PETRO-CANADA

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CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

CONSOLIDATED STATEMENT OF EARNINGS *(unaudited)*
For the periods ended March 31
(millions of Canadian dollars, except per share amounts)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Revenue		
Operating	$ 3,971	$ 6,617
Investment and other income (expense) *(Note 3)*	-	(31)
	3,971	6,586
Expenses		
Crude oil and product purchases	1,956	2,963
Operating, marketing and general *(Note 4)*	1,051	843
Exploration	108	143
Depreciation, depletion and amortization *(Note 4)*	560	523
Unrealized loss on translation of foreign currency denominated long-term debt	103	55
Interest	78	48
	3,856	4,575
Earnings before income taxes	115	2,011
Provision for income taxes		
Current	191	844
Future	(29)	91
	162	935
Net earnings (loss)	$ (47)	$ 1,076
Earnings per share *(Note 5)*		
Basic	$ (0.10)	$ 2.22
Diluted	$ (0.10)	$ 2.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(unaudited)*
For the periods ended March 31
(millions of Canadian dollars)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Net earnings (loss)	$ (47)	$ 1,076
Other comprehensive income (loss), net of tax		
Change in foreign currency translation adjustment	(41)	207
Comprehensive income (loss)	$ (88)	$ 1,283

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS *(unaudited)*
For the periods ended March 31
(millions of Canadian dollars)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Operating activities		
Net earnings (loss)	$ (47)	$ 1,076
Items not affecting cash flow from operating activities:		
Depreciation, depletion and amortization *(Note 4)*	560	523
Future income taxes	(29)	91
Accretion of asset retirement obligations	21	19
Unrealized loss on translation of foreign currency denominated long-term debt	103	55
Gain on sale of assets	(1)	(4)
Other	61	11
Exploration expenses	34	81
Increase in non-cash working capital related to operating activities	(230)	(417)
Cash flow from operating activities	472	1,435
Investing activities		
Expenditures on property, plant and equipment and exploration	(681)	(1,016)
Proceeds from sale of assets	3	12
(Increase) decrease in non-cash working capital related to investing activities	(371)	34
Cash flow used in investing activities	(1,049)	(970)
Financing activities		
Increase in short-term notes payable	-	322
Repayment of long-term debt	(1)	(696)
Proceeds from issue of common shares	2	3
Dividends on common shares	(97)	(63)
Cash flow used in financing activities	(96)	(434)
Increase (decrease) in cash and cash equivalents	(673)	31
Cash and cash equivalents at beginning of period	1,445	231
Cash and cash equivalents at end of period	$ 772	$ 262

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET *(unaudited)*
As at March 31, 2009
(millions of Canadian dollars)

	March 31, 2009	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	$ 772	$ 1,445
Accounts receivable	2,864	2,844
Inventories	1,358	1,289
Future income taxes	32	25
	5,026	5,603
Property, plant and equipment, net	23,629	23,485
Goodwill	845	852
Other assets	436	437
	$ 29,936	$ 30,377
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,070	$ 3,186
Income taxes payable	707	1,018
Current portion of long-term debt	3	3
	3,780	4,207
Long-term debt *(Note 6)*	4,887	4,746
Other liabilities	1,225	1,240
Asset retirement obligations	1,590	1,527
Future income taxes	3,163	3,182
Shareholders' equity		
Common shares	1,390	1,388
Contributed surplus	21	22
Retained earnings	13,918	14,062
Accumulated other comprehensive income (loss)		
Foreign currency translation adjustment	(38)	3
	15,291	15,475
	$ 29,936	$ 30,377

CONSOLIDATED STATEMENT OF RETAINED EARNINGS *(unaudited)*
For the periods ended March 31
(millions of Canadian dollars)

	Three months ended March 31,	
	2009	2008
Retained earnings at beginning of period	$ 14,062	$ 11,248
Net earnings (loss)	(47)	1,076
Dividends on common shares	(97)	(63)
Retained earnings at end of period	$ 13,918	$ 12,261

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
(millions of Canadian dollars)

