EQUITY RESEARCH

RBC Capital Markets

RBC Dominion Securities Inc.
Greg Pardy, CFA (Co-Head Global Energy Research)
(416) 842-7848
greg.pardy@rbccm.com
Carson Tong, CFA (Associate Analyst)
(416) 842-8588
carson.tong@rbccm.com
Dillon Culhane, CFA, CA (Associate)
(416) 842-7915
dillon.culhane@rbccm.com

June 13, 2013

Imperial Oil Limited

Upstream Growth Abounds

Our View: Imperial Oil delivered a series of crisp presentations at its investor day in Toronto, which reinforced its focus on upstream oil growth, fuelled by its giant Kearl oil sands mining expansion. While ExxonMobil and Imperial Oil are in the early stages of evaluating western Canadian LNG initiatives, the company emphasized the complexity of assembling such projects.

Key Points:

Market Access. What stood out most to us from the meeting revolved around Imperial's market access plans with respect to Kearl. More specifically, Imperial is likely to make greater use of rail shipments as an insurance policy for its 110,000 bbl/d Kearl expansion (slated for 2015) given the uncertainty surrounding Keystone XL. The company may also elect to displace third-party downstream crude oil purchases with Kearl production should the need arise.

Rich Kruger. The meeting also introduced Imperial's new Chairman, President & CEO, Rich Kruger, who most recently oversaw ExxonMobil's global upstream operations. Having spent 32 years at ExxonMobil with a focus on upstream projects spanning 20 countries, XOM appears to have recruited strong leadership to regain momentum at Imperial.

Premium Valuation Could Erode. In our minds, Imperial Oil's decision in 2009 to proceed with Kearl ushered in a significant corporate shift towards multi-year upstream growth accompanied by elevated capital investment. The timing delays and cost overruns at Kearl would suggest that Imperial's superior ROACE of 23% in 2012 is likely to fall over time as the company strikes a more even balance between returns and production growth. As such, Imperial's relative debt-adjusted cash flow multiple premium of 1.7-1.9x versus our Canadian integrated peer group could erode over time – with underlying production and cash flow growth becoming bigger determinants of its share price performance.

Kearl Oil Sands (71% wi). Our outlook incorporates net Kearl production of 40,000 bbl/d in the third-quarter and 58,500 bbl/d (vs. 75,000 bbl/d) in the fourth-quarter of 2013. In 2014, our revised net Kearl production outlook of 62,500 bbl/d (vs. 75,000 bbl/d) maps to an 80% utilization rate.

Relative Valuation. At current levels, IMO is trading at a debt-adjusted cash flow multiple of 8.0x (vs. our integrated peer group at 6.3x) in 2013E and 7.7x (vs. peers at 5.8x) in 2014E; and a P/NAV ratio of 0.93x (vs. 0.87x).

Recommendation. We are maintaining a Sector Perform rating on Imperial Oil, but have cut our one-year target price by 2% to $48 per share (versus $49 previously). Our target price reflects a 60% weighting toward a multiple of 1.1x our revised Base NAV of $41.86 per share (vs. $42.09) and a 40% weighting toward an unchanged 2014E debt-adjusted cash flow multiple of 10.3x.

Sector Perform

TSX: IMO; CAD 38.89; AMEX: IMO

Price Target CAD 48.00 ↓ 49.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☑ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☑ News Analysis

Scenario Analysis*

Downside Scenario	Current Price	Price Target	Upside Scenario
35.00	38.89	48.00	52.00
↓ 9%		↑ 25%	↑ 35%

*Implied Total Returns

Key Statistics

Shares O/S (MM):	847.6	Market Cap (MM):	32,963
Dividend:	0.48	Yield:	1.2%
NAVPS:	41.86	P/NAVPS:	0.9x
Float (MM):	257.7	Avg. Daily Volume (MM):	1.14

RBC Estimates

FY Dec	2011A	2012A	2013E	2014E
EPS (Op) - FD	3.77	4.34	4.22	4.55
Prev.			4.29	4.77
P/E	10.3x	9.0x	9.2x	8.5x
CFPS - FD	4.80	6.03	5.63	5.94
Prev.			5.69	6.19
P/CFPS	8.1x	6.4x	6.9x	6.5x
Oil (mbbl/d)	254.7	249.8	279.4	316.0
Prev.			283.5	328.5
Gas (mmcf/d)	254.4	192.0	200.6	227.0
Total (mboe/d)	297.1	281.8	312.8	353.8
Prev.			317.0	366.3

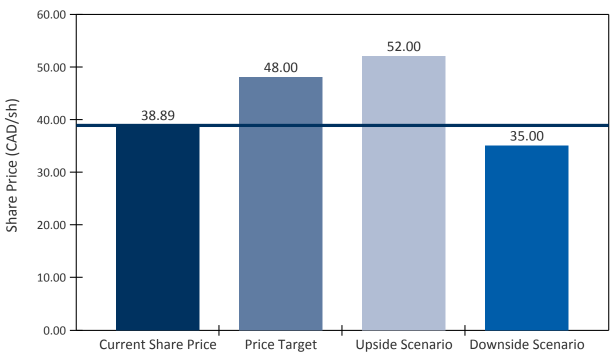
All values in CAD unless otherwise noted.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Non-U.S. Analyst and Conflicts Disclosures, see page 8.

Target/Upside/Downside Scenarios

Exhibit 1: Imperial Oil Limited



Source: RBC Capital Markets estimates

Target Price/ Base Case

Our target price reflects a 60% weighting toward a multiple of 1.1x our Base NAV and a 40% weighting toward a 2014E mid-cycle debt-adjusted cash flow multiple of 10.3x.

Upside Scenario

Our upside scenario reflects a 60% weighting toward a multiple of 1.1x our Upside NAV and a 40% weighting toward a 2014E midcycle debt-adjusted cash flow multiple of 10.5x. This assumes a global economic upturn and improved commodity prices.

This upside scenario assumes crude oil and natural gas prices increase by 10% versus our base outlook in 2013 and beyond.

Downside Scenario

Our downside scenario reflects a 60% weighting toward a multiple of 1.0x our Downside NAV and a 40% weighting toward a 2014E mid-cycle debt-adjusted cash flow multiple of 9.6x. This assumes a global economic slowdown and depressed commodity prices.

This downside scenario assumes crude oil and natural gas prices decrease by 10% versus our base outlook in 2013 and beyond.

Investment Thesis

We rate the common shares of Imperial Oil Sector Perform.

There are four key points:

- **ExxonMobil of the North.** Anchored by a legacy oil sands portfolio including Syncrude, Cold Lake, and now Kearl, we believe that Imperial Oil is a smaller version of ExxonMobil with the same capital discipline and bottom-line focus that have become trademarks of XOM.
- **Shifting into growth mode.** Imperial's Kearl (71% wi) oil sands mining project adds new spark to its upstream profile via 78,100 bbl/d of net bitumen production slated to ramp up during 2013 under Phase 1. The second phase of Kearl is expected to add another 78,100 bbl/d (net) by late 2015. Furthermore, Imperial's Nabiye expansion at Cold Lake is slated to add 40,000 bbl/d of bitumen production around year-end 2014.
- **Impressive shareholder distributions.** Since 1995, Imperial has repurchased $15.5 billion of stock, or one-half of its shares outstanding.
- **Potential catalysts.** Imperial's major catalysts revolve around refining margins given its extensive downstream presence in Canada, along with the ramp up of its Kearl oil sands project.

Upstream Growth Abounds

Imperial Oil delivered a series of crisp presentations at its investor day in Toronto, which reinforced its focus on upstream oil growth, fuelled by its giant Kearl oil sands mining expansion. While ExxonMobil and Imperial Oil are in the early stages of evaluating western Canadian LNG initiatives, the company emphasized the complexity of assembling such projects.

What stood out most to us from the meeting revolved around Imperial's market access plans with respect to Kearl. More specifically, Imperial is likely to make greater use of rail shipments as an insurance policy for its 110,000 bbl/d Kearl expansion (slated for 2015) given the uncertainty surrounding Keystone XL. The company may also elect to displace third-party downstream crude oil purchases with Kearl production should the need arise (outlined below).

The meeting also introduced Imperial's new Chairman, President & CEO, Rich Kruger, who most recently oversaw ExxonMobil's global upstream operations. Having spent 32 years at ExxonMobil with a focus on upstream projects spanning 20 countries, XOM appears to have recruited strong leadership to regain momentum at Imperial.

In our minds, Imperial Oil's decision in 2009 to proceed with Kearl ushered in a significant corporate shift towards multi-year upstream growth accompanied by elevated capital investment. The timing delays and cost overruns at Kearl (which has a $6.80/bbl development cost) would suggest that Imperial's superior ROACE of 23% in 2012 is likely to fall over time as the company strikes a more even balance between returns and production growth. As such, Imperial's relative debt-adjusted cash flow multiple premium of 1.7 - 1.9x versus our Canadian integrated peer group could erode over time – with underlying production and cash flow growth becoming bigger determinants of its share price performance.

We are maintaining a Sector Perform rating on Imperial Oil, but have cut our one-year target price by 2% to $48 per share (versus $49 previously). Our target price reflects a 60% weighting toward a multiple of 1.1x our revised Base NAV of $41.86 per share (vs. $42.09) and a 40% weighting toward an unchanged 2014E debt-adjusted cash flow multiple of 10.3x.

Kearl Oil Sands (71% wi). Imperial's Kearl oil sands project commenced production in April and is expected to achieve design rates of 110,000 bbl/d (78,100 bbl/d net) of bitumen in 2013. The trajectory of this ramp-up is contingent upon three 36,000 bbl/d froth treatment trains – the first of which is on-line, with a second slated for start-up in a few weeks. Bitumen sales are not expected until the third-quarter of 2013 due to line pack and tankage initiatives. Our outlook incorporates net Kearl production of 40,000 bbl/d in the third-quarter and 58,500 bbl/d (vs. 75,000 bbl/d) in the fourth-quarter of 2013. Looking into 2014, our revised net Kearl production outlook of 62,500 bbl/d (vs. 75,000 bbl/d) would map to an 80% utilization rate.

Imperial's Kearl Expansion Phase remains on track to add an incremental 110,000 bbl/d of gross bitumen production in the 2015 timeframe – with construction currently one-third complete. Imperial's $8.9 billion cost estimate for the Kearl expansion would point toward a capital efficiency of $81,000/bbl/d. This would compare with $117,000/bbl/d for Kearl's initial 110,000 bbl/d phase, which came in at $12.9 billion. About $2.0 billion (16%) of this figure reflected the costs associated with reducing the size of the modules in order to meet transportation requirements. Imperial plans to use the same contractors for the Kearl Expansion as the initial phase, and construct all full-size modules in Edmonton.

Kearl Marketing Strategy. Should Keystone XL be delayed, Imperial plans to make greater use of rail transportation beyond the 20,000 bbl/d of mainly Bakken crude that it is currently shipping to its Nanticoke, Ontario refinery. As a point of reference, Imperial has secured 290,000 bbl/d of capacity on the Keystone, Keystone XL, and Trans Mountain pipelines.

Imperial may also elect to displace third-party downstream crude oil purchases with Kearl production should the need arise. To be more precise, Imperial currently transports over 400,000 bbl/d of crude oil out of Alberta by pipeline to Imperial and ExxonMobil refineries. This includes its own equity production, as well as third-party purchases. The company also processes about 160,000 bbl/d of crude oil at its Strathcona refinery in Edmonton.

Syncrude – No Quick Fixes. Although the Management Services Agreement that Imperial and ExxonMobil entered into with Syncrude in 2006 has not led to sustained operating improvements, there is some light at the end of the tunnel. As a point of reference, Syncrude's annual production has not exceeded 300,000 bbl/d since 2007 – despite a calendar stream capacity previously assessed at 350,000 bbl/d.

That said, Imperial has made progress in terms of extending the average coker run-life from 2 to 3 years prior to turnaround. It has also uncovered design flaws in the vacuum distillation and diluent recovery units that were being impacted by high solids concentrations associated with the bitumen feed. The solution to this problem has revolved around improvements to its centrifuges. Of late, design flaws in Syncrude's heat exchangers have been uncovered which require the replacement of ceramic with metal connectors. One of these connectors has been replaced, with the other three scheduled for planned turnarounds in 2013-14. Accordingly, Imperial does not expect a sustained improvement in reliability or production at Syncrude until late 2014.

Cold Lake – Industry Leading Utilization. At Cold Lake (100% wi), Imperial has demonstrated industry leading utilization rates by posting production levels well in excess of its nameplate capacity of 150,000 bbl/d over the past two years. Having produced in excess of 1 billion barrels since 1985, the company still has 1.1 billion barrels of proved reserves remaining.

Imperial reaffirmed that its $2.0 billion Nabiye expansion project is more than 40% complete and on-track for start-up by the end of 2014. Nabiye is expected to add incremental bitumen production of 40,000 bbl/d – mapping to a capital intensity of $50,000/bbl/d. Not unlike Cold Lake's currently producing Mahkeses phase, Imperial is employing a "design one, build many" technique for Nabiye. The company expects Nabiye to produce at nameplate capacity of 40,000 bbl/d.

Beyond Nabiye, Imperial has its sights set on several in-situ projects, which include Aspen (100% wi), Corner (63% wi) and Grand Rapids (100% wi) – which is an untapped Cold Lake formation which sits on top of the currently producing Clearwater formation. Collectively, these in-situ projects host 3 billion barrels of potential resource with a possible 9+ phases at 35,000 – 45,000 bbl/d per phase. First oil from these projects is expected in the 2020 timeframe.

Premium Cash Flow Valuation. At current levels, IMO is trading at a debt-adjusted cash flow multiple of 8.0x (vs. our integrated peer group average of 6.3x) in 2013E and 7.7x (vs. our peer group average of 5.8x) in 2014E. On the basis of earnings multiples, Imperial is trading at a P/E multiple of 9.2x in 2013 (vs. a peer group average of 11.4x) and 8.5x in 2014 (vs. a peer group average of 10.0x)

In the context of our Base NAV of $41.86 per share, which incorporates an 8.5% after-tax discount rate and escalated US$95/bbl WTI oil price in 2016 and beyond, IMO is trading at a P/NAV ratio of 0.93x (vs. our peer group average of 0.87x).

Revised Estimates. Reflective of lower Kearl oil sands volumes, our production outlook for Imperial Oil is now 312,800 boe/d (vs. 317,000 boe/d) in 2013 and 353,800 boe/d (vs. 366,300 boe/d) in 2014. Our operating EPS/CFPS estimates are now $4.22/$5.63 (vs. $4.29/$5.69) in 2013 and $4.55/$5.94 (vs. $4.77/$6.19) in 2014.

Our estimates are based upon a WTI oil price of US$97/bbl in 2013 and US$99/bbl in 2014, with Henry Hub natural gas prices of US$3.81/mmBtu in 2013 and US$4.50/mmBtu in 2014. Our analysis also reflects foreign exchange rates of US$0.99 in 2013 and US$1.00 in 2014.

In the context of a $7.1 billion capital spending program (including the Celtic acquisition) in 2013 and $5.6 billion in 2014, Imperial's balance sheet remains in good shape, with a net debt-to-cap ratio of 22% in 2013 (vs. our peer group average of 17%) and 22% in 2014 (vs. our peer group average of 15%).

Exhibit 2: Imperial Oil - Operating and Financial Summary

C$ millions, unless noted	2009	2010	2011	2012	2013E	2014E
Avg Daily Production						
Crude Oil (bbl/d)	244,019	246,695	254,710	249,770	279,388	316,000
Natural Gas (mmcf/d)	295	280	254	192	201	227
Equivalent (boe/d)	293,263	293,406	297,112	281,766	312,815	353,833
YOY boe Growth	-5%	0%	1%	-5%	11%	13%
Crude Oil %	83%	84%	86%	89%	89%	89%
Commodity Prices						
Crude Oil (WTI) (US$/bbl)	$61.81	$79.41	$95.01	$94.14	$97.00	$99.00
Brent Posted (US$/bbl)	61.96	79.65	110.97	112.02	109.00	107.00
Canadian Light Oil Bench ($/bbl)	66.48	77.52	95.22	86.35	90.59	93.02
Henry Hub Natural Gas (US$/mmBtu)	3.92	4.36	3.99	2.75	3.81	4.50
AECO C Natural Gas ($/mcf)	3.96	4.00	3.62	2.38	3.49	4.00
Foreign Exchange (US$/C$)	0.88	0.97	1.01	1.00	0.99	1.00
Wellhead Prices & Costs						
Oil & NGL Price ($/bbl)	53.26	65.93	75.96	70.25	69.03	75.93
Natural Gas ($/mcf)	4.13	4.03	3.59	2.32	3.63	4.00
Upstream Operating Costs ($/boe)	22.32	22.22	22.97	26.23	26.25	24.10
Upstream DD&A ($/boe)	5.01	4.80	4.87	4.83	6.55	6.25
Consolidated Financials						
Net Revenues	21,398	25,092	30,714	31,188	34,871	36,438
Purchased Product	11,934	14,811	18,847	18,476	21,850	22,850
Operating and G&A	5,057	5,066	5,282	5,538	5,734	5,825
Interest	5	7	3	-1	82	142
Exploration	153	191	92	83	98	100
Depl, Depn & Amort	781	747	764	761	1,008	1,075
Taxes other than income tax	1,268	1,316	1,320	1,338	1,301	1,300
Pre-Tax Income	2,200	2,954	4,406	4,993	4,800	5,146
Current Tax	694	589	955	593	1,129	1,286
Deferred Tax	(73)	155	80	634	76	0
Net Income	**1,579**	**2,210**	**3,371**	**3,766**	**3,595**	**3,859**
Adjustments	(53)	-30	-149	-76	-15	0
Operating Income	**1,526**	**2,180**	**3,222**	**3,690**	**3,580**	**3,859**
Operating Cash Flow	**2,254**	**3,208**	**4,101**	**5,135**	**4,772**	**5,035**
Discretionary Cash Flow	**2,254**	**3,208**	**4,085**	**5,115**	**4,732**	**4,995**
Operating Cash Flow	**2,254**	**3,208**	**4,101**	**5,135**	**4,772**	**5,035**
Capital Expenditures						
Upstream	1,945	3,700	3,507	5,164	6,844	5,400
Downstream & Chemicals	266	194	170	144	201	200
Consolidated Net Capital Expenditures	**2,216**	**3,903**	**3,685**	**5,321**	**7,051**	**5,600**
Free Cash Flow	**38**	**-695**	**416**	**-186**	**-2,279**	**-565**
Common Share						
CFPS (f.d.) ($)	$2.63	$3.76	$4.80	$6.03	$5.63	$5.94
CFPS (f.d.) YOY Growth	-52%	43%	28%	26%	-7%	6%
EPS (f.d.) ($)	$1.84	$2.59	$3.95	$4.42	$4.24	$4.55
FCFPS (f.d.) ($)	$0.04	-$0.81	$0.49	-$0.22	-$2.69	-$0.67
Operating EPS (f.d.) ($)	$1.78	$2.55	$3.77	$4.34	$4.22	$4.55
Dividends per Share	0.40	0.43	0.44	0.48	0.50	0.52
Weighted Avg Common O/S (basic)	850	848	848	848	848	848
Valuation						
Cash Flow Multiple	14.8x	10.4x	8.1x	6.4x	6.9x	6.5x
Debt-Adjusted Cash Flow Multiple	14.7x	10.8x	8.5x	7.0x	8.0x	7.7x
Earnings Multiple	21.8x	15.2x	10.3x	9.0x	9.2x	8.5x
EV/GCI	1.2x	1.1x	1.0x	0.9x	0.8x	0.8x
Financial Leverage						
Year End Net Debt	263	1,539	1,686	2,853	5,565	6,575
Avg Net Debt/Trailing Cash Flow	0.0x	0.3x	0.4x	0.4x	0.9x	1.2x
Net Debt/Debt + Equity	3%	12%	11%	15%	22%	22%
Returns						
ROACE	**16%**	**20%**	**25%**	**23%**	**18%**	**15%**
CROCI	**8%**	**11%**	**13%**	**14%**	**12%**	**11%**

Source: Company reports; RBC Capital Markets estimates

Valuation

Our price target reflects a 60% weighting toward a multiple of 1.1x our estimated NAV and a 40% weighting toward an implied 2014E debt-adjusted cash flow multiple of 10.3x at mid-cycle commodity prices. The multiples that we have chosen reflect Imperial Oil's above average returns, improved longer-term production visibility with Kearl, and focus on shareholder distributions.

Price Target Impediments

The most significant risk to our price target is unexpected changes in crude oil and natural gas prices. The ability to replace production and reserves in a cost effective manner on a per share basis also poses a risk to investors. The valuation of oil and gas assets is subject to risk with respect to reservoir performance, including production rates and expected recovery factors. Imperial is also exposed to downstream margin volatility. Other risks include the impact of foreign exchange and government legislation as it relates to royalties, income taxes, and environmental policy.

Company Description

Imperial Oil is Canada's version of ExxonMobil. As Imperial's major shareholder with a 69.6% interest (equating to 589.9 million shares), ExxonMobil operates alongside Imperial Oil in Canada. Both Exxon and Imperial retain the right to a 50% back-in provision on projects in Canada which serves to align their interests. With production entirely focused in Canada, Imperial is weighted toward crude oil, particularly heavier grades from its flagship Cold Lake property in northeast Alberta. The company has a 25% interest in the Syncrude oil sands joint venture, a 9.0% interest in the Sable Offshore Energy Project, and is a dominant force in the Mackenzie Delta region of Canada's Arctic with some 3 tcf of natural gas reserves at Taglu. Imperial's plan to proceed with its Kearl (71% wi) oil sands project in partnership with ExxonMobil (29% wi) will serve to expand its oil sands presence significantly. Along with being a major producer of petrochemicals, Imperial Oil remains the largest refiner and a significant marketer of petroleum products in Canada. Imperial's downstream operations include four refineries (with combined processing capacity in excess of 500,000 bbl/d) along with 1,850 retail sites (mainly under the Esso brand) which stretch across Canada. Imperial Oil's common shares trade on both the TSX and AMEX under the ticker symbol IMO.

Required Disclosures

Non-U.S. Analyst Disclosure

Greg Pardy, Carson Tong and Dillon Culhane (i) are not registered/qualified as research analysts with the NYSE and/or FINRA and (ii) may not be associated persons of the RBC Capital Markets, LLC and therefore may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Conflicts Disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Imperial Oil Limited in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Imperial Oil Limited and may act as principal with regard to sales or purchases of this security.

RBC Dominion Securities Inc. makes a market in the securities of Imperial Oil Limited and may act as principal with regard to sales or purchases of this security.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Imperial Oil Limited during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Imperial Oil Limited.

RBC Capital Markets has provided Imperial Oil Limited with investment banking services in the past 12 months.

RBC Capital Markets has provided Imperial Oil Limited with non-securities services in the past 12 months.

Victor L. Young, a member of the Board of Directors of Royal Bank of Canada, is the Chair of the Audit Committee and a member of the Board of Directors of Imperial Oil Limited.

The author is employed by RBC Dominion Securities Inc., a securities broker-dealer with principal offices located in Toronto, Canada.

Explanation of RBC Capital Markets Equity Rating System

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Top Pick (TP): Represents analyst's best idea in the sector; expected to provide significant absolute total return over 12 months with a favorable risk-reward ratio.

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Risk Rating

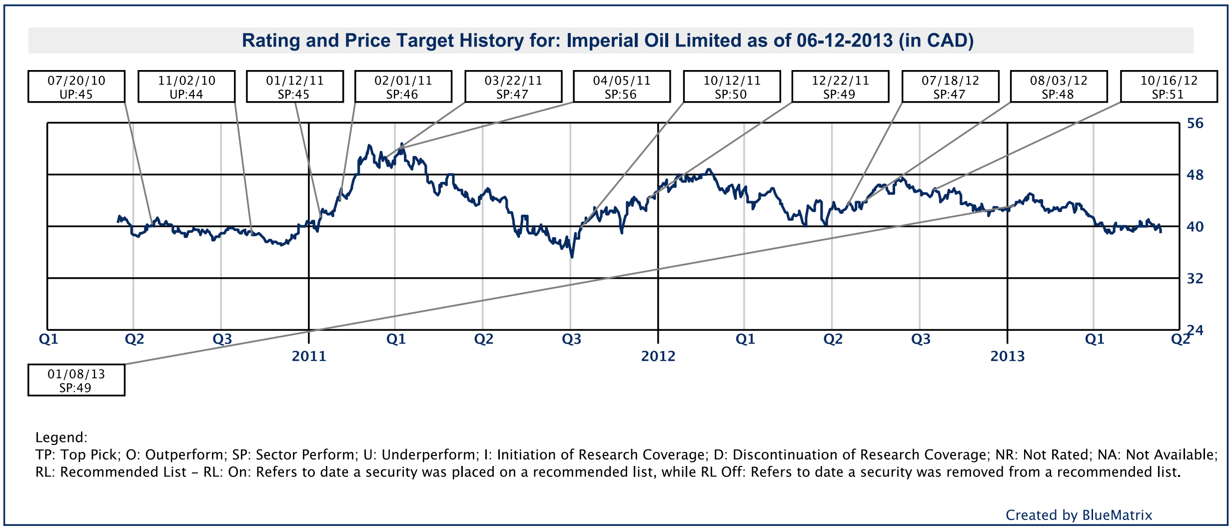
As of March 31, 2013, RBC Capital Markets suspends its Average and Above Average risk ratings. The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of Ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Top Pick/

Outperform, Sector Perform and Underperform most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis (as described above).

Distribution of Ratings RBC Capital Markets, Equity Research			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY[TP/O]	764	50.87	284	37.17
HOLD[SP]	659	43.87	168	25.49
SELL[U]	79	5.26	10	12.66



References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by a business unit of the Wealth Management Division of RBC Capital Markets, LLC. These Recommended Lists include a former list called the Prime Opportunity List (RL 3), the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Large Cap (RL 7), Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: Midcap 111 (RL9), and the Guided Portfolio: ADR (RL 10). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Conflicts Policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of Research and Short-Term Trade Ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets' research is posted to our proprietary websites to ensure eligible clients receive coverage initiations and changes in ratings, targets and opinions in a timely manner. Additional distribution may be done by the sales personnel via email, fax or regular mail. Clients may also receive our research via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research. RBC Capital Markets also provides eligible clients with access to SPARC on its proprietary INSIGHT website. SPARC contains market color and commentary, and may also contain Short-Term Trade Ideas regarding the securities of subject companies discussed in this or other research reports. SPARC may be accessed via the following hyperlink: https://www.rbcinsight.com. A Short-Term Trade Idea reflects the research analyst's directional view regarding the price of the security of a subject company in the coming days or weeks, based on market and trading events. A Short-Term Trade Idea may differ from the price targets and/or recommendations in our published research reports reflecting the research analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that the security of a subject company that is considered a long-term 'Sector Perform' or even an 'Underperform' might be a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, the security of a subject company that is rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-Term Trade Ideas are not ratings, nor are they part of any ratings system, and RBC Capital Markets generally does not intend, nor undertakes any obligation, to maintain or update Short-Term Trade Ideas. Short-Term Trade Ideas discussed in SPARC may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any Short-Term Trade Ideas discussed therein.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Hong Kong) Limited, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of RBC Capital Markets.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.
To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.
To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. However, targeted distribution may be made to selected retail clients of RBC and its affiliates. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada - Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:

This publication is distributed in Hong Kong by RBC Investment Services (Asia) Limited, RBC Investment Management (Asia) Limited and RBC Capital Markets (Hong Kong) Limited, licensed corporations under the Securities and Futures Ordinance or, by the Royal Bank of Canada, Hong Kong Branch, a registered institution under the Securities and Futures Ordinance. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact RBC Investment Services (Asia) Limited, RBC Investment Management (Asia) Limited, RBC Capital Markets (Hong Kong) Limited or Royal Bank of Canada, Hong Kong Branch at 17/Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong (telephone number is 2848-1388).

To Singapore Residents:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch and Royal Bank of Canada (Asia) Limited, registered entities granted offshore bank and merchant bank status by the Monetary Authority of Singapore, respectively. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch or Royal Bank of Canada (Asia) Limited.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd., a registered type one financial instruments firm and/or Royal Bank of Canada, Tokyo Branch, a licensed foreign bank.

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.

Copyright © RBC Capital Markets, LLC 2013 - Member SIPC

Copyright © RBC Dominion Securities Inc. 2013 - Member CIPF

Copyright © RBC Europe Limited 2013

Copyright © Royal Bank of Canada 2013

All rights reserved