustrates key elements of our conversion plan, our major milestones and current status. Our conversion plan is organized in phases over time and by area. We have completed all activities to date per our detailed project plan and expect to meet all milestones through to completion of the conversion to IFRS.

We have allocated sufficient resources to our conversion project, which include certain full-time employees in addition to contributions by other employees on a part-time or as needed basis. We have completed the delivery of training to all employees with responsibilities in the conversion process and our conversion plan includes training for all other employees who will be impacted by our conversion to IFRS.

Although we have completed preliminary assessments of accounting and reporting differences, impacts on systems and processes and other areas of the business, we have not yet finalized these assessments. As we finalize our determination of the significant impacts on our financial reporting, including on our KPIs, systems and processes, and other areas of our business, we intend to disclose such impacts in our future MD&As.

In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board ("IASB") will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

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ACTIVITY	MILESTONES	STATUS
<p>Financial reporting:</p> <ul style="list-style-type: none"> • Assessment of accounting and reporting differences. • Selection of IFRS accounting policies and IFRS 1 elections. • Development of IFRS financial statement format, including disclosures. • Quantification of effects of conversion. 	<p>Senior management and audit committee approval for policy recommendations and IFRS elections during 2009.</p> <p>Senior management and audit committee approval on financial statement format during 2010.</p> <p>Final quantification of conversion effects on 2010 comparative period by Q1 2011.</p>	<p>Preliminary assessment of accounting and reporting differences completed.</p> <p>Selection of IFRS accounting policies and IFRS 1 elections underway.</p>
<p>Systems and processes:</p> <ul style="list-style-type: none"> • Assessment of impact of changes on systems and processes. • Implementation of any system and process design changes including training appropriate personnel. • Documentation and testing of internal controls over new systems and processes. 	<p>Systems, process and internal control changes implemented and training complete in time for parallel run in 2010.</p> <p>Testing of internal controls for 2010 comparatives completed by Q1 2011.</p>	<p>Preliminary assessment of required changes completed.</p> <p>Analysis of potential design solutions underway.</p>
<p>Business:</p> <ul style="list-style-type: none"> • Assessment of impacts on all areas of the business, including contractual arrangements and implementation of changes as necessary. • Communicate conversion plan and progress against it internally and externally. 	<p>Contracts updated/renegotiated by end of 2010.</p> <p>Communication at all levels throughout the conversion process.</p>	<p>Preliminary assessment of impacts on other areas of the business completed.</p> <p>Communication is ongoing.</p>

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP in 2011 for publicly accountable enterprises. While IFRS uses a conceptual framework similar to Canadian GAAP there are significant differences in accounting policies that must be evaluated. More disclosures will be required under IFRS.

The company's IFRS conversion project began in 2008. A formal project plan, governance structure, and a project team, including an external advisor, have been established. The project philosophy is to align with current accounting practices and policies, where possible, to minimize the impact of any changes to the business. Regular reporting is provided to senior management and the Audit Committee of the Board of Directors.

The IFRS conversion project consists of four phases: Diagnostic; Design & Planning/Solution Development; Implementation; and Post Implementation.

To date, the IFRS conversion project team has completed the Diagnostic phase, which involved a high-level review of the major differences between Canadian GAAP and IFRS. This assessment has provided insight on the high risk and complex areas relating to the conversion. These areas include accounting for property, plant and equipment, exploration and evaluation of mineral resources, the effects of changes in foreign currency exchange rates, and alternatives available under IFRS 1 – First Time Adoption of IFRS.

Please see the associated table for certain elements of the transition plan, and an assessment of progress. Note that the project team is working through a detailed project plan and that certain project activities and milestones could change.

Given the progress of the project and outcomes identified, we could change our intentions between the time of communicating these key milestones below and the changeover date. Further, changes in regulation or economic conditions at the date of the changeover or through the project could result in changes to the project activities communicated in the following chart.

Key Activity	Key Milestones	Status
<p>Financial Statement Preparation:</p> <ul style="list-style-type: none"> - Identify differences in Canadian GAAP/IFRS accounting policies. - Select Suncor's ongoing IFRS policies. - Develop financial statement format. - Quantify effects of change in initial IFRS disclosure and 2010 financial statements. 	<p>Senior management and steering committee sign-off for all key IFRS accounting policy choices to occur during 2009.</p> <p>Develop draft financial statement format to occur during 2009.</p>	<p>Completed the IFRS diagnostic during 2008, which involved a high level review of the major differences between Canadian GAAP and IFRS.</p> <p>In-depth analysis of issues and accounting policy choices is currently underway.</p>
<p>Training:</p> <p>Define and introduce appropriate level of IFRS expertise for each of the following:</p> <ul style="list-style-type: none"> - Financial reporting group and operating accounting staff. - Suncor management. - Audit Committee. 	<p>Financial reporting group and operating accounting staff training to occur during 2009 as needed. Additional training will occur throughout the project as needs are reassessed.</p> <p>Suncor management and Audit Committee training scheduled to occur during 2009.</p>	<p>Project team expert resources have been identified to provide insights and training. Training for project team members is occurring throughout the project.</p>
<p>Infrastructure:</p> <p>Confirm that business processes and systems are IFRS compliant, including:</p> <ul style="list-style-type: none"> - Program upgrades/changes. - Gathering data for disclosures. 	<p>Confirm that systems can address 2010 parallel processing requirements by 2009 and identify deficiency areas.</p> <p>Confirmation that business processes and systems are IFRS compliant will occur throughout the project.</p>	<p>Diagnostic analysis regarding current IT systems completed.</p> <p>Currently reviewing options to address business process changes and parallel processing during 2010.</p>
<p>Control Environment:</p> <ul style="list-style-type: none"> - For all accounting policy changes identified, assess control design and effectiveness implications. - Implement appropriate changes. 	<p>All key control and design effectiveness implications are being assessed as part of the key IFRS differences and accounting policy choices through 2009.</p>	<p>Analysis of control issues is underway in conjunction with review of accounting issues and policies.</p>
<p>External Communications:</p> <p>Assess the effects of key IFRS related accounting policy and financial statement changes on external communications. In particular:</p> <ul style="list-style-type: none"> - Confirm 2011 investor communications are IFRS compliant regarding guidance and expected earnings. - Monitor and update MD&A communications package. - Confirm investor relations process can respond to IFRS-related queries. 	<p>Analyze and publish the effect of IFRS on the financial statements throughout the project.</p>	<p>IFRS disclosure in the MD&A will be updated throughout the project.</p> <p>Vice President, Investor Relations is part of the IFRS Conversion Steering Committee.</p>