1. SEGMENTED INFORMATION FROM OPERATIONS
Three months ended March 31,

	Upstream															
					International & Offshore											
	North American Natural Gas		Oil Sands		East Coast Canada		International		Downstream		Shared Services		Eliminations[3]		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue																
Sales to customers	$ 326	$ 430	$ 222	$ 345	$ 315	$ 682	$ 618	$ 1,394	$ 2,490	$ 3,766	$ -	$ -	$ -	$ -	$ 3,971	$ 6,617
Investment and other income (expense)	(1)	3	-	2	2	1	(24)	(31)	10	(8)	13	2	-	-	-	(31)
Inter-segment sales	66	99	300	297	87	204	8	-	2	4	-	-	(463)	(604)	-	-
Segmented revenue	391	532	522	644	404	887	602	1,363	2,502	3,762	13	2	(463)	(604)	3,971	6,586
Expenses																
Crude oil and product purchases[1]	88	93	274	248	114	188	-	-	1,453	2,439	-	-	27	(5)	1,956	2,963
Inter-segment transactions	1	2	10	8	1	2	-	-	451	592	-	-	(463)	(604)	-	-
Operating, marketing and general	136	128	273	204	50	57	137	130	403	404	52	(80)	-	-	1,051	843
Exploration	20	50	29	5	1	-	58	88	-	-	-	-	-	-	108	143
Depreciation, depletion and amortization	160	154	39	27	90	97	171	170	100	75	-	-	-	-	560	523
Unrealized loss on translation of foreign currency denominated long-term debt	-	-	-	-	-	-	-	-	-	-	103	55	-	-	103	55
Interest	-	-	-	-	-	-	-	-	-	-	78	48	-	-	78	48
	405	427	625	492	256	344	366	388	2,407	3,510	233	23	(436)	(609)	3,856	4,575
Earnings (loss) before income taxes	(14)	105	(103)	152	148	543	236	975	95	252	(220)	(21)	(27)	5	115	2,011
Provision for income taxes																
Current	51	27	(4)	15	45	177	204	647	(76)	23	(29)	(47)	-	2	191	844
Future	(63)	4	(31)	25	(1)	(9)	(9)	(8)	89	45	(6)	34	(8)	-	(29)	91
	(12)	31	(35)	40	44	168	195	639	13	68	(35)	(13)	(8)	2	162	935
Net earnings (loss)	$ (2)	$ 74	$ (68)	$ 112	$ 104	$ 375	$ 41	$ 336	$ 82	$ 184	$ (185)	$ (8)	$ (19)	$ 3	$ (47)	$ 1,076
Expenditures on property, plant and equipment and exploration [2]	$ 95	$ 167	$ 139	$ 178	$ 55	$ 38	$ 348	$ 251	$ 43	$ 378	$ 1	$ 4	$ -	$ -	$ 681	$ 1,016
Cash flow from (used in) operating activities	$ 59	$ 199	$ 25	$ 166	$ 249	$ 485	$ 146	$ 506	$ 298	$ (16)	$ (305)	$ 95	$ -	$ -	$ 472	$ 1,435
Total assets	$ 4,517	$ 4,179	$ 4,678	$ 3,936	$ 2,074	$ 2,352	$ 8,117	$ 6,058	$10,057	$ 9,677	$ 523	$ 37	$ (30)	$ (110)	$29,936	$26,129

1 Downstream crude oil and product purchases accounts for substantially all of the Downstream inventories recognized as an expense during the period.
2 Consolidated expenditures include capitalized interest in the amount of $11 million for the three months ended March 31, 2009 ($13 million for the three months ended March 31, 2008).
3 Eliminations relate to sales between segments recorded at transfer prices based on current market prices, and to unrealized inter-segment profits in inventories.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
(millions of Canadian dollars, unless otherwise stated)

2. BASIS OF PRESENTATION

The note disclosure requirements for annual financial statements provide additional disclosure to that required for interim financial statements. Accordingly, these interim Consolidated Financial Statements should be read in conjunction with the December 31, 2008 audited Consolidated Financial Statements. The interim Consolidated Financial Statements are presented in accordance with Canadian generally accepted accounting principles (GAAP) and follow the accounting policies summarized in the notes to the annual Consolidated Financial Statements.

3. INVESTMENT AND OTHER INCOME (EXPENSE)

Investment and other income (expense) consists of the following amounts:

	Three months ended March 31,	
	2009	2008
Foreign exchange losses	$ (6)	$ (22)
Gain (loss) on Downstream derivative contracts	5	(13)
Gain on sale of assets	1	4
Total investment and other income (expense)	$ -	$ (31)

4. FORT HILLS PROJECT

In November 2008, the Company and its partners, UTS Energy Corporation (UTS) and Teck Cominco Limited (Teck), announced that the preliminary results from the Fort Hills project front-end engineering and design (FEED) work suggest that estimated costs have risen considerably and, therefore, a final investment decision (FID) on both the mining and upgrading portions of the project would be deferred until a cost estimate consistent with the current market environment can be established.

During the first quarter of 2009, the Company focused activities on opportunities for improvement in all areas, including capital and operating cost reductions, efficiencies on project execution and the overall project schedule for bitumen production. As a result, for the three months ended March 31, 2009, the Company recognized a $14 million ($10 million after-tax) impairment charge on certain property, plant and equipment and expenses of $66 million ($46 million after-tax) to reflect the termination or suspension of some agreements for the receipt of goods and services.

The impairment charge is included in depreciation, depletion and amortization and the costs of terminating the goods and services agreements are included in operating, marketing and general expenses, both on the Consolidated Statement of Earnings.

5. EARNINGS PER SHARE

The following table provides the number of common shares used in calculating earnings per share amounts:

	Three months ended March 31,	
(millions)	2009	2008
Weighted-average number of common shares outstanding – basic	484.8	484.0
Effect of dilutive stock options[1]	0.0	4.0
Weighted-average number of common shares outstanding – diluted	484.8	488.0

1 1.7 million stock options were excluded from the diluted common shares outstanding calculation for the three months ended March 31, 2009 because their impact was anti-dilutive (nil for the three months ended March 31, 2008).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
(millions of Canadian dollars, unless otherwise stated)

6. LONG-TERM DEBT

	Maturity	March 31, 2009	December 31, 2008
Debentures and notes			
6.80% unsecured senior notes ($900 million US)	2038	$ 1,122	$ 1,090
5.95% unsecured senior notes ($600 million US)	2035	740	719
5.35% unsecured senior notes ($300 million US)	2033	331	320
7.00% unsecured debentures ($250 million US)	2028	305	296
7.875% unsecured debentures ($275 million US)	2026	342	332
9.25% unsecured debentures ($300 million US)	2021	376	365
6.05% unsecured debentures ($600 million US)	2018	750	729
5.00% unsecured senior notes ($400 million US)	2014	500	485
4.00% unsecured senior notes ($300 million US)	2013	362	351
Capital leases	2009-2022	62	62
		4,890	4,749
Current portion		(3)	(3)
		$ 4,887	$ 4,746

Interest on long-term debt and short-term notes payable, net of capitalized interest, was $76 million for the three months ended March 31, 2009 ($46 million for the three months ended March 31, 2008). Interest is paid semi-annually. All debentures and notes are repayable in full upon maturity.

The Company had in place the following revolving credit facilities:

Facility	Maturity	March 31, 2009	December 31, 2008
Syndicated, committed	2013	$ 3,570	$ 3,570
Bilateral, committed ($200 million US)[1]	2013	252	-
Bilateral, demand	n/a	775	777
Total available credit facilities		4,597	4,347
Used for letters of credit and overdraft coverage		(333)	(348)
Total credit facilities not used [2]		$ 4,264	$ 3,999

1 Use of this facility is restricted to business activities outside of Canada.
2 Excludes $500 million capacity available under accounts receivable securitization program.

7. SHAREHOLDERS' EQUITY

Changes in common shares and contributed surplus were as follows:

	Shares	Amount	Contributed Surplus
Balance at December 31, 2008	484,597,467	$ 1,388	$ 22
Issued under employee stock option and share purchase plans	274,194	2	(1)
Balance at March 31, 2009	484,871,661	$ 1,390	$ 21

The Company has in place a normal course issuer bid (NCIB) program for the repurchase of up to 24 million of its outstanding common shares during the period from June 22, 2008 to June 21, 2009, subject to certain conditions. During the three months ended March 31, 2009 and March 31, 2008, the Company did not repurchase any common shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
(millions of Canadian dollars, unless otherwise stated)

8. STOCK-BASED COMPENSATION

Stock-based compensation expense was $39 million for the three months ended March 31, 2009 and a recovery of $(97) million for the three months ended March 31, 2008.

(a) Stock Options

Changes in the number of outstanding stock options were as follows:

	Stock Options	
	Number	Weighted-Average Exercise Price
Balance at December 31, 2008	22,133,902	$ 37
Granted	2,703,900	25
Exercised for common shares	(274,194)	10
Surrendered for cash payment	(15,250)	30
Forfeited	(161,700)	39
Expired	(2,000)	8
Balance at March 31, 2009	24,384,658	$ 36

(b) Stock Appreciation Rights (SARs)

Changes in the number of outstanding SARs were as follows:

	SARs	
	Number	Weighted-Average Exercise Price
Balance at December 31, 2008	7,207,354	$ 46
Granted	5,445,450	25
Exercised	-	-
Forfeited	(60,337)	43
Balance at March 31, 2009	12,592,467	$ 37

(c) Performance Share Units (PSUs)

Changes in the number of outstanding PSUs were as follows:

	PSUs
	Number
Balance at December 31, 2008	828,372
Granted	255,137
Redeemed	(348,980)
Forfeited	(1,219)
Balance at March 31, 2009	733,310

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
(millions of Canadian dollars, unless otherwise stated)

8. STOCK-BASED COMPENSATION *continued*

(d) Restricted Stock Units (RSUs)

During the quarter, the Company instituted an RSU plan for senior management employees, whereby notional share units are awarded and settled in cash at the end of a three-year period based upon the Company's share price at that time and the value of notional dividends applied during the period.

Changes in the number of outstanding RSUs were as follows:

	RSUs Number
Balance at December 31, 2008	-
Granted	808,560
Redeemed	-
Forfeited	(2,059)
Balance at March 31, 2009	806,501

9. EMPLOYEE FUTURE BENEFITS

The Company maintains pension plans with defined benefit and defined contribution provisions and provides certain health care and life insurance benefits to its qualifying retirees. The expenses associated with these plans are as follows:

	Three months ended March 31, 2009	2008
Pension Plans:		
Defined benefit plans		
Employer current service cost	$ 8	$ 11
Interest cost	26	23
Expected return on plan assets	(22)	(28)
Amortization of transitional asset	(1)	(1)
Amortization of net actuarial losses	18	12
	29	17
Defined contribution plans	7	5
	$ 36	$ 22
Other post-retirement plans:		
Employer current service cost	$ 1	$ 1
Interest cost	4	3
Amortization of transitional obligation	1	1
Amortization of net actuarial losses	-	1
	$ 6	$ 6

The Company expects to contribute $72 million to its pension plans in 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
(millions of Canadian dollars, unless otherwise stated)

10. CAPITAL MANAGEMENT

The Company's capital management strategy is designed to maintain financial strength and flexibility to support profitable growth in all business environments. The Company continually monitors its capital management strategy and makes adjustments as appropriate. The Company's capital management strategy, objectives, evaluation measures, definitions and targets have not changed significantly from the prior period.

The Company is subject to certain financial covenants associated with its various banking and debt arrangements and was in compliance with all financial covenants for the three months ended March 31, 2009.

11. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

The Company is exposed to a number of financial risks in the normal course of its business operations, including market risks resulting from fluctuations in commodity prices, interest rates and foreign currency exchange rates, as well as credit risks and liquidity risks. The Company monitors its exposures to these risks and employs strategies to manage the risks as it considers appropriate. The Company's financial risk exposure and risk management strategies have not changed significantly from the prior period.

The fair values of the Company's financial assets and financial liabilities may fluctuate in response to these risks. Excluding debentures, senior notes and capital leases, which are recorded as long-term debt, the fair values of financial instruments equals or approximates their carrying amount, due to their short maturity. The fair value of debentures, senior notes and capital leases was $4,049 million at March 31, 2009 (December 31, 2008 – $3,868 million), compared with a carrying amount of $4,890 million at March 31, 2009 (December 31, 2008 – $4,749 million). The fair values of debentures, senior notes and capital leases are based on publicly quoted market values for instruments with similar terms and risks.

12. MERGER WITH SUNCOR ENERGY INC.

On March 23, 2009, the Company announced plans to merge with Suncor Energy Inc. These Consolidated Financial Statements do not reflect this proposed merger, which is still conditional on approval of Suncor and Petro-Canada shareholders, compliance with the Competition Act, and satisfaction of other customary approvals including regulatory, stock exchange, and the Court of Queen's Bench of Alberta approvals